NOTICE

This Information Document is a non-certified English version of selected sections of the French-language document de base of Tarkett S.A. (“Tarkett”), which has been registered by the Autorité des Marchés Financiers (“AMF”) under No. I. 13-046. This English version has not been reviewed by the AMF.

This Information Document contains a summary section, followed by English translations or versions of certain sections of the document de base.

In case of any inconsistencies between statements contained in this Information Document and the sections of the French language document de base that have been presented in translated or reformatted version in this Information Document, the text of the French document will prevail.

The information presented in this Information Document is subject to change. In addition, there may be one or more supplements to this Information Document produced after the date hereof, which may amend or contradict the information contained herein. No representation is made as to the accuracy or completeness of the information herein as of any date subsequent to the date hereof.

This Information Document is not an offer to sell or the solicitation of an offer to purchase securities of Tarkett, and it is not to be used for any offer or sale or any such solicitation anywhere in the world. Any offer or sale of securities of Tarkett, if made, will be made only by a prospectus or other offering document that describes the terms of such offer or sale, and that will contain important information on restrictions that may apply in certain jurisdictions.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>FORWARD-LOOKING STATEMENTS</td>
<td>4</td>
</tr>
<tr>
<td>SUMMARY</td>
<td>5</td>
</tr>
<tr>
<td>SELECTED FINANCIAL AND OPERATING DATA</td>
<td>13</td>
</tr>
<tr>
<td>RISK FACTORS</td>
<td>15</td>
</tr>
<tr>
<td>DIVIDEND POLICY</td>
<td>25</td>
</tr>
<tr>
<td>BUSINESS</td>
<td>26</td>
</tr>
<tr>
<td>MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS</td>
<td>63</td>
</tr>
<tr>
<td>OF OPERATIONS</td>
<td></td>
</tr>
<tr>
<td>RISK MANAGEMENT</td>
<td>108</td>
</tr>
<tr>
<td>MANAGEMENT AND EMPLOYEES</td>
<td>112</td>
</tr>
<tr>
<td>PRINCIPAL SHAREHOLDERS</td>
<td>134</td>
</tr>
<tr>
<td>DESCRIPTION OF SHARE CAPITAL</td>
<td>138</td>
</tr>
<tr>
<td>INDEPENDENT STATUTORY AUDITORS</td>
<td>148</td>
</tr>
<tr>
<td>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</td>
<td>149</td>
</tr>
</tbody>
</table>
FORWARD-LOOKING STATEMENTS

This Information Document contains forward-looking statements that reflect Tarkett’s views with respect to future events and financial performance. The words “believes,” “expects,” “intends,” “aims,” “plans,” “projects,” “anticipates” and similar expressions commonly identify these forward-looking statements. Examples of forward-looking statements in this Information Document that are not historical in nature include information relating to the objectives of Tarkett, including those relating to financial performance. Tarkett cautions readers not to place undue reliance on its forward-looking statements. They involve known and unknown risks, uncertainties and other factors, which may cause its actual results, performance or achievement, or its industry’s results, to be materially different from any future results, performance or achievements expressed or implied in this Information Document.

The forward-looking statements contained in this Information Document may turn out to be inaccurate or untrue for any number of reasons, some of which are beyond the control of Tarkett. Readers should review carefully the information in this Information Document, including in particular the information set forth under “Risk Factors,” for factors that may cause the forward-looking statements to be inaccurate or untrue.

Tarkett’s forward-looking statements speak only as of the date of this Information Document. Tarkett expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained in this Information Document or to reflect any change in its expectations or any change in events, conditions or circumstances on which any forward-looking statement contained in this Information Document is based.
SUMMARY

The following summary highlights selected information contained elsewhere in this Information Document. Accordingly, this summary may not contain all of the information that may be important to you. We urge you to carefully read and review this document in its entirety in order to fully understand our company. You should in particular read the “Risk Factors” section of this Information Document.

We present our results of operations on a historical basis, and on a pro forma basis. Our pro forma 2012 figures include full year 2012 results of Tandus, a company that we acquired on September 28, 2012. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting the Group’s Results of Operations—Acquisitions” as well as the Supplemental Note on Pro Forma Condensed Consolidated Information included in Annex K to this Information Document.

Business of Tarkett

We are a leading global flooring company, providing integrated flooring and sports surface solutions to professionals and end-users in the residential and commercial markets. Leveraging over 130 years of experience, we offer fully-integrated flooring solutions that we believe represent one of the widest and most innovative product ranges in the industry. Our group currently sells in the aggregate an average of 1.3 million square meters of flooring per day, and operates 30 manufacturing sites located around the world in each of our principal geographic regions. We have the most diversified geographical footprint in the industry, which enables us to capture growth opportunities wherever they arise. We hold leading positions in each of our principal product categories and geographic regions, built through robust organic development, as well as successful and profitable external growth.

In 2012, we generated net consolidated revenues of €2,319 million (€2,524 million pro forma including full year 2012 sales of Tandus), adjusted EBITDA of €260 million (€295 million pro forma) and net profit attributable to owners of the Company of €84 million (pro forma net profit attributable to owners of the Company of €107.2 million). In the first half of 2013, we generated net consolidated revenues of €1,170 million, adjusted EBITDA of €133 million and net profit attributable to owners of the Company of €37 million. Our financial results are presented in four segments, three of which relate to our flooring products and their geographic regions (EMEA, North America, and CIS and Others), and one of which relates to our sports surface products. For more information on our reporting segments, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting the Group’s Results of Operations—Segment Information” and Note 4 “Segment Information” to the Group Consolidated Financial Statements as of and for the Years ended December 31, 2012, 2011 and 2010 included in Annexes A, C and E to this Information Document.

Tarkett’s Markets

We sell our products in more than 100 countries. With local sales forces and manufacturing facilities in each of our principal geographic regions, we are able to match our products to local and regional demands and tastes while minimizing manufacturing and transportation costs and customs duties. Our sales are well balanced geographically, with 28.0% of our 2012 pro forma sales realized in our EMEA flooring segment, 26.5% in our North America flooring segment and 35.2% in our CIS and Others flooring segment. The remaining 10.3% was realized in our global sports surface segment.

We serve residential and commercial end-users in roughly equal proportions, mainly for renovation projects, which typically account for approximately 80% (in square meters) of our product sales. We sell residential products in each of our geographic regions, with designs and styles that are
adapted to each market that we serve. Our largest geographic region for residential products is the Commonwealth of Independent States (CIS), where we have realized robust and profitable growth through substantial investments made progressively over many years. Our products for commercial end-users are sold mainly in North America and Western Europe, although we are growing in the promising CIS, Asia Pacific and Latin American markets. Our commercial products benefit from our substantial research and innovation capacity, which is essential for meeting the technical specifications of commercial end-users such as schools, universities, hospitals, health care facilities, offices, hotels and retail establishments. Our capacity for innovation is also key to our success in the sports surface market, where we hold leading positions in artificial turf and athletic tracks in North America, as well as leading positions in artificial turf in key countries in Europe.

We have strong global and national brands that are recognized by end-users and professionals and adapted to the distribution strategy that we use in each market. We use a diversified mix of distribution channels that include wholesalers, specialty chains, installers and contractors, independent retailers, DIY (do-it-yourself) retailers, direct key accounts and builders-merchants. The quality of our products is recognized by architects, installers and contractors who are instrumental in specifying and choosing flooring solutions, particularly for commercial applications. Our distribution strategy is tailored to each market in which we operate, and includes service centers that put us close to our customers, and training facilities that generate brand loyalty and ensure the highest quality installation services for our products. We have a network of 60 sales and marketing offices with a local sales force in each of our main markets.

**Tarkett’s Products**

We offer products with innovative designs and textures adapted to local tastes and demand in each of our markets. We design, manufacture, market and sell five key types of flooring:

- **Resilient Flooring (Vinyl and Linoleum) (59% of 2012 pro forma sales)**. Our resilient products include a broad range of flooring options, including vinyl sheet, vinyl tile, safety and static-control vinyl flooring, luxury vinyl tiles (LVT) that simulate wood, ceramic or stone flooring, and linoleum products. Our resilient products are offered to both residential and commercial end-users, and have experienced strong growth in recent years. Our strength in design and innovation allows us to offer vinyl floors in a wide variety of styles and colors, providing end-users with ease of installation, durability and reduced maintenance. We are currently the leading supplier of resilient vinyl flooring solutions worldwide.

- **Carpet Flooring (11% of 2012 pro forma sales)**. Our carpet products include a wide range of modular, broadloom and hybrid products (such as Powerbond®) for commercial end-users such as companies, offices, universities, schools, health care facilities and government facilities. Our presence in the carpet market was strengthened by our 2012 acquisition of Tandus, a leading designer and supplier of commercial carpets in North America.

- **Wood and Laminate Flooring (10% of 2012 pro forma sales)**. Our wood and laminate flooring products are used primarily in residential renovation projects and, to a lesser extent in commercial applications such as retail, hospitality, offices and indoor sports facilities. Our wood product range includes high-quality engineered wood floors in a variety of wood species, colors, tones and finishes. Our laminate product range offers a functional alternative to wood flooring that is both stylish and affordable. We are a leading supplier of wood flooring in Europe and the CIS countries.

- **Rubber Flooring and Accessories (10% of 2012 pro forma sales)**. Our rubber flooring products and rubber and vinyl accessories are sold mainly to commercial end-users in North America, primarily in the healthcare, education, industrial and indoor sports sectors. They include rubber tiles and sheets, vinyl baseboards, stair nosing, stair borders, tactile warning strips, decorative wall skirting and other accessories. They are shock-absorbent and slip-
resistant and offer natural acoustic properties with low maintenance requirements. We are currently the leading supplier of vinyl accessories in North America.

- **Sports Surfaces (10% of 2012 pro forma sales).** Our sports products include innovative synthetic turf and track solutions for a wide range of sports venues ranging from community multi-purpose sports fields to professional football, soccer and rugby stadiums. Our sports product offering includes artificial grass and polyurethane athletic tracks, as well as products designed for indoor and landscaping applications. We have been recognized by the International Rugby Board and FIFA for the quality of our patented FieldTurf technology. We are currently the leading global supplier of artificial turf for sports surfaces worldwide and the leading provider of athletic tracks in North America.

The Tarkett Group

Tarkett’s business began in Sweden in 1886. In 1997, Tarkett was acquired by Sommer Allibert, a French company that was a leader in flooring and automotive interiors, which itself was formed through the combination of Sommer and Allibert, two French companies that merged in 1972. The automotive interiors business was subsequently divested in 2001, and the Group took the Tarkett name in 2003. The Deconinck family (heirs of the founder, Mr. Allibert) has supported the growth of our group for over a century and remains our principal shareholder today.

Our company is a French société anonyme (limited liability corporation). Our headquarters are located at 2, rue de l’Égalité, in Nanterre, France (a suburb of Paris). We employ approximately 11,000 people around the world.

Competitive Strengths

We have realized significant growth in recent years, while maintaining a high level of profitability and a sound financial structure. Our success is the result of a number of factors that we believe make us unique in the international flooring market. The competitive strengths that have contributed to our profitable growth include the following:

- **Global Market Leadership.** We occupy leading positions in our core businesses and geographic regions. While we are the number three flooring company worldwide (based on 2012 sales), our main competitors focus their operations either in North America or Europe and generally concentrate on a more limited number of products. Scale is essential in our markets, providing raw material purchasing power (particularly for PVC, plasticizers and polyurethane) and allowing us to leverage research and innovation investments. We are the number one vinyl flooring company worldwide and the number one global supplier of sports surfaces. We are also the leading flooring company in Russia and more generally in the CIS, as well as in a number of major European countries, including France and Sweden. In each of our principal geographic regions, we are one of the few flooring suppliers with the local scale and critical mass necessary to invest in design, innovation and marketing capabilities that give us an advantage in responding to local tastes and demand. We believe we have one of the broadest product offerings in the flooring industry, including vinyl, linoleum, wood and laminate, commercial carpet and rubber products, featuring one of the strongest brand portfolios, which is critical to the success of our multi-brand distribution strategy. The breadth of our product range allows us to create fully-integrated flooring solutions that companies with less diverse offerings cannot match. We believe our product and technology development capabilities and in-house research and innovation teams are best-in-class, allowing us to provide innovative products that are tailored to the needs and demands in each of our markets, while promoting environmentally responsible solutions that keep us ahead of regulatory and industry norms. Our intellectual property portfolio includes 158 patents, including 15 biomaterials patents filed since 2010.
Attractive Geographical Footprint with Substantial Growth Potential. We have the widest geographical reach among our peers, with thousands of customers and end-users in over 100 countries and production and sales facilities close to one another in Europe, North America, the CIS countries, Latin America and Asia. We have built our geographical footprint through substantial investments realized over many years. Today, it is a unique differentiating factor and essential to our sustainable success for the following reasons:

- We are able to capture growth wherever it arises – we can take advantage of the budding economic recovery in the United States, the substantial stock of residential flooring that requires renovation in Russia, the most innovative segments of the markets in Northern Europe, France and Germany (our presence in Southern Europe represents less than 2.2% of Group consolidated pro forma net sales) and the early stage markets for sophisticated commercial flooring products in China and Brazil.
- We are intimately familiar with the local tastes and design and technical preferences that drive market demand, allowing us to tailor our product range and obtain a competitive advantage over suppliers who do not have the same scale and presence.
- Our local manufacturing capacity in each of our principal regional markets allows us to enhance customer service by reducing lead times, while optimizing transportation costs, minimizing customs duties and limiting working capital requirements.

Our success in Russia and the other countries of the CIS provides a stark example of these advantages. Over many years, we have developed marketing capabilities that provide us with close relationships with key distributors, retailers and installers. Our service centers allow us to cover the vast expanse of the region efficiently and with a high level of customer service. We have local manufacturing capacity, unique among international flooring suppliers, that gives us a competitive cost base and allows our products to satisfy stringent regulations. Replicating these investments today would be difficult and require a substantial amount of time.

Balanced Geographic and End-Market Exposure Providing Resilience to Cycles. Our diversified geographic exposure and end-user base provide a natural hedge against varying regional economic cycles in the renovation and construction markets. Our broad product range allows us to offer flooring solutions that are adapted to meet varied technical specifications, budgets, safety and design requirements, opening up a broad range of attractive end-markets (housing, healthcare, education, offices, stores and shops, hospitality and sports). Approximately 80% of our product sales, in terms of square meters, are for renovation projects, a market that is subject to less volatility than the new construction market. We serve residential and commercial end-users in roughly equal proportions and sell our products to vast numbers of customers worldwide, with little concentration risk; in 2012, no single customer represented more than 5% of our total consolidated pro forma net sales. We believe our unique product range, diversified exposure to attractive end-markets, extensive customer base and global footprint reduce our dependence on any one industry, region or sector of the economy.

Scale and Execution Excellence Across the Value Chain Providing Strong Competitive Advantages. Our global reach and size enable us to remain close to our customers, leverage innovation and benchmark best practices across our global operations. We seek to leverage our scale through the following initiatives, among others:

- Our three regional design teams continuously monitor local trends to adapt product designs and meet customer preferences. Our sales force of approximately 1,300 is in regular contact with distributors and retailers, providing them with the selection,
quality, brands and service that make our products an attractive choice for their end-user customers.

- We maintain close, long-term relationships with architects, designers, installers and contractors who play an essential role in the choice of flooring solutions, particularly in the commercial market. Our training programs for building sector professionals and installers – “Tarkett Academies” – develop loyalty to our brands and ensure that end-users receive installation services commensurate with the quality of our products.

- Our World Class Manufacturing (WCM) program, managed by a dedicated team that regularly visits and benchmarks our operating units, spreads expertise and best practices while ensuring quality, operational optimization, cost efficiency and best-in-class service.

**Track Record of Profitable Growth, Strong Cash Flow Generation and Return on Capital Employed (ROCE).** Building on the strengths described above, we have demonstrated a consistent ability to grow profitably, both organically and externally, even through periods of economic downturn. We have, for example, successfully integrated 12 acquisitions over the past five years. Since 2007, our consolidated net revenues and adjusted EBITDA have grown at a compounded annual growth rate of 2.1% and 2.8%, respectively, with consolidated net revenues growing at a compounded annual growth rate of 10.7% since 2009 (including external growth). We have maintained an adjusted EBITDA margin in the range of 9.2% to 12.2% since 2007, which we believe is more stable than that of most of our key competitors. Over the 2007 to 2012 period, the diversification of the Group’s business allowed it to limit the volatility of its adjusted EBITDA margin during the financial crisis. Our profitability has been enhanced by the productivity improvement aspects of our WCM program, which include reducing raw material costs and streamlining operations. As an example, we have reduced the number of PVC products that we purchase, which allows us more easily to substitute suppliers in order to negotiate prices, thereby limiting our costs. The WCM program has generated approximately €40 million of incremental cost savings per year between 2010 and 2012, and has the potential to deliver significant additional benefits in the coming years. Our profitable operations, combined with disciplined asset management, have translated into strong cash generation and return on capital employed. Our cash flow generation ratio (which we define as adjusted EBITDA, plus or minus changes in working capital, minus ongoing capital expenditures, divided by adjusted EBITDA) averaged 70% over the 2010 to 2012 period, and our ROCE (which we define as earnings before interest and tax divided by the sum of tangible and intangible assets (including goodwill) and working capital) has averaged 14.1% over the past six years, allowing us to maintain a strong financial structure and giving us the financial capacity to invest in our future development.

**Experienced and International Management Team Leading a Decentralized and Agile Organization.** Our internationally diverse management team is deep and has extensive experience, leading our company in an entrepreneurial spirit. The current management team has been instrumental in the successful implementation of our internal development strategy, while successfully managing several turnaround projects (such as our sports surface business and European wood segment), and acquiring and integrating 12 targets over the past five years. Our management team includes a mix of experience in the flooring business as well as in other industries such as the automotive and chemicals sectors. The efforts of our management team have received the strong backing of our family shareholder, which has supported our company as it has grown and will remain our largest shareholder in the future.
Strategy

Our vision is to be the global leader in innovative flooring and sports surface solutions that generate value for customers in a sustainable way. We create safe and inspiring flooring and sports surfaces that enhance our customers’ return on investment and quality of life. Our goal is to grow faster and be more profitable than our competitors in comparable geographies or market segments.

We intend to achieve these objectives by taking advantage of regional growth opportunities, expanding our offerings of innovative products and solutions, selectively seeking complementary acquisitions, and constantly optimizing our operational performance.

- **Regional Growth.** We intend to take advantage of our strong positions in key markets to benefit from anticipated regional growth.
  - In North America, our growth strategy is centered on taking advantage of the recovery underway to grow across the board in our residential, commercial and sports businesses. We have maintained a long-standing strategy of positioning ourselves with products that best enable us to realize the potential of this market. This was demonstrated most recently by our acquisition of Tandus, which has made us a leader in the North American commercial carpet market and provides us with future cross-sales synergy opportunities in the United States, with potential additional synergies in Europe and a manufacturing facility in China.
  - In the CIS region, we intend to take advantage of our leading position, brand recognition and unique local manufacturing capacity to tap growth in a market that is estimated to have approximately two billion square meters of residential flooring in need of refurbishing in Russia alone. As a large majority of Russian citizens own their own housing, home improvements represent one of the top uses of disposable income. We also believe that the commercial flooring market shows significant potential, as many commercial end-users that initially used residential products to cut costs have found those products ill-suited to the heavy traffic of commercial establishments. The ever more stringent regulatory norms and standards being applied in Russia should also favor a high-quality supplier such as our group.
  - In Europe, where the economic outlook is less certain, we believe that the industrial adaptation processes that we have put in place over the past few years position us well to benefit from medium- and long-term economic growth while maintaining strong market positions and good levels of profitability in the near-term. In this respect, Tarkett has made significant investments in its European design and manufacturing capabilities to fully capture the strong growth of the LVT market.
  - In other high-potential markets such as Asia Pacific and Latin America, we are looking to take a disciplined and selective approach in order to capture profitable growth potential with increased penetration of resilient products. In particular, we believe there is potentially strong future demand in China and Brazil for high-quality commercial resilient products where our innovation and added value provide a differentiating factor that should serve us well as we develop in these markets. We also expect to take advantage of the Tandus manufacturing facility to expand our Asian business.

- **Expansion Through New Products and Collections.** We intend to build on our long history of innovation, which dates back to the 1940s, when we first introduced three-layer hardwood flooring, continuing into the 1950s, with our offering of durable vinyl flooring and a wide choice of decorations, and then into the 1990s, with our launch of the first infilled artificial turf for athletes, and into recent years, with our creation of various ecologically sustainable
flooring solutions. We currently maintain one international research and innovation center, numerous product and process development labs and employ 150 individuals who are fully dedicated to research and innovation (R&I). We also have a scientific council that brings together our senior R&I officers with external scientists, professors and other experts to review and challenge our technology roadmap, and maintain formal partnerships with suppliers to involve them in the R&I process. Our future product innovation and development efforts are focused on renewing our offer with projects that we believe have significant market potential and ecologically sustainable qualities. Going forward, we are looking to expand our luxury vinyl tile (LVT) capabilities to gain strong market positions worldwide, launch phthalate-free products for all European vinyl products in 2014, take advantage of the upcoming replacement market in artificial turf in North America and boost our landscaping activities.

- **M&A Growth Potential and Integration Upside.** We plan to continue our strategy of complementing our internal development with targeted acquisitions, which we have successfully used to accelerate our profitable growth through a broader product portfolio of solutions, as well as through an expanded presence in fast-growing markets. Our acquisition strategy focuses on targets that allow for immediate leverage of their industrial and commercial strengths, taking advantage of the expertise of existing management whenever it is feasible and sensible to do so. Going forward, we will continue to apply our disciplined approach by targeting profitable, growth-oriented acquisitions that serve similar or complementary markets to our own, with a view to reinforcing our portfolio of products and solutions, expanding into new geographies, leveraging industry consolidation in our existing markets and seeking immediate synergies.

- **Constant Operational Optimization.** We focus on operational optimization throughout our business. This strategy involves a constant effort to improve our day-to-day operational processes, as well as the implementation of turnaround action plans where required.
  
  o Our ongoing optimization strategy involves constantly seeking ways to improve manufacturing efficiency, such as through our continued implementation of the WCM program. We believe our WCM program has the potential to produce significant additional cost savings through initiatives such as geographical optimization of raw material sourcing. For example, we are seeking to take advantage of low petrochemical prices in the United States resulting from the shale gas boom to benchmark our PVC and plasticizer pricing in other markets, even if the Group currently continues to source PVC supplies in Europe. The Group also maintains a dedicated WCM team that compares methods and procedures between sites, helps local teams at each manufacturing site implement the program, adapts the program to local specificities and supervises the program’s process. Our overall objective is to achieve savings from the WCM program of approximately 2% of cost of goods sold per year on average over the next few years, although of course we cannot guarantee that we will meet this objective. We are also implementing a comprehensive supply chain strategy in order to offer the best service and lead time in the most economical way. We are in the process of completing the rollout of our SAP system, with a goal of becoming the industry reference for supply chain management.

  o Our optimization strategy also includes taking affirmative measures where necessary to ensure our existing businesses successfully weather changing economic and market conditions. We have largely achieved the turnaround of our Sports Surface segment, which generated positive adjusted EBITDA in 2012 and close to breakeven adjusted EBITDA in the first half of 2013 (the low season for this segment). We are restructuring our European wood business through initiatives such as transferring parts of the manufacturing of our wood products sold in Scandinavia to our site in Ukraine, which is closer to the source of the raw materials, also allowing us to reduce
our transportation costs (as raw wood carries substantial volumes of water) and our manufacturing costs. We are also consolidating our U.S. production of vinyl tile products into our Florence, Alabama, facility in order to reduce overall costs, and expect to complete this process in mid-2014. Going forward, we expect to complete the efforts already underway and continue to implement restructuring initiatives such as these when necessary.
SELECTED FINANCIAL AND OPERATING DATA

You should read the following summary consolidated data below together with (i) the Group Consolidated Financial Statements as of and for the Years ended December 31, 2012, 2011 and 2010 included in Annexes A, C and E to this Information Document and the Group Unaudited Consolidated Interim Financial Statements as of and for the Six Months Ended June 30, 2013 included in Annex G to this Information Document, (ii) the discussion of our financial condition and results of operations presented in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and (iii) the discussion of our liquidity and capital resources presented in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources”. Our consolidated financial statements as of and for the years ended December 31, 2012, 2011 and 2010 were audited by KPMG Audit and Praxor Audit, independent statutory auditors, as stated in their reports dated March 20, 2013, March 23, 2012 and March 15, 2011, appearing in Annexes B, D and F to this Information Document.

Selected Consolidated Income Statement Data

<table>
<thead>
<tr>
<th>(in millions of euros)</th>
<th>For the year ended December 31,</th>
<th>For the six months ended June 30, (unaudited)</th>
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<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2011</td>
</tr>
<tr>
<td>Net revenues</td>
<td>€1,918.9</td>
<td>€2,088.3</td>
</tr>
<tr>
<td>Adjusted EBITDA(3)</td>
<td></td>
<td>€2,318.5</td>
</tr>
<tr>
<td>Operating income</td>
<td>225.3</td>
<td>260.1</td>
</tr>
<tr>
<td>Net profit attributable to owners of the Company</td>
<td>135.5</td>
<td>151.3</td>
</tr>
</tbody>
</table>

(1) We expect to pay a dividend to our current shareholders of €130 million on the day following the pricing of our initial public offering. For further information, see “Principal Shareholders—Pre-IPO Reorganization” in this Information Document.

(2) Adjusted EBITDA is a non-GAAP financial measure, equal to operating income before depreciation, amortization and unusual items. Unusual items include, among others, restructuring costs aiming at increasing the future return of the Group, gains or losses on significant asset sales, business combination costs including legal fees and acquisition costs, management fees charged by the shareholders of the Company and share-based payment expenses. Adjusted EBITDA is not a financial measure defined under IFRS. It should not be taken as a substitute for operating income, net income or operating cash flows, nor should it be treated as a measure of liquidity. Adjusted EBITDA may be calculated differently by other companies with businesses that are similar to or different from ours. Accordingly, our adjusted EBITDA calculation may not be comparable to that calculated by other issuers. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Presentation of Accounting and Financial Information—Adjusted EBITDA” for a discussion of adjusted EBITDA and a reconciliation to the nearest IFRS figure.

Selected Consolidated Balance Sheet Data

<table>
<thead>
<tr>
<th>(in millions of euros)</th>
<th>As at December 31,</th>
<th>As at June 30, 2013 (unaudited)</th>
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<tr>
<td></td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Total assets</td>
<td>€1,555.7</td>
<td>€1,879.2</td>
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<tr>
<td>Shareholders’ equity attributable to equity holders of the parent(3)</td>
<td>626.1</td>
<td>683.6</td>
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<tr>
<td>Non-current liabilities</td>
<td>429.2</td>
<td>535.2</td>
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<tr>
<td>Current liabilities</td>
<td>491.7</td>
<td>650.3</td>
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(3) Reflects impact of adoption of IFRS 11 on 2012 comparative information as well as different adjustments made in 2013.

Selected Consolidated Cash Flow Data

<table>
<thead>
<tr>
<th>(in millions of euros)</th>
<th>For the year ended December 31,</th>
<th>For the six months ended June 30, (unaudited)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2011</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>€152.3</td>
<td>€102.9</td>
</tr>
<tr>
<td>Net cash from investing activities</td>
<td>(94.2)</td>
<td>(95.2)</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>(107.9)</td>
<td>19.8</td>
</tr>
<tr>
<td>Increase/(decrease) in cash and cash equivalents</td>
<td>(47.2)</td>
<td>26.0</td>
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</tbody>
</table>

(1) On September 28, 2012, Tarkett acquired Tandus, a U.S. company specialized in commercial carpeting. The Company’s pro forma income statement reflects the Tandus acquisition as if it had taken place on January 1, 2012. For further information, see Note 2.2 to the Group’s Unaudited Consolidated Interim Financial Statements as of and for the six months ended June 30, 2013 included in Annex G to this Information Document as well as the Supplemental Note on Pro Forma Condensed Consolidated Information included in Annex K to this Information Document.

(2) Reflects impact of adoption of IFRS 11 on 2012 comparative information as well as different adjustments made in 2013.

(3) Adjusted EBITDA is a non-GAAP financial measure, equal to operating income before depreciation, amortization and unusual items. Unusual items include, among others, restructuring costs aiming at increasing the future return of the Group, gains or losses on significant asset sales, business combination costs including legal fees and acquisition costs, management fees charged by the shareholders of the Company and share-based payment expenses. Adjusted EBITDA is not a financial measure defined under IFRS. It should not be taken as a substitute for operating income, net income or operating cash flows, nor should it be treated as a measure of liquidity. Adjusted EBITDA may be calculated differently by other companies with businesses that are similar to or different from ours. Accordingly, our adjusted EBITDA calculation may not be comparable to that calculated by other issuers. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Presentation of Accounting and Financial Information—Adjusted EBITDA” for a discussion of adjusted EBITDA and a reconciliation to the nearest IFRS figure.

|                        | 2012(3)           | 2013(3)                                      |
|                        | €1,036.6          | €1,170.3                                     |
| Adjusted EBITDA       | €2,088.3          | €2,290.0                                     |
| Operating income      | €252.4            | €179.8                                       |
| Net profit attributable to owners of the Company | €35.3 | €74.9 |

(4) We expect to pay a dividend to our current shareholders of €130 million on the day following the pricing of our initial public offering. For further information, see “Principal Shareholders—Pre-IPO Reorganization” in this Information Document.

(5) Reflects impact of adoption of IFRS 11 on 2012 comparative information as well as different adjustments made in 2013.
### Selected Consolidated Income Statement and Operating Data by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>For the year ended December 31, 2010</th>
<th>For the year ended December 31, 2011</th>
<th>For the year ended December 31, 2012</th>
<th>For the six months ended June 30, (unaudited) 2012</th>
<th>For the six months ended June 30, (unaudited) 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenues</td>
<td>€1,918.9</td>
<td>€2,088.3</td>
<td>€2,518.5</td>
<td>€1,036.6</td>
<td>€1,170.3</td>
</tr>
<tr>
<td>EMEA</td>
<td>664.1</td>
<td>709.3</td>
<td>706.0</td>
<td>349.7</td>
<td>342.0</td>
</tr>
<tr>
<td>North America</td>
<td>360.2</td>
<td>366.7</td>
<td>477.4</td>
<td>208.1</td>
<td>334.3</td>
</tr>
<tr>
<td>CIS and Others</td>
<td>663.4</td>
<td>788.9</td>
<td>874.1</td>
<td>391.1</td>
<td>399.4</td>
</tr>
<tr>
<td>Sports</td>
<td>231.2</td>
<td>223.5</td>
<td>260.9</td>
<td>97.8</td>
<td>84.7</td>
</tr>
<tr>
<td>Adjusted EBITDA(4)(5)</td>
<td>222.3</td>
<td>191.3</td>
<td>260.1</td>
<td>112.3</td>
<td>133.2</td>
</tr>
<tr>
<td>EMEA</td>
<td>89.4</td>
<td>69.0</td>
<td>74.2</td>
<td>40.6</td>
<td>38.5</td>
</tr>
<tr>
<td>North America</td>
<td>27.1</td>
<td>19.5</td>
<td>30.1</td>
<td>6.4</td>
<td>36.6</td>
</tr>
<tr>
<td>CIS and Others</td>
<td>130.4</td>
<td>141.6</td>
<td>180.0</td>
<td>79.1</td>
<td>76.4</td>
</tr>
<tr>
<td>Sports</td>
<td>0.5</td>
<td>(10.8)</td>
<td>10.1</td>
<td>(0.5)</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Central(6)</td>
<td>(25.1)</td>
<td>(28.0)</td>
<td>(34.2)</td>
<td>(16.1)</td>
<td>(17.4)</td>
</tr>
<tr>
<td>Return on capital employed (ROCE)(6)(7)</td>
<td>14.2%</td>
<td>9.9%</td>
<td>14.2%</td>
<td>16.5%</td>
<td>n.a.</td>
</tr>
<tr>
<td>Net financial debt (end of period)(8)(9)</td>
<td>226.2</td>
<td>332.1</td>
<td>452.2</td>
<td>n.a.</td>
<td>504.5</td>
</tr>
</tbody>
</table>

(1) In order to provide more detailed information on its segment reporting, the Group has prepared a supplemental note to its financial statements, which provides greater detail on its segments than what it had historically reported. For further information, see the Supplemental Note on Segment Information included in Annex G to this Information Document.

(2) The Company’s pro forma income statement reflects the Tandus acquisition as if it had taken place on January 1, 2012 (and not September 28, 2012). For further information, see Note 2.2 to the Group’s Unaudited Consolidated Interim Financial Statements as of and for the Six Months Ended June 30, 2013 included in Annex I to this Information Document.

(3) Reflects impact of adoption of IFRS 11 on 2012 comparative information.

(4) Adjusted EBITDA is a non-GAAP financial measure, equal to operating income before depreciation, amortization and exceptional items. Exceptional items include, among others, restructuring costs aimed at increasing the future return of the Group, gains or losses on significant asset sales, business combination costs including legal fees and acquisition costs, management fees charged by the shareholders of the Company and share-based payment expenses. Adjusted EBITDA is not a financial measure defined under IFRS. It should not be taken as a substitute for operating income, net income or operating cash flows, nor should it be treated as a measure of liquidity. Adjusted EBITDA may be calculated differently by other companies with businesses that are similar to or different from ours. Accordingly, our adjusted EBITDA calculation may not be comparable to that calculated by other issuers. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Presentation of Accounting and Financial Information—Adjusted EBITDA” for a discussion of adjusted EBITDA and a reconciliation to the nearest IFRS figure.

(5) Includes costs associated with the Group’s corporate headquarters, central research and development and other unallocated costs.

(6) ROCE corresponds to the ratio between (1) EBIT (which the Group refers to as “operating income before financial items and taxes”) and (2) capital employed (which corresponds to tangible and intangible assets (including goodwill), plus working capital). ROCE is not a standardized accounting term corresponding to a generally accepted definition. It should not be taken as a substitute for operating income, net income or cash flows, nor should it be treated as a measure of liquidity. ROCE may be calculated differently by other companies with businesses that are similar to or different from that of the Group. Accordingly, our ROCE calculation may not be comparable to that calculated by other issuers. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Return on Capital Employed” for a discussion of ROCE and a reconciliation to the nearest IFRS figure.

(7) Net financial debt is equal to current financial debt, plus non-current financial debt, less cash and cash equivalents. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Financial Debt—Net Debt.”

(8) The Company expects to distribute to its existing shareholders a dividend on the order of €130 million at the time of its proposed initial public offering. The impact of this dividend will be partially offset by the net proceeds of Tarkett GDL’s sale of its shares in the Company to SID, the entity through which the Deconinck family holds its shares in the Company. The price of such share sale will be based on the Company’s IPO share price and the net impact of the dividend distribution will therefore be lower than €130 million. For further information, see “Principal Shareholders—Pre-IPO Reorganization”.

(9) Reflects impact of adoption of IFRS 11 on 2012 comparative information.

(10) The nearest IFRS figure.
RISK FACTORS

You should consider carefully the following factors and other information in this Information Document. The risks described below are not the only ones we face. Additional risk factors not currently known or which are currently deemed immaterial may also impair our operations. Our business, financial condition or results of operations could be materially adversely affected by any of these risks.

Risks Relating to the Group and its Industry

Our industry is subject to economic cycles, especially as they impact the construction and renovation industries.

The flooring industry depends heavily on the commercial and residential renovation market, and, to a lesser extent, on the new construction market. While the renovation market is less cyclical than the new construction market, it can be affected by the cyclical nature of the general economy. Our renovation business tends to be influenced, in particular, by changes in consumer confidence and disposable income, commercial and office occupancy rates, interest rates and the availability of credit. These factors can cause fluctuations in demand, and, as a result, in the Group’s sales volumes and margins.

The recent global economic downturn, along with the downturn in the commercial and residential renovation and construction market, had a negative impact on the flooring industry and on the Group’s business. The European crisis has also had an adverse effect on our business in Europe and on the profitability of some of our segments, primarily sports surfaces and wood flooring. Although economic conditions have improved in certain regions, new downturns could cause the industry to deteriorate again in the future and have a material adverse effect on our business, financial condition, results of operations and prospects.

A significant portion of our revenues, particularly sales of sports surfaces and sales in the education and health sectors, are derived from public sector spending, which could decline as a result of changes in public policy.

A significant portion of the Group’s business consists of sales to public sector end-users, in particular educational and health care institutions and sports facilities. Our sales in these markets are significantly affected by public spending levels. In an environment of stringent budget constraints, certain expenditures may be considered non-priority. For example, construction and renovation of sports infrastructure were significantly affected by the contraction of governmental budgets in North America and Europe over the last few years. Moreover, public institutions may decide to postpone certain renovation projects in order to concentrate on other budgetary priorities. A decrease in public spending could have a negative effect on demand for our products and thus have a material adverse effect on our business, financial condition, results of operations and prospects.

Our Group’s program for optimization of costs and processes may not yield the cost savings or operational improvements that we anticipate.

In connection with our strategy of operational optimization, we have implemented a program called World Class Manufacturing (“WCM”), with the objective of increasing our productivity and reducing production costs. Although our WCM program has enabled the Group to achieve significant cost savings over the last few years, there can be no assurance that the productivity efforts giving rise to such savings will be sustainable. Moreover, although we hope to attain additional savings in the future, we could encounter difficulties and, as a result, fail to achieve our objectives.

Moreover, certain of our business segments (in particular sports surfaces, wood floors in Western Europe and the VCT business in the United States) are undergoing turnaround plans, intended to improve their performance and to return them to profitability. The Group has incurred, and may in the future incur, restructuring and asset impairment costs in connection with the
implementation of these turnaround plans. There can be no assurance that these programs will succeed. If we fail to return these business segments to profitability, we could be forced to recognize additional impairment charges or incur additional restructuring charges, which would have a negative impact on our results of operations and financial condition.

**Fluctuations in raw materials and energy prices could negatively affect our business.**

The Group’s manufacturing processes use large quantities of raw materials and energy resources. A significant portion of the cost of raw materials, especially petrochemical products such as polyvinyl chloride (“PVC”) and plasticizers, as well as energy consumption and transportation expense, is indirectly tied to crude oil prices and is affected by volatility of those prices. We are also exposed to fluctuations in the prices of other raw materials essential to our business, such as wood.

The increase in raw material prices in 2011, particularly the prices of oil and petrochemical products such as PVC and plasticizers, had a negative impact on our results of operations. As a result, adjusted EBITDA margin (defined as adjusted EBITDA divided by consolidated net revenues) decreased from 11.6% in 2010 to 9.2% in 2011. While we were able to pass on much of the price increase to our customers in 2012, our results of operations were affected in 2011 due to the time required to increase our product prices following the increase in raw material prices. In the event of a future increase in raw material prices, our business, financial condition and results of operations could be materially affected if we are unable to pass these additional costs on to our customers, in particular as a result of the magnitude of the cost increase, delays resulting from backlogs, competitive pressures or market conditions.

**The international nature of our business exposes us to political, economic and legal risks in the countries in which we do business.**

The Group does business and maintains production capacity throughout the world, including in countries outside of the European Union and the United States. In particular, we are present in Russia and in the other countries of the Commonwealth of Independent States (“CIS”). Furthermore, we are developing our business in Asia Pacific (in particular, in China), and in Latin America (in particular, in Brazil). These countries have greater economic and political instability, as well as greater exposure to social unrest and infrastructure complications, than more mature markets.

Our Group’s commercial and financial results may be directly or indirectly affected by any unfavorable change in the economic, political or regulatory environment in the countries where we manufacture or sell our products. Thus, the direct and indirect consequences of civil conflicts, terrorist activity, political instability, health risks, or instability in the economic and regulatory framework in countries where we do business could have a material adverse effect on the level of investment in renovation and new construction in such countries and, as a result, on our business, results of operations and prospects. Such events could lead, for example, to delays or losses in the delivery of our products or the supply of raw materials, to a significant decrease in sales, or to an increase in security costs, insurance premiums or other costs necessary to ensure continuity of operations.

The Group is especially exposed to the risk of deterioration in the economic, political or regulatory environment of Russia and the other CIS countries. Together, these countries represent approximately 79.3% of 2012 consolidated net revenues of the CIS and Others segment, or approximately 27.9% of our total 2012 pro forma consolidated net revenues. Pro forma adjusted EBITDA for the CIS and Others segment was €181.3 million in 2012, or approximately 61.4% of our pro forma adjusted EBITDA. As a result, a material adverse change in the CIS countries could have a material adverse effect on our revenues and results of operations.

Our international business exposes us to a multitude of local political and commercial risks, and our success depends on our capacity to adapt to economic, social and political changes in each of the countries where we are present. In addition, legislative or regulatory changes (including changes in tax law, capital controls, customs duties, import and export rules, employment law, intellectual property protection and health, safety and environmental rules) could significantly increase our costs in the various countries where we are present or limit our capacity to freely transfer our capital and
could, as a result, adversely affect our business, financial condition, results of operations and prospects.

Our external growth strategy depends on our ability to pursue acquisition opportunities on favorable terms and successfully integrate newly-acquired businesses and/or product lines.

Our strategy depends in part on external growth. Such growth may include acquisitions of companies or assets, equity investments or the creation of alliances in our sector and in the geographic regions in which we hope either to increase or reinforce our presence. However, we may be unable to identify attractive targets or enter into transactions at an opportune time or on satisfactory terms. Moreover, given the competitive environment, we may be unable to complete external growth transactions that meet our investment criteria, which could have a material adverse effect on the implementation of our strategy.

Furthermore, to obtain the necessary authorizations for acquisitions from competition authorities in one or more countries, the Group could be forced to accept certain conditions, such as the sale of certain assets or segments and/or undertakings restricting the conduct of our business.

External growth creates risks that include the following: (i) the business plan underlying the acquisition valuations may be based on assumptions that turn out not to be true, particularly with respect to synergies, expected savings and the evolution of the markets in question; (ii) we may fail to effectively integrate the acquired companies, their technologies, their product lines or their employees; (iii) we may be unable to retain certain key employees or customers of the acquired companies; (iv) we may increase our indebtedness in order to finance such acquisitions and (v) we may carry out acquisitions at a time that proves inopportune in the market in question (as was the case with the Spanish artificial grass company Poligras Iberica, which we acquired in September 2010). The anticipated benefits from future or past acquisitions may not materialize within the expected time periods or at the expected levels, which could affect our financial condition, results of operations and prospects.

Defects and poor performance in our products could result in loss of customers, decreased revenues, unexpected expenses and loss of market share, warranty claims and product liability claims.

The success of our Group’s business depends on the quality and reliability of our products and our customer relations. In the event that our products repeatedly fail to satisfy our customers’ requirements, our reputation and sales volumes could suffer. For example, we were recently faced with customer claims based on defects in fibers used in manufacturing artificial grass. Following these claims, we decided to end our relationship with our fiber supplier and began internal production, which required significant investment. Moreover, certain of our vinyl products manufactured in Western Europe have had problems with yellowing, a common defect in vinyl products, in particular when product formulations are changed. It is possible that our customers will encounter quality or reliability problems with our products that are significant enough to have a material adverse effect on our results of operations, reputation, business, financial condition or prospects.

In addition, in the event that we market defective products, the relevant subsidiaries could incur tort or contract liability, which could lead to adverse effects on our results of operations, business, financial condition and prospects.

We may not be able to obtain or maintain the product certifications that are required by our customers or in the countries in which we do business.

To market our products, we are required to obtain and maintain certifications in certain markets. These may be required by law or by industry standards that we must meet under the terms and conditions applicable to our renovation or construction projects.

The process of obtaining product certification can be long and costly. We can give no assurance as to our ability to obtain or maintain certifications, or as to the length of time it will take to obtain them. Moreover, certification requirements change continually and require constant
monitoring. If our product certifications were delayed, refused, suspended or withdrawn, marketing of these products could be delayed or prohibited in the relevant countries. We could then run the risk of losing sales in important markets.

We face significant competition in the flooring and sports surface markets in the regions in which we do business.

The flooring industry is highly competitive. We face significant competition from a few large competitors, numerous local manufacturers and independent distributors (see “Business—Market Description—Our Competitive Position” in this Information Document). Certain of these competitors have greater resources and access to capital than we do. The arrival of new competitors, new products or new technologies developed by competitors could also affect our competitive position. We can provide no assurance that we will be able to maintain our margins in the face of competition, particularly if new entrants gain access to one or more of our markets, or if competition intensifies for any other reason. Maintaining our competitive position could require additional investments in new products, new manufacturing facilities or the development of our distribution network, marketing and sales activities. These competitive pressures could lead to reduced demand for our products or force us to lower our prices. Such events could have a material adverse effect on our business, financial conditions, results of operations and prospects.

We are dependent on strong relationships with a limited number of raw materials suppliers, and the loss of a key supplier, coupled with the failure to find replacement suppliers, could adversely affect our business.

Our Group relies on a limited number of suppliers for certain essential raw materials. This is especially true for the manufacture of resilient flooring, for which we use primarily raw materials derived from crude oil, like PVC and plasticizers. Our suppliers are large chemical companies, which are limited in number. Supply contracts are periodically renewed or renegotiated. An adverse change in our relationship with one of our suppliers, more onerous terms (in particular payment terms), non-compliance with undertakings under the contracts, non-renewal of these contracts or renewal on less favorable terms, the insolvency of a supplier or any increased concentration of suppliers (in particular after a merger between suppliers that strengthens their negotiating position) could have a material adverse effect on our Group’s business, financial condition, results of operations and prospects.

With respect to our machines and equipment, although we have not experienced significant problems with our suppliers in the past, there can be no assurance that this will remain true in the future. In particular, if one of our suppliers goes out of business or terminates a supply contract and we are unable rapidly to find a substitute supplier under satisfactory terms, we could have difficulty obtaining the necessary replacement parts to repair our equipment or experience project delays. Such a situation could have an adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to adapt our production capacity to rapidly changing levels of demand.

In the past, there have been periods when high volumes ordered by customers have led to capacity constraints. For example, we faced capacity constraints when the demand for flooring significantly increased in Russia. Our Group recently made significant investments in Russia to respond to the growth in demand there. If such a situation were to recur, we might not be able to benefit from growth in the market in question and we might be required to make significant investments to meet demand. If we were unable to make the necessary investments to meet customer demand, or if the costs of those investments proved significant and or were not offset by order volumes, there could be an adverse effect on our Group’s growth, financial condition, results of operations or prospects.
Our information systems may experience an interruption or security breach.

Our Group uses complex information systems, for example, in production management, sales, logistics, accounting and reporting. These systems are essential to our ability to conduct our commercial and industrial activities. Although we have back-up computer systems and infrastructure, a failure of one of them could have a material adverse effect on our business, financial condition, results of operations and prospects.

We could also be subject to complex and targeted attacks on our computer networks. A growing number of companies have recently been the victims of intrusions or attempted intrusions into their computer security systems. The techniques used for pirating, interrupting, degrading quality or sabotaging information systems are constantly evolving, and it is often impossible to identify them before an attack is launched. We might be unable to arm ourselves in advance against such pirating techniques or rapidly mount an appropriate and effective response. Any breakdown or interruption of our Group’s information systems as a result of such intrusions or attacks could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be required to contribute additional cash to meet any underfunded benefit obligations associated with retirement, post-retirement and other employee benefit plans we manage.

We incur significant obligations in connection with our retirement and health plans and other employee benefits, primarily in North America and Western Europe (in particular in Germany, the United Kingdom and Sweden). As of December 31, 2012, these retirement, health and other obligations totaled €228.7 million, of which €86.7 million was covered by dedicated assets.

The Group’s financing requirements for these obligations depends on the future performance of the dedicated assets, the discount rates used to measure future obligations, actuarial forecasts, changes affecting retirement plans and applicable regulations. As a result of the large number of parameters that determine our financial obligations for retirement and other employee benefits and the difficulty in predicting them, our future requirements to finance our retirement, health and other employee benefit obligations could be larger than the amounts estimated as of December 31, 2012. In that event, these financial obligations could have a material adverse effect on our financial condition and results of operations. For more detail, see Note 21 “Employee Benefits” to the Group Consolidated Financial Statements as of and for the Years ended December 31, 2012, 2011 and 2010 included in Annexes A, C and E to this Information Document; Note 14 “Employee Benefits” to the Group Unaudited Consolidated Interim Financial Statements as of and for the Six Months Ended June 30, 2013 included in Annex G to this Information Document; and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Presentation of Accounting and Financial Information—Critical Accounting Estimates” in this Information Document.

A decline in our expected profitability or that of individual subsidiaries could result in the impairment of assets, including goodwill, deferred tax assets and other intangible assets.

As of June 30, 2013, our goodwill totaled €442.2 million, of which €163.1 million related to the acquisition of the Tandus group. Future events could lead to an impairment of intangible fixed assets and/or goodwill. As a result of the substantial amount of intangible fixed assets and goodwill on our balance sheet, any significant impairment or depreciation charges could have an adverse effect on our financial condition and results of operations for the fiscal year in which such charges were recorded.

As of June 30, 2013, our consolidated deferred tax assets totaled €90.2 million. These deferred tax assets are recorded on our balance sheet in the amount that we believe we can use within a reasonable period of time (five years) and, in any event, before the expiration of any loss carry-forwards. Nevertheless, the Group may be unable to use the expected amount of deferred tax assets if our future taxable income and the related taxes are lower than expected. We also base our projections for the use of deferred tax assets on our current understanding of tax regulations, which could vary either due to changes in tax and accounting regulations or due to audits or tax litigation that could
affect the amount of these deferred tax assets. If we believed that we could not, in future years, use our deferred assets, we would be required to write these assets down on our balance sheet, which would have a material adverse effect on our net results of operations and financial condition.

**Industrial Risks**

Please see “Business—Research and Development, Innovation, Standards Applicable to Our Products and Intellectual Property—Standards Applicable to our Group’s Products” and “Business—Environment and Sustainable Development” for a description of the principal regulations applicable to the Group with respect to safety and the environment.

**We face significant expense from compliance with environmental, health, hygiene and safety regulations and breaches of such regulations could adversely affect our operations.**

The environmental, health, hygiene and safety regulations with which our Group must comply relate primarily to industrial safety, emissions or discharge of chemicals or dangerous substances (including industrial waste); their use, production, traceability, handling, transport, storage and elimination or exposure to such substances; and the remediation of industrial sites and environmental clean-up. The Group is subject to strict requirements with respect to safety, particularly concerning fire-prevention standards applied to our products and our manufacturing sites, as well as standards relating to the slip-resistance of the flooring we produce.

Complying with these regulations requires us regularly to incur significant expense. A violation of these rules could lead to fines or other civil, administrative or criminal sanctions, including the withdrawal of permits and licenses necessary to continue doing business. Changes to these laws and regulations or to their interpretation could lead to significant expense and/or investment, which could adversely affect our business, results of operations and prospects. Moreover, tightening regulations applicable to certain substances that we use to manufacture our products, in particular PVC, products containing phthalates and certain glues, could force us to use more expensive substances, change our formulations and therefore decrease the profitability of our products, which could have a material adverse effect on our business, results of operations and prospects.

**Due to the nature of the raw materials used in the manufacture of our products, we face a material risk of liability, delays and increased production costs from environmental and industrial accidents and pollution.**

Due to the toxicity and flammability of certain raw materials, our finished products and manufacturing or supply processes present a number of safety, fire and pollution risks. In particular, manufacturing processes using flammable materials (chemical products and wood, for example) can create a significant risk of fire or explosion. We could be held liable in the event of accidents involving our business or products. In that event, the adverse consequences for our business, financial condition, results of operations or prospects could be significant.

**We could incur significant costs arising from private litigation over environmental matters involving the presence, discharge or threat of discharge of hazardous or toxic substances.**

In the past, we have used significant quantities of chemical, toxic or hazardous substances in manufacturing our products, and we have used various insulation materials (such as asbestos) in our industrial facilities. Although we have implemented safety and oversight procedures at the Group level as well as at the level of each production site, our employees and, on occasion, third parties may have been exposed to these substances or to equipment containing toxic or hazardous substances prior to their progressive removal and replacement with substitute products. Such individuals could develop diseases and seek to hold us liable. (for a concrete example, see “We face potential liability from personal injury claims relating to asbestos exposure” below). If we are held liable in connection with these proceedings or other future proceedings, this liability may have a material adverse effect on our financial condition and results of operations.
Moreover, some of our products contain chemical substances that emissions during at least part of the product’s life cycle. Although our products’ emissions are lower than applicable thresholds under current regulations, they may be proven to have harmful effects on human health at lower levels than those currently believed to be safe. We may be held liable for such emissions, which could have an adverse effect on our financial condition and results of operations.

*We face potential liability from personal injury claims relating to asbestos exposure.*

In the United States, the Group has been sued by third parties for past exposure to the asbestos contained in certain products manufactured at some of our sites until 1982. In the event that current or future lawsuits should require us to pay amounts greater than those covered by the provisions we have recorded on our balance sheet, our insurance and the indemnification commitments provided by third parties, these proceedings could have a material adverse effect on our financial condition and results of operations.

For further details on these proceedings, see “Business—Legal Proceedings”.

**Market Risks**

*As a result of the international nature of our operations, we are subject to foreign exchange risk, currency restrictions and currency translation risk when we convert our subsidiaries accounts into euros.*

As a result of the international nature of our business, foreign exchange fluctuations have a direct accounting impact on our consolidated financial statements, as result of settlement risk impacting income and expenses incurred in foreign currencies and risks relating to the conversion into euros of the balance sheets and income statements of our subsidiaries outside the euro zone.

In 2012, a significant portion of our revenues was earned in currencies other than the euro, in particular the U.S. dollar (26% of consolidated net revenues in 2012), the Russian ruble (24%), the Swedish krona (5%), the pound sterling (3%), and the Australian dollar (2%). We try to reduce the impact on our income of such exchange rate variations in the short-term by developing our production capacities in the monetary zones where we sell our products, by invoicing certain internal services in foreign currency, and by centralizing risk management through the use of foreign-exchange derivatives to offset the exposure recorded on our balance sheet and our future exposure relating to cash flow in foreign currencies that may be generated by purchases and sales in the succeeding six months. However, significant and sustained movements in exchange rates could adversely affect our results of operations, financial condition and prospects. With respect to the Russian ruble, our policy is to reflect exchange rate fluctuations between the ruble and the euro in our product prices. Therefore, our revenues currently have little exposure to the ruble, but this limited exposure depends on our ability to maintain our pricing policy, which we may not be able to do systematically in the future.

As of December 31, 2012, a 10% increase or decrease in the value of the euro against our primary foreign currencies, applied to the exposure recorded on our balance sheet and taking into consideration the derivative instruments offsetting such exposure, would have the following effect on our net pre-tax income, all other things being equal:

<table>
<thead>
<tr>
<th>Currency (in millions of euros)</th>
<th>USD</th>
<th>Pound Sterling</th>
<th>AUD</th>
<th>Euro(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10% increase of the euro compared with the currency</td>
<td>0.3</td>
<td>0.2</td>
<td>0.1</td>
<td>0.3</td>
</tr>
<tr>
<td>10% decrease of the euro compared with the currency</td>
<td>(0.4)</td>
<td>(0.2)</td>
<td>(0.1)</td>
<td>(0.4)</td>
</tr>
</tbody>
</table>

(1) We are also exposed to the euro as a foreign currency for our Swedish, Russian and Serbian subsidiaries.

For more detail, see paragraph 1.2 of Note 24, “Financial Risks and Financial Instruments” the Group Consolidated Financial Statements as of and for the Years ended December 31, 2012, 2011 and 2010 included in Annexes A, C and E to this Information Document and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Exchange Rate Fluctuations”.

21
Interest-rate fluctuations could negatively impact our financial results.

Interest-rate fluctuations have a direct impact on our financial results. As of June 30, 2013, our consolidated net debt (which is the sum of non-current interest-bearing loans and borrowings and current interest-bearing loans and borrowings, minus cash and cash equivalents) totaled €504.5 million, and gross debt was €558.5 million, including €362.0 million in floating-rate debt and €196.5 million in fixed-rate debt or capped debt after interest-rate hedges. Our policy is to hedge risk by converting a portion of our floating-rate debt into fixed-rate debt. However, as of December 31, 2012, after hedging, a simultaneous increase of 1% in all interest rates would translate into an increase in the net financial expense of €2.2 million per year, before taxes, whereas a simultaneous decrease of 1% in interest rates would result in a decrease in net financial expense before taxes of €0.2 million.

For more detail, see paragraph 1.1 of Note 24 “Financial Risks and Financial Instruments” to the Group Consolidated Financial Statements as of and for the Years ended December 31, 2012, 2011 and 2010 included in Annexes A, C and E to this Information Document; Note 15 “Net Debt” to the Group Unaudited Consolidated Interim Financial Statements as of and for the Six Months Ended June 30, 2013 included in Annex G to this Information Document; and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Financial Debt”.

We are subject to liquidity risk in our operations, which could adversely affect our ability to fund various obligations.

As of June 30, 2013, our consolidated gross debt totaled €558.5 million and consolidated net debt totaled €504.5 million. In addition, we had €280.1 million in available credit lines as of the same date. The Group’s debt repayment schedule is included in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Gross Debt”. The Group’s next significant expiration date is the repayment of our €114 million private placement, which matures in May 2014. The Group expects to enter into a new credit facility to repay this private placement (for further information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—New Term Loan”.

The Group’s credit agreements (primarily our syndicated credit facility with a maximum available amount of €450 million and our term loans with maximum amounts of €131 million and €114 million) include certain covenants, including change of control provisions and financial ratios. The financial ratios require compliance with a net debt/EBITDA ratio of less than 3.0x over the previous 12 months. These covenants are described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Revolving Syndicated Multi-Currency Credit Facility”. Breach of these covenants or ratios could cause our creditors to accelerate the amounts due under the credit agreements. In that event, we could be unable to repay these amounts, or could be forced to refinance the debt on less favorable terms. Moreover, such a situation would make it difficult to put new financing in place, or could make such financing significantly more expensive, which could constitute an obstacle to our growth strategy and to our ability to finance investments.

For more detail, see paragraph 2 of Note 24 “Financial Risks and Financial Instruments” to the Group Consolidated Financial Statements as of and for the Years ended December 31, 2012, 2011 and 2010 included in Annexes A, C and E to this Information Document; Note 15, “Net Debt” to the Group Unaudited Consolidated Interim Financial Statements as of and for the Six Months Ended June 30, 2013 included in Annex G to this Information Document; and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Revolving Syndicated Multi-Currency Credit Facility”.

22
Legal Risks

We are exposed to various risks related to legal claims and varying levels of legal protection for intellectual property rights in the different countries where we do business.

Our Group’s future growth depends on our ability to obtain, preserve and protect our patents, trademarks and other intellectual property rights.

Since we conduct part of our business in countries where the protection of intellectual property rights is less developed than in Europe and North America, we cannot guarantee the level of protection that will be given to our portfolio of patents and trademarks nor can we avoid the risk of infringement, appropriation or illegal use of our intellectual property rights. Moreover, the legal costs that we incur to enforce compliance with our intellectual property rights could prove significant.

In the event that we do not prevail in such litigation, we could be ordered to pay significant damages, be forced to cease selling products that infringe the intellectual property rights in question and incur additional expenses to develop technology that respects the intellectual property rights of others, or be forced to enter into licenses permitting us to use the disputed technology.

Future litigation or administrative proceedings could have a material adverse effect on our business, financial condition and results of operations.

The Group is the subject of various legal proceedings described in “Business—Legal Proceedings”. In the ordinary course of business, we are exposed to litigation relating to our products, in particular sports flooring. Moreover, in March 2013, the Autorité de la Concurrence (the French Competition Authority) launched investigations against several flooring manufacturers, including Tarkett, in relation to possible anti-competitive practices on the French market for vinyl flooring. Such litigation and investigations could have a material adverse effect on our business, results of operations, financial condition and prospects.

Tax Risk

We operate in multiple tax jurisdictions, are subject to taxes in most of them and face the risk of double taxation if one jurisdiction does not acquiesce to the tax claims of another jurisdiction.

As an international group doing business in many countries, we are subject to multiple tax laws and various regulatory requirements, which affect our commercial, financial and tax objectives. Because tax laws and regulations in effect in the various countries where we do business do not always provide clear or definitive guidelines, our structure, the conduct of our business and the relevant tax regime are based on our interpretation of applicable tax laws and regulations. We cannot guarantee that these interpretations will not be questioned by the tax authorities, or that applicable laws and regulations in certain of these countries will not change, be interpreted differently or be applied inconsistently. More generally, any violation of tax laws and regulations in the countries where we or our subsidiaries are located or do business could lead to tax assessments or the payment of late fees, interest, fines and penalties. This could have a negative impact on our effective tax rate, cash flow and results of operations.

Furthermore, we record deferred tax assets on our balance sheet to account for future tax savings resulting from differences between the tax values and accounting values of our assets and liabilities or tax loss carry forwards of our entities. The effective use of these assets in future years depends on tax laws and regulations, the outcomes of current or future audits and litigation and the expected future results of operations of the entities in question.

Future French tax rules may limit our ability to deduct interest payments and may limit our use of tax loss carry forwards.

French tax rules could limit our ability to deduct interest payments, which could lead to an increase in our taxes. Articles 212 bis and 223 B bis of the French General Tax Code, created by
Article 23 of the 2013 Finance Law, Law No. 2012-1509, limit the portion of net financial expenses that can be deducted for corporate income tax purposes to 85% for fiscal years ended after December 31, 2012 and 75% for fiscal years beginning on or after January 1, 2014, subject to certain conditions and exceptions.

In addition, French tax law limits the portion of tax loss carry forwards that can be used to offset the portion of taxable income above €1 million to 50% for fiscal years ending after December 31, 2012.

The impact of these rules could increase the fiscal pressure on the Group and thus have an adverse effect on our cash flow, effective tax rate, financial condition and results of operations.
DIVIDEND POLICY

The following table presents total dividends and net dividends per share distributed by our Company during the last three fiscal years:

<table>
<thead>
<tr>
<th>(in millions of euros, except share information)</th>
<th>Year of Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total dividends</td>
<td>2010</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net dividends per share(^{(2)})</td>
<td>-</td>
</tr>
</tbody>
</table>

\(^{(1)}\) The total amount of the dividend distributed in 2011 was approximately €104.8 million, although the amount presented in the table above represents the total dividend after deduction of the dividend on treasury shares held by Tarkett GDL. For further information, see “Principal Shareholders—Overview”.

\(^{(2)}\) In connection with the Company’s proposed pre-IPO reorganization, the number of outstanding shares of the Company will be increased due to the mergers of SIF and Partholdi, as well as the Group’s Management Equity Plan. For further information, see “Principal Shareholders—Pre-IPO Reorganization” as well as “Management and Employees—Employee Share Incentive Plans”. The number of shares to be issued will be determined based on the IPO share price. In addition, following this reorganization, the Company’s shares will be split on a four-for-one basis. The figure in this table is before taking into account the issuance of new shares as well as the share split.

In accordance with French law and our proposed post-IPO by-laws, shareholders may decide during a shareholders’ meeting to distribute a dividend upon a proposal of the Management Board and in view of the Supervisory Board’s report on the Company’s activities.

We expect our post-IPO dividend distribution policy to reflect our results of operations and financial condition, the realization of our objectives and the dividend distribution policies of our principal subsidiaries. Assuming no major acquisitions, our goal is to distribute annual dividends representing approximately 40% of our consolidated net profit attributable to owners of the Company. We can give no assurance, however, that this objective will be met. Future dividends will depend on the general condition of our business and other factors deemed relevant by our Management Board, among other factors.

We have also decided to distribute a dividend of €130 million to our existing shareholders at the time of our initial public offering. For further information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Overview” and “Principal Shareholders—Pre-IPO Reorganization”.
BUSINESS

We are a leading global flooring company, providing integrated flooring and sports surface solutions to professionals and end-users in the residential and commercial markets. We offer fully-integrated flooring solutions that we believe represent one of the widest and most innovative product ranges in the industry. We have the most diversified geographical footprint in the industry and hold leading positions in each of our principal product categories and geographic regions.

In 2012, we generated net consolidated revenues of €2,319 million (€2,524 million pro forma including full year 2012 sales of Tandus), adjusted EBITDA of €260 million (€295 million pro forma) and net profit attributable to owners of the Company of €84 million (pro forma net profit attributable to owners of the Company of €107.2 million). In the first half of 2013, we generated net consolidated revenues of €1,170 million, adjusted EBITDA of €133 million and net profit attributable to owners of the Company of €37 million.

History

Our Group takes its name from Tarkett AB, its Swedish subsidiary that began its operations in the 19th century.

Our Group was formed in 1997 through the merger of the French company Sommer Allibert S.A. and Tarkett AG (which were at the time listed on the Paris and Frankfurt Stock Exchanges, respectively). Sommer Allibert S.A. was itself the result of the merger of two French companies created in the early 20th century. The members of the Deconinck family are the heirs of Mr. Allibert, the founder of one of these companies, and the family will remain our majority shareholder following the Group’s reorganization.

Beginning in 1997, we gradually sold off our non-flooring businesses, in particular Sommer Allibert S.A.’s automotive business, in order to focus our business exclusively on flooring.

At the same time, we began a strategy of dynamic growth in the flooring sector through a strategy of acquisitions and joint ventures. In 2002, we strengthened our business in Eastern Europe by forming a partnership with the Serbian company Sintelon AD (then listed on the Belgrade Stock Exchange), which had a particularly strong presence in Russia. We gradually acquired Sintelon AD’s shares over time and bought out the remaining minority interests in 2010.

In 2003, we delisted our Canadian subsidiary, Domco-Tarkett, from the Toronto Stock Exchange. In 2004, we acquired the English company Marley Floors Limited, a specialist in commercial flooring, and took a minority interest in the Canadian company FieldTurf, a manufacturer of artificial grass, acquiring control of that company the following year.

In 2005, we continued to pursue our development strategy by entering into two joint ventures: one with the Aconcagua group, to develop our production of laminate flooring in North America, and another with Sonae Industria-SGPS, S.A., to develop our production of laminate flooring in Western Europe. We also acquired the U.S. company Johnsonite Inc., a manufacturer of resilient flooring and accessories, which strengthened our presence in North America.

In 2006, we finalized the delisting of our subsidiary Tarkett AG from the Frankfurt Stock Exchange.

In 2007, investment funds advised and managed by Kohlberg Kravis Roberts & Co. L.P. (“KKR”) indirectly acquired approximately 50% of our shares while the Deconinck family retained approximately 50% of the share capital. The remaining shares were held directly and indirectly by management. Also in 2007, Mr. Michel Giannuzzi was appointed as Chairman of our Management Board, and we began the process of overhauling our management team. In addition, we acquired the U.S. company Defargo, which specialized in manufacturing sports surfaces. We also began the process of selling our wood flooring business in North America, which was completed in 2009.
In 2008, we acquired the U.S. company Beynon Sports Surfaces, a specialist in the manufacture of athletic tracks, bought out the remaining minority shareholders in FieldTurf and sold our share of the laminate-flooring partnership in North America.

In 2009, to consolidate our leadership in sports surfaces in North America, we acquired Atlas Track, a U.S. company specializing in the manufacture of athletic tracks. We also accelerated our international expansion in regions with strong growth potential. In order to strengthen our presence in Turkey, we created a distribution center through a joint venture with Aspen. In Brazil, we acquired Fademac, the leading Brazilian manufacturer of vinyl flooring. We also applied to delist our subsidiary Sintelon from the Belgrade Stock Exchange in 2009.

In order to strengthen our positions in the residential market in Europe and to enrich our trademark portfolio, in 2010, we acquired some of the assets of Rhinofloor (Armstrong’s former U.K. division). Next, we acquired Centiva, a U.S. company specializing in the design of luxury vinyl tiles (LVT). We also acquired control of the Spanish company Poligras Iberica, the Spanish leader in the manufacture and distribution of sports surfaces, and a specialist in the manufacture of artificial grass. In the same year, we entered into two joint ventures. The first was with the U.S. company EasyTurf, a specialist in the distribution of artificial grass for the U.S. landscaping market. The second was with the German company Morton Extrusionstechnik, a specialist in producing fibers for artificial grass. These two partnerships reinforced our artificial grass business and allowed us to in-source fiber production for our artificial grass.

In 2011, we continued to reinforce our positions by acquiring Parquets Marty, a French wood flooring manufacturer, and creating two joint ventures: one with a Dutch distributor of artificial grass called AA SportSystems and the other with a Chinese distributor of resilient flooring, now called Tarkett Floor Covering (Shanghai).

In 2012, we acquired Tandus, a U.S. company that designs, manufactures and sells carpeting for the commercial market. This acquisition enabled our Group to establish itself as a major player in the North American commercial carpeting market.

**Market Description**

Unless otherwise noted, the information included in this section is based on our estimates and is provided solely for informational purposes. To the best of our knowledge, there are no authoritative external sources providing exhaustive and comprehensive coverage or analysis of the flooring market. Consequently, we have made estimates based on a number of sources, including studies and statistics from independent third parties (in particular Freedonia, the European Federation Parquet Industry Federation and the European Resilient Flooring Manufacturers’ Institute), data published by other market participants and data from our operating subsidiaries. These various studies, estimates, research and information, which we consider reliable, have not been verified by independent experts. We do not guarantee that a third party using other methods to analyze or compile the market data would obtain the same results. In addition, our competitors may define their economic and geographic regions differently.

**General Presentation of the Flooring Market**

We estimate that approximately 12.2 billion square meters of flooring were sold globally in 2012, excluding sales of specialized products such as concrete, bamboo and metal flooring. The categories of products that we sell account for approximately 28% of the total global flooring market, or approximately 3.5 billion square meters in 2012.

The table below presents an estimated breakdown of the global flooring market in 2012 by product category, based on the number of square meters of product sold.
The market segments in which we are present are resilient flooring (vinyl, linoleum and rubber), wood flooring, laminate flooring and carpeting products for the commercial market, an area that we strengthened with the 2012 acquisition of Tandus. We believe that our current product categories benefit from strong growth potential, but we may expand our portfolio to new categories if they present opportunities for profitable growth in line with our strategy. For more information, see “—Strategy”.

The flooring market is divided into residential and commercial end-users. In 2012, for our product categories, the residential market represented approximately 60% of global sales in square meters, while the commercial market represented approximately 40% of sales volume. In these two primary market categories, the vast majority of sales (approximately 80%) are for in renovation projects, while a minority is for new construction.

**General Presentation of the Sports Surfaces Market**

In 2012, global sales of the categories of sports surfaces that we offer represented approximately 27.9 million square meters in North America and Western Europe. The table below breaks down 2012 sales in the product categories and geographic regions in which the Group is present, as well as our Group’s estimated market shares.

<table>
<thead>
<tr>
<th>Product Category</th>
<th>Volume in millions of square meters</th>
<th>Estimated market share of the Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Artificial turf</td>
<td>6.8</td>
<td>46%</td>
</tr>
<tr>
<td>Athletic tracks</td>
<td>3.0</td>
<td>56%</td>
</tr>
<tr>
<td>Indoor sports surfaces</td>
<td>1.6</td>
<td>7%</td>
</tr>
<tr>
<td>Western Europe</td>
<td>16.5</td>
<td>17%</td>
</tr>
</tbody>
</table>

Our sports surface products are generally intended for commercial use, primarily by universities, schools and in public facilities. We also sell artificial turf for residential end-users, particularly in the southern United States.

**Flooring**

The demand for a particular flooring product can vary significantly from one geographic region to another as a result of cultural differences, as well as differences in climate and regulatory requirements that can vary from region to region. See “—Research and Development, Innovation, Standards Applicable to Our Products and Intellectual Property—Standards Applicable to our Group’s Products”, for a description of the principal standards applicable in the geographic regions where we do business.

The table below presents a breakdown of the global flooring market in 2012 by product category and geographic region, based on the number of square meters of product sold.
Flooring in Western Europe (EMEA Segment)

In 2012, demand for flooring in Western Europe was 1.9 billion square meters, representing 16.0% of global demand for flooring. The categories of products that we sell accounted for 774 million square meters in 2012, or approximately 39.7% of flooring products sold in Western Europe, including 17.4% of sales for wood and laminate products and 13.1% for resilient flooring. Products in these categories are used in both the residential and commercial markets.

In Western Europe, demand for different categories of flooring products varies significantly from country to country, especially between Northern and Southern Europe. For example, carpet is frequently used in the United Kingdom, whereas wood floors are more popular in Scandinavian countries and ceramic is more in demand in the South. Sales of wood and laminate flooring in Norway, Sweden and Finland represent, respectively, 60%, 40% and 48% of total flooring sales in those countries. Ceramic is a very popular product in Southern Europe, representing 52%, 51% and 66% of demand in Italy, Spain and Portugal, respectively. In Germany and France, the breakdown by product category is more balanced.

We sell primarily vinyl resilient flooring, wood flooring and laminate flooring in Western Europe, mainly in France, Sweden, Germany and the United Kingdom. Most of our sales of resilient flooring are in France, Germany and the United Kingdom, while the majority of our wood and laminate flooring sales are in Scandinavia.

Flooring in North America

In 2012, demand for flooring in North America was 1.9 billion square meters, representing 15.2% of global demand for flooring products. Demand in North America is dominated by carpet, which represented 68.4% total volumes sold in 2012. The categories of products that we sell represented 714 million square meters in 2012, or approximately 38.5% of the total volume of flooring sold in North America, including 8.7% of total flooring sales for wood and laminate products and 12.7% of sales for resilient flooring. In North America, we sell products primarily to commercial end-users and, to a lesser extent, to residential end-users. Commercial carpet represents 17.1% of total North American demand.

Our flooring sales in North America are divided fairly evenly among commercial carpet, resilient, rubber flooring, and vinyl and rubber accessories, with wood and laminate flooring accounting for a smaller portion of our sales. We sell our products primarily in the United States (86%), with the remaining 14% being sold in Canada. The Mexican market is considered to be part of Latin America, in the CIS and Others segment.
Flooring in the CIS and the Balkans (CIS and Others Segment)

In 2012, the demand for flooring in Russia, the other CIS countries and the Balkans (the former Yugoslavia) was 582 million square meters, representing 4.8% of global flooring demand. In these countries, resilient flooring is most popular, representing 35.8% of total flooring demand, as compared with 8.1% for the global market as a whole. Other than resilient flooring, the main products sold are ceramic tiles (28.0% of total flooring demand), wood and laminate flooring (approximately 26.5%) and carpet (9.6%).

Unlike Western Europe and North America, resilient flooring is used primarily by the residential market in the CIS countries. This difference can be explained by the history and climate of these countries. Most of the residents of these countries became the owners of their homes following the dissolution of the Soviet Union. For these new homeowners, renovation is a high priority, and resilient flooring is both well-suited to local tastes and attractive for household budgets.

The commercial market in this region has been slower to develop, but shows strong growth potential. Commercial end-users initially chose residential resilient flooring for their first renovation projects. These floors are not well-adapted to high-traffic commercial premises. Moreover, Russia has adopted stringent fire regulations for commercial products. As a result of these factors, the resilient flooring market has shown moderate growth in recent years, although its size remains modest compared to the residential market.

In Russia and the other CIS countries, we sell primarily vinyl flooring to residential end-users, and to a lesser extent wood and laminate flooring.

Flooring in Latin America and Asia Pacific (CIS and Others Segment)

In 2012, demand for flooring in Latin America and the Asia Pacific region reached 1,261 million and 5,455 million square meters, respectively, representing 10.3% and 44.7% of global flooring demand. Ceramic is the most frequently used material in Latin America and Asia Pacific, as a result of local climate, ease of manufacture and the multiplicity of local suppliers.

In Latin America, we do business principally in Brazil, where most of our sales are vinyl products for commercial end-users. In Asia, we sell primarily vinyl flooring to commercial users in Australia and China.

Sports Surfaces

In 2012, demand for the three principal categories of sports surfaces in North America (artificial turf, athletic tracks and indoor sport surfaces) was approximately 11.4 million square meters. Demand for artificial turf in Western Europe in 2012 was approximately 16.5 million square meters.

Our sports surfaces are sold primarily for commercial applications (95%), while the remainder (5%) is sold for residential applications. Within the sports surfaces segment, we primarily sell artificial turf, athletic tracks and indoor sports flooring. We sell sports surfaces mainly in the United States and Canada, but we also sell elsewhere, particularly in European countries (France, Spain and the Netherlands).

Growth Drivers and Future Prospects

We use many sources to analyze growth drivers and future prospects for the market. We perform this analysis annually, most recently in March 2013. We use the trends shown by these analyses in preparing our budgets and strategic plans, as well as for internal allocation of resources. These prospects are based on data, assumptions and estimates that we consider reasonable, but they
could evolve or be modified as a result of uncertainties relating to the economic, financial, competitive and regulatory environment, among others. We can provide no assurance or give any guarantee as to the likelihood that the prospects described below will prove to be accurate.

**Growth Drivers and Principal Market Trends in the Flooring Market**

Since 2010, global sales volumes in our product categories have remained stable, with varying trends in each geographical segment. There has been significant growth in the CIS and, in 2012, in North America. Volumes have decreased in Asia Pacific and Latin America, as well as in Western Europe in 2012. Our management believes that global sales of the product categories in which we are present could grow from approximately 3.5 billion square meters to approximately 4.0 billion square meters between 2012 and 2016. This estimate reflects the trends in each of the markets described in this section. These estimates could prove inaccurate, particularly in the event that growth in gross domestic product in one or more regions is weaker than expected.

The graph below presents the evolution of sales (in square meters) of the product categories shown between 2010 and 2012, as well as the estimations used in preparing our strategic plan for 2016.

The table below presents the estimated annual average growth rates in each geographic region between 2012 and 2016, calculated on the basis of the 2016 volumes shown in the above graph.

<table>
<thead>
<tr>
<th>(in square meters)</th>
<th>EMEA</th>
<th>North America</th>
<th>CIS and Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vinyl, linoleum and rubber</td>
<td>Western Europe</td>
<td>Middle East/Africa</td>
<td>CIS and Balkans</td>
<td>Asia Pacific</td>
</tr>
<tr>
<td>Wood and laminate flooring</td>
<td>(1%)</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Carpet (commercial)</td>
<td>0%</td>
<td>3%</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Total for product categories sold by our Group</td>
<td>0%</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
</tr>
</tbody>
</table>

The following sections describe recent trends in each of our principal geographic regions, as well as expected growth drivers and future prospects.

**Flooring in Western Europe (EMEA Segment)**

Recent trends in this geographical region vary from country to country. In the United Kingdom, total construction activity has decreased in recent years, despite an increase in do-it-yourself improvements and home renovations. The French flooring industry suffered as a result of an uncertain economic environment, while flooring demand was less affected by the economic crisis in Scandinavia and Germany (although there was a decrease in sales of wood and laminate flooring in a highly competitive environment). Demand for wood and laminate flooring in Scandinavia remained stable between 2010 and 2012.
We believe that flooring demand in this region is currently stable, despite an economic context that continues to be uncertain. Demand for wood floors may stabilize during this period, in particular in Scandinavia, although it may decrease slightly in France and Germany. On the other hand, sales volumes of laminate flooring are likely to decline slightly. The sources we analyzed indicate, however, that there may be growth in resilient flooring for the commercial market, in particular in Germany and the United Kingdom.

**Flooring in North America**

Between 2006 and 2011, North American demand for flooring fell, in particular as a result of the decrease in new construction in that region. However, the U.S. construction market grew in the fourth quarter of 2012 and continued to improve in 2013, due primarily to the residential market.

In the coming years, we expect significant growth to result from the U.S. economy’s recovery. The sources that we analyzed indicate a potentially significant increase in demand for all products, including our principal products in this geographical segment: residential and commercial resilient flooring, rubber and vinyl accessories for the commercial market, and commercial carpeting.

**Flooring in the CIS and the Balkans (CIS and Others Segment)**

As indicated above, following the dissolution of the Soviet Union in 1991, most homes were given to their occupants, thereby generating a large number of homeowners. Due to economic growth in these countries, renovation demand has grown significantly in recent years. This trend is expected to continue. Today, two-thirds of flooring in the Russian residential sector is in need of substantial renovation, according to Rosstat, the Russian government statistics agency. Moreover, over the last several years Russians have begun to buy laminate floors in order to give the appearance of wood floors while remaining within a reasonable budget.

In the CIS countries, residential and commercial resilient flooring demand is expected to continue to grow, as is demand for wood and laminate flooring. Today, residential renovation represents a significant growth area, with approximately two billion square meters requiring renovation out of the three billion square meters currently installed in Russian residential housing stock, according to Rosstat.

**Flooring in Latin America and Asia Pacific (CIS and Others Segment)**

We believe that demand for the product categories that we offer in Latin America could grow. In Brazil, in addition to structural factors, the economy could benefit significantly from the 2016 Olympic Games and from the 2014 Soccer World Cup. In this region, sales of luxury vinyl tiles continue to grow at a faster pace than the general flooring market.

With respect to Asia Pacific, governmental initiatives in China should continue to sustain the construction market, according to a market study that we conducted in collaboration with a consulting firm. The aging of the Chinese population should also fuel growth in the retirement home sector, in addition to projected growth from the healthcare and education markets. Given the size of its residential housing stock, China is, by volume, the largest in the world. Vinyl flooring’s market penetration is still limited, but this product category may grow in the future.

**Growth Drivers and Principal Market Trends in Sports Surfaces**

Since the financial crisis, this market has been characterized by a downturn caused by a significant decrease in public spending in both North America and Europe. The resulting overcapacity generated extremely intense competition, which had a significant impact on prices. Given this market environment, customers are less interested in innovations and novelties, and instead seek functional products at attractive prices.
The first signs of a North American recovery appeared in 2012. Following the expiration of numerous manufacturers’ warranties and the fact that many surfaces will be approaching the end of their useful lives, a significant amount of artificial turf will need to be replaced, resulting in increased demand, which could increase our sales. Demand for athletic tracks may see moderate growth beginning in 2014. Growth in the landscaping market will depend primarily on the condition of the residential renovation market, and especially on economic recovery in the warmest regions of North America.

Our Competitive Position

General Presentation

Over the course of our history, we have developed significant competitive advantages in both the residential and commercial markets. In the residential market, key factors in our success include our design and marketing skills, high-quality customer service, and close proximity to our customers. In the commercial market, key competitive advantages include the fact that our products satisfy stringent technical standards that vary by country and our close relationships with the key decision-makers that choose flooring solutions. We also have a proven ability to maintain a competitive cost structure while providing excellent customer service in both the residential and commercial markets.

The following sections present our position in comparison with our main competitors. For more information on our Group’s competitive strengths, see “—Competitive Strengths”.

Our Market Position in Flooring

In general, the global flooring market is relatively fragmented, with a few large international companies, including our Group, operating alongside numerous local suppliers. We believe, however, that the main categories in which we do business, in particular resilient flooring, are less fragmented.

We believe that we have solid market shares in our geographic regions. Furthermore, we have one of the largest product portfolios and the most diversified geographical footprint in the industry. Our main competitors generally focus on either North America or Europe and concentrate on a more limited number of products.

Flooring in Western Europe (EMEA Segment)

We are a leader in the Western European flooring industry. We are the number one vinyl flooring company in Europe and the leading flooring company overall in France and Sweden. We are also the third manufacturer of wood and linoleum flooring in Western Europe. While market shares are difficult to estimate, based on 2012 sales volumes, we believe that we sell between 25% and 30% of all vinyl flooring products sold in Europe. We account for less than 5% of laminate flooring sales in most countries. However, we are a leader in wood and laminate flooring in Scandinavia, with approximately 15% of sales in that region.

Our main competitors are European groups, which generally concentrate their businesses on a limited number of countries and products. Our most important competitors in this region are Forbo (resilient flooring), Gerflor (resilient flooring), Kahrs-Karelia Upofloor (wood flooring), Beaufloor (resilient flooring), James Halstead (resilient flooring) and Bauwerk-Boen (wood flooring). The American groups Mohawk (Unilin/Marazzi) and Armstrong Flooring (DLW) are present in Europe, but with relatively modest business volumes compared with their presence in North America. Moreover, in certain countries we face local competitors. Economies of scale for the most complex products tend to limit these competitors’ activities in our main geographic regions.
**Flooring in North America**

We have a strong presence in several product categories in North America. In this region, we are also the second largest resilient flooring company (including LVT, following the acquisition of Centiva at the end of 2010) and the second largest rubber flooring company. Following the 2012 acquisition of Tandus, we are also the fourth largest commercial carpet company in North America. Our Johnsonite products occupy a leadership position in the vinyl accessories market.

Our main competitors on the U.S. market are Mohawk, Shaw Floors, Armstrong Flooring, Interface and Mannington, which generally concentrate a large majority of their sales in North America. In keeping with the strong North American preference for carpet, this product category represents a significant share of these companies’ sales (this is particularly the case for Mohawk, Shaw and Interface). However, some of these companies, including Mohawk, Armstrong and Mannington, also market resilient flooring, as well as wood and laminate flooring. The competitors for our Johnsonite products include Nora, a rubber flooring manufacturer, as well as local manufacturers. We believe that our products account for approximately 18% of resilient flooring sold in North America.

**Flooring in the CIS and the Balkans (CIS and Others Segment)**

We have been doing business for more than 20 years in the CIS and the Balkans, primarily in Russia, Serbia, Ukraine and Kazakhstan. As a result of our long-standing presence in this geographic region, we consider ourselves to be a local company and we are decidedly a market leader. We are the number one resilient flooring company in Russia, Ukraine, Kazakhstan, Serbia and Belarus, and the number one wood flooring company in the CIS. We are also the number four laminate flooring company in Russia.

Our market leadership in the Russian resilient flooring market is the result of our well-known brands, local production, well-developed distribution platforms and deep understanding of local tastes. In our opinion, Komiteks and Juteks/Beaulieu, two local companies, are the other leading companies in this region, alongside the international suppliers IVC and Forbo. We are a significant distributor of laminate flooring. However, we are not as strong in laminate flooring as we are in resilient flooring. In the laminate flooring market, Chinese manufacturers occupy a leading position due to their ability to offer low-cost entry-level products. The other principal companies in this market are Kronostar, Kronospan, Classen and Unilin.

**Flooring in Latin America and Asia Pacific (CIS and Others Segment)**

Our position in Latin America and Asia Pacific is in a development phase. Our position in Latin America was strengthened in 2009 with the acquisition of Fademac, a Brazilian vinyl-flooring manufacturer; we are now the number one commercial vinyl flooring manufacturer in this country. We recently strengthened our presence in Asia by acquiring our primary distributor there. We also gained a commercial carpet production site in China with the acquisition of Tandus.

Our main competitors in vinyl flooring in Latin America are Gerflor and Forbo. Our main competitors in Asia Pacific for vinyl flooring are Armstrong, Gerflor, LG and Forbo, as well as local Chinese manufacturers.

**Our Position on the Sports Surfaces Market**

We are the leading provider of artificial turf in North America and the leading provider of athletic tracks in the United States. We have numerous competitors in this market, including small companies and resellers who outsource the manufacture of synthetic fiber. In the artificial turf market, our strongest competitors in North America are AstroTurf, Hellas, Shaw and Sprinturf. In Europe, we are the second artificial turf player behind Tencate, and our other large competitors include Polytan,
Limonta and Domo. Our principal competitors in athletic tracks are Hellas, APT, Stockmeier and Mondo.

**Our Brands**

Our products are sold under known brands targeted at each geographic region. We sell our flooring products under the brand name Tarkett, which enjoys a global reputation, but we also employ product-specific international brands, such as FieldTurf. We also market our products under a variety of local brand names, which enjoy strong name-recognition in their various markets, such as Johnsonite in North America and Sinteros in the CIS. In certain markets, we use a multi-brand strategy, using different brands for different distribution channels, to cover the entire market and optimize coexistence between our different distributors.

**Products**

We offer a diversified range of flooring solutions, enabling us to tailor our products to the needs of each market and region. The choice of a flooring solution depends heavily on the type of premises where the product is used. In addition, the products demanded by both professionals and individuals tend to vary significantly from one geographic region to another, due primarily to cultural differences but also due to differences in climate and environmental factors.

We design and sell products as a function of the needs, tastes and budgets of various end-users, and we differentiate our products through choice of materials, design and compliance with differing regulatory standards, as well as resistance to varying levels of foot traffic. Our large product range allows us to offer integrated decorative and functional solutions using several product categories in a single project, by coordinating accessories with floor coverings. By combining and coordinating our products, we can respond to several different needs at a single site.

Each of our products features technological enhancements that improve product quality for our end-users. Each of our products is engineered with environmental sustainability in mind through a focus on the raw materials used in production, environmentally sound manufacturing processes and ecologically safe product disposal. We design-in the use of renewable and recycled resources whenever possible. Our products are also designed to protect indoor air quality. For example, the levels of volatile organic compounds emissions (“VOC”) given off by our products are lower than current standards, and we use phthalate-free plasticizers for our vinyl floors. Our products are also designed to be recyclable, either within our own production chain or in other uses. Our production process is designed to minimize the use of water and energy at our production sites.

We have been doing business for decades throughout the world and our brands are internationally and locally recognized, associated with high quality at competitive prices. We provide training to local installers to optimize the performance of the products purchased by commercial end-users thereby improving installation quality. Our customer service representatives provide support throughout the life of our products.

We sell the following types of flooring:

- Resilient flooring (vinyl and linoleum), including:
  - resilient flooring for residential end-users, including heterogeneous (multi-layer) vinyl, which can be sold in rolls or as tiles, especially high-end vinyl tiles (luxury vinyl tiles, or “LVT”), and
  - resilient flooring for commercial end-users, including homogeneous vinyl, which can be sold in rolls or as tiles, including LVT, homogeneous vinyl (single-layer), and linoleum floors;
• wood and laminate flooring, including plain wood and engineered wood floors as well as multi-layer laminate floors using several materials, sold to both residential and commercial end-users;

• carpets for commercial end-users, a product line that was strengthened by our September 2012 acquisition of the U.S. company Tandus;

• rubber flooring and accessories; and

• sports surfaces (primarily artificial turf and athletic tracks).

The following table presents the breakdown of our 2012 consolidated net revenues by product type.

<table>
<thead>
<tr>
<th>(in millions of euros)</th>
<th>2012 Pro Forma Revenues</th>
<th>% of 2012 Pro Forma Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resilient flooring (vinyl and linoleum)</td>
<td>1,483.1</td>
<td>59%</td>
</tr>
<tr>
<td>Wood and laminate flooring</td>
<td>264.6</td>
<td>10%</td>
</tr>
<tr>
<td>Carpets</td>
<td>271.7</td>
<td>11%</td>
</tr>
<tr>
<td>Rubber and accessories</td>
<td>243.7</td>
<td>10%</td>
</tr>
<tr>
<td>Sports surfaces</td>
<td>260.9</td>
<td>10%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,524.2</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Our business is organized into four segments – three geographical segments for flooring (EMEA, North America and CIS and Others) and one global segment for sports surfaces.

The following table presents the breakdown of our 2012 consolidated net revenues by segment.

<table>
<thead>
<tr>
<th>(in millions of euros)</th>
<th>2012 Pro Forma Revenues</th>
<th>% of 2012 Pro Forma Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>706.0</td>
<td>28.0%</td>
</tr>
<tr>
<td>North America</td>
<td>669.9</td>
<td>26.5%</td>
</tr>
<tr>
<td>CIS and Others</td>
<td>887.3</td>
<td>35.2%</td>
</tr>
<tr>
<td>Total</td>
<td>2,524.2</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Resilient Flooring (Vinyl and Linoleum)**

We offer a large range of resilient flooring, including homogenous and heterogeneous vinyl and linoleum. Both residential and commercial end-users purchase heterogeneous vinyl. Homogeneous vinyl and linoleum, on the other hand, are purchased primarily by commercial end-users.

Residential end-users and commercial end-users purchase resilient flooring with similar characteristics and our LVT products for residential end-users are very similar to the resilient flooring that we sell to commercial end-users in terms of design, price ranges and the materials used.

We have a very strong position in the resilient flooring market as a result of being the largest vinyl-flooring manufacturer in the world. Resilient flooring represents the largest portion of our sales in the EMEA and CIS and Others regions, and also accounts for a significant share of our sales in North America. In particular, we are the largest manufacturer of resilient flooring in France, Germany, Sweden, Russia, Ukraine, Kazakhstan and Belarus. We are also the number two North American manufacturer of resilient flooring, and we offer these products in Latin America (in particular in Brazil, where we are the largest manufacturer of commercial vinyl flooring) and in Asia Pacific (in particular in Australia and China).
Residential Vinyl Flooring

We offer a variety of heterogeneous vinyl floors for the residential market, which includes apartments and houses (the common areas of multi-family residences and apartment buildings are considered commercial premises).

Design, appearance and price ranges of residential vinyl flooring must be adapted to the budgets, uses and tastes of the residential users in each geographical region, which can be very culturally specific.

Heterogeneous vinyl flooring is composed of felt or fiberglass backing covered with compact PVC and foam padding for insulation, covered successively with a printed decorative layer, a wear layer coating and a scuff-resistant finishing treatment.

Heterogeneous vinyl flooring for residential end-users contains a thin wear layer, which enables it to be sold at competitive prices while maintaining the level of durability needed for residential use.

In terms of the pattern printed on the flooring surface, we offer our end-users a variety of colors and designs. In order to keep up with decorating trends, we must tailor our product lines to conform to prevailing styles and fashions, which can vary widely from one geographic region to the next. In order to reflect changing designs and fashions, we update our product line on a rolling basis about every three years.

Heterogeneous vinyl products offer several advantages in terms of livability and remain attractive over a long period of time. Residential heterogeneous vinyl flooring can be sold in rolls or in modular format (tiles or plates). Rolls are generally installed with glue, whereas modular products may be installed using glue, self-adhesive attachments or they may be snapped together, which facilitates installation and repair.

We help customers choose and coordinate flooring through our roll-out of the iSelect Continuity and Coordination Flooring System, in the United States. iSelect is a computer program designed to simplify the decision-making process while giving consumers a one-stop-shopping option that allows them to sample colors or patterns and match them with performance features and finishing accessories. We also designed Starfloor Click, a line of modular, easy-to-install luxury vinyl tiles (LVT) with a solid click-locking installation system, that is resistant, durable and adapts well to different types of architecture.

We also offer LVT tiles on the commercial market, as described in “—Commercial Resilient Flooring” below.

Commercial Resilient Flooring

Resilient flooring for commercial uses includes a large range of products, including homogeneous and heterogeneous vinyl and linoleum flooring.

Commercial resilient flooring is specifically designed for high-traffic areas and can withstand numerous shocks. It is used in commercial premises including offices, administrative buildings,
schools, hospitals, retirement homes, hotels, stores, the common areas of apartment buildings and in train stations and factories.

**Heterogeneous Vinyl Flooring**

Heterogeneous vinyl flooring for commercial use is designed to withstand intense foot traffic. In particular, a thicker wear layer is applied to the product than is used on our residential resilient flooring products in order to reinforce the product and ensure its durability. Heterogeneous vinyl flooring is suitable for almost any commercial use.

We can classify our heterogeneous vinyl flooring products into two types: acoustic products, which are designed to absorb ambient noise (such as footsteps and talking) and compact products, which reinforce the floor’s robustness.

We offer a diverse range of designs and patterns printed on the decor layer, for both rolled and modular products (including the high-end LVT tiles, as further described in the next paragraph, and loose lay tiles). These frequently updated product lines give end-users a wide product selection.

Among our other heterogeneous vinyl flooring products, we have developed a high-end modular product designed primarily for the commercial market: luxury vinyl tiles (“LVT”). This product offers high precision printing of designs and patterns, which can simulate wood, ceramic or stone, using sophisticated graphics techniques. Luxury vinyl tiles are available at prices that are extremely competitive compared to the cost of the materials they mimic.

**Homogeneous Vinyl Flooring**

Unlike heterogeneous flooring, homogeneous vinyl flooring is made in a single layer with the pattern embedded directly into the material. This type of flooring is covered with a layer of pigment and reinforced by a polyurethane surface treatment that prevents metallization and facilitates maintenance.
Homogeneous vinyl flooring has many advantages. Its resistance to wear-and-tear makes it a durable solution for high-traffic areas. It comes in a compact version for high-traffic areas and in an acoustic version. The absence of multiple layers in its composition makes the design simple and offers advantages in terms of hygiene and maintenance.

As a result of its particular acoustic benefits, anti-bacterial properties and reinforced durability homogeneous vinyl flooring is frequently used in the healthcare and educational sectors, as well as in aged-care facilities.

**Linoleum Flooring**

We have been making linoleum for more than one hundred years. Linoleum is composed of a jute backing treated with renewable raw materials such as linseed oil, rosin, cork flour or wood flour, to which a surface treatment is added.

Linoleum is a natural product covered with a surface treatment that makes it extremely robust and easy to maintain. Our linoleum products are extremely durable and therefore well-adapted to intense use of flooring that is typical of common areas in educational buildings and healthcare facilities, as well as offices and indoor sports facilities.

**Wood and Laminate Flooring**

**Wood Flooring**

We have been making wood flooring for more than a century. Originally, the most frequently manufactured type of flooring was plain wood, but it has been increasingly replaced by multi-layer (or “engineered”) wood products, sold to both residential and commercial end-users (including, stores and boutiques, hotels and indoor sports facilities).

We sell wood flooring in Europe (EMEA segment), primarily in Scandinavia. We also market these products in the CIS countries and the Balkans and, to a lesser extent, in North America. We are a leading manufacturer of wood flooring in Europe and are number one in wood flooring in the CIS. Wood floors are generally sold in the residential market. Although most of the wood we use comes from Europe, we use a staining process to adapt to demand in different markets and regions, in particular by offering wood flooring that resembles exotic wood.

The engineered wood flooring that we sell is composed of three main layers: the bottom stabilizing layer; a middle layer in soft wood such as pine or spruce or HDF (high density fiber); and a top layer of high-quality wood. This composition results in a more responsible use of the high-quality wood in a thin layer and allows us to optimize the hidden layers of fast-growing species of wood.
These three stacked layers ensure the longevity of our wood floors, in addition to reinforcing their structural integrity. We use high-performance protection techniques, such as the Protecto surface treatment, composed of five layers of solvent-free photo reticulated finishing coat, which reinforces resistance to scratches and wear, due to its stabilizing veneer. Engineered wood helps limit the use of high grade wood, such as oak, which requires relatively long regeneration cycles. In this way, we contribute to sustainable forest management.

We offer several engineered wood product lines, giving consumers greater freedom of choice: single, double or triple floorboard. Styles and collections are adapted for each market. We also offer both matte or glossy lacquer finishes.

Compositioned of natural, renewable raw materials (different species of wood), harvested from monitored, responsibly- and sustainably-managed forests, our wood floors rely on true technical know-how in wood-working in the service of natural beauty. After many years of use, our wood floors may be dismantled for reuse or recycling, in order to respect the environment.

Installation is facilitated by the”2-Lock Click” system, which allows installation without glue. This system is used with the under-layers that we offer.

Laminate Flooring

Laminate flooring is primarily sold to end-users in the residential market and can be designed to reproduce the pattern that the end-user wants – wood, stone, ceramic or a graphic design – but with enhanced durability and at a lower cost.

Laminate flooring consists of a paper balancing layer, a core board of high-density particles or HDF, a decor layer of printed paper and an overlay to protect the visible surface.

Laminate flooring is sold at competitive prices compared to wood and provides a durable flooring solution. We offer a large range of designs to end-users to satisfy all of their wishes, although this product type is intended primarily for the residential market through DIY (do-it-yourself) distribution channels and construction materials, in particular.

Laminate flooring is easy to install thanks to our 2-Lock Click and T-Lock systems, which make it possible to lock the plates to each other without gluing them to the supporting layer. Laminate flooring can also be adapted to the specific needs of each end-user: heavy use and weight, high resistance to shocks or high-traffic areas. Laminate flooring also allows users to easily change their flooring without incurring prohibitive costs as a result of the fact that it is modular.
Carpet

We offer carpets for use in commercial spaces such as office buildings, governmental institutions, hospitals and schools. In September 2012, we acquired the U.S. company Tandus, a leading designer, manufacturer and seller of carpet for the commercial market, which has enabled us to enlarge our product portfolio by offering commercial carpet products. As a result, Tandus’s historical market, North America, is currently our principal geographic region for commercial carpeting.

We offer three types of carpeting, which correspond to three generations of the product:

- broadloom carpet, which is made from a polypropylene backing and fibers that are either tufted or woven;
- modular carpet, which is sold in tiles, and made of a vinyl or urethane backing and tufted (nylon) fibers; and
- hybrid resilient sheet flooring, which is an inseparable structure made of a resilient base, a nylon carpet with a specific foam that contributes to its performance and enhances design options.

Carpet is a shock-absorbent floor covering with good acoustic properties that adds comfort and warmth to an interior environment. We offer a wide selection of colors and patterns that are frequently updated and tailored to appeal to customers in our different geographic regions. Our different carpet products also offer acoustic properties and high-performance resistance to rolling and heavy traffic, as well as ease of maintenance.

Rubber Flooring and Accessories

We sell a wide range of rubber flooring as well as rubber and vinyl accessories. Our flooring products include rubber sheets and tiles, while our accessories include stair nosing, tactile warning strips, tactile paving tiles, warning tiles, baseboards, decorative wall skirting, thresholds and adhesives.

Sold primarily in North America, these products are used mostly by commercial end-users in the healthcare, educational and industrial sectors as well as in indoor sports facilities. We are the leading supplier of vinyl accessories in North America.

As part of our sustainable development initiative, we can produce these products with recycled rubber.
We offer rubber flooring and accessories in a wide variety of colors, patterns and textures, in order to coordinate with our other flooring solutions. These products and accessories are slip-resistant and shock-absorbent and provide a high level of safety. They have natural acoustic properties, require little maintenance, and are easy to install and replace.

**Sports Surfaces**

The sports surfaces that we manufacture are used throughout the world by amateur and experienced athletes, providing safety, comfort, performance and aesthetic enjoyment. Sports surfaces are installed at universities, schools and public sports facilities. North America represented 78.8% of our Sports Surfaces segment’s 2012 sales, while Europe, in particular France, Spain and the Netherlands, represented approximately 19.8% of this segment’s 2012 sales.

We have a strong presence in the sports market due to the diversity of our products. We are one of the only flooring manufacturers able to provide such a wide range of sports surface solutions.

Our sports surfaces include three product types: artificial turf, athletic tracks and indoor sports flooring.

**Artificial Turf**

Artificial turf represents the largest portion of our sales of sports surfaces. We are the leading artificial turf manufacturer in the world, and particularly in North America. Artificial turf can be used for both sports surfaces and landscaping.

We are certified as an artificial turf manufacturer by FIFA and the International Rugby Board, and our turf is used for training and competition fields by some of the leading European soccer clubs, such as FC Barcelona, as well as for rugby, hockey, tennis and other multi-purpose sports facilities. However, the principal end-users of this product are universities and high school facilities, and to a lesser extent, local municipalities for landscaping purposes.

The manufacture of artificial turf is a three-step process for which we have numerous patented innovative processes: fiber production, tufting and backing coating.

For sports facilities, we produce high-quality fibers, whose properties result from the chemical composition, extrusion parameters and unique, carefully-designed geometry. We have become a leader in fiber extrusion technology since 2010, when we entered into a joint venture with Morton Extrusionstechnik (“MET”), a German company specialized in fiber extrusion. This joint venture enables us to control the fiber production process for our artificial turf. The extrusion process, which we developed with MET and now own, allows us to significantly reduce the deterioration of the fibers, and the excellent quality of the polymers used ensures both superior durability and comfort.

Artificial turf is a cost-effective solution for owners or maintenance personnel of sports facilities because it is less expensive to maintain than natural turf. From a sustainable development standpoint, it also reduces water use and eliminates the need for fertilizers and herbicides. The life cycle of a field made of artificial turf is extended by this fiber’s resistance to wear and tear from constant, year-round play. The fiber and infill quality contribute to comfort on the field and to a
reduction in both the risk and the severity of injuries in the event of falls. Thanks to a technique that we developed, it is also possible to customize artificial turf by inserting a team logo, for example, while maintaining the appearance of natural grass.

We also offer an innovative range of landscaping products with a variety of designs that respond to the specific needs of end-users, in particular hotels and commercial campuses. We also sell these products to residential end-users, particularly in the southern United States.

Athletic Tracks

We offer athletic tracks that promote athlete speed, safety and comfort. We sell them principally in North America, where we are the leading manufacturer.

Athletic tracks are composed of successive shock-absorbing layers of composite rubber, to which a polyurethane layer is applied, with the surface then worked on to give a particular color and external appearance, whether smooth or rough.

![Athletic Track]

Because of the polyurethane surface layer, our athletic tracks are extremely durable and provide athletes with important safety advantages, in particular due to their stability and shock absorption. In addition, these tracks improve athletic performance by reflecting the athlete’s energy. The track surface essentially acts like a trampoline, propelling the athlete slightly with each stride. Easy-to-install, our tracks can be used in any weather conditions and also have good acoustic properties.

Indoor Sports Flooring

We offer indoor sports surface products in wood, vinyl or linoleum for multi-purpose sports venues and gymnasiums.

Within our vinyl flooring line, the Omnisports collection is adapted to multi-purpose sports venues. It is available in several thicknesses to respond to the technical requirements of a wide range of sporting events, and to offer performance qualities adapted to the needs of its end-users. We also offer lines of wood flooring for sports such as basketball, handball, dance, volleyball, squash and martial arts.

Our wide range of indoor sports surfaces satisfies the requirements of both experienced athletes and amateurs in terms of shock absorption, ball bounce and anti-slip surfaces. Certain of our wood flooring product lines are popular for their ease of installation, such as our removable wooden floors, Sportable.

Indoor sports surfaces are marketed by a dedicated sales force in our North America sports segment and by our general flooring sales forces in other regions. These indoor sports sales are then recorded in the corresponding segments.
Distribution and Sale of Our Products

Overview

The indoor flooring market is split between commercial and residential end-users. Residential users buy our products primarily to renovate existing homes, but they may also purchase them in connection with new construction projects. Commercial users choose flooring for areas that are generally open to the public, in connection with both renovation and construction projects.

In general, residential purchases of flooring are made in DIY stores. Residential end-users generally have a limited ability to distinguish between different products’ various qualities and attributes and are therefore relatively dependent on the salesperson at the point of sale to select the appropriate flooring type. These products may, however, also be purchased from specialized construction material suppliers, especially when the general contractor or installer is making the purchase. Therefore, brand awareness among installers and salespeople may have a large influence on product choice.

The commercial market ranges from large-scale projects to shop-keepers with small surface areas, such as artisans and boutiques, whose purchasing patterns tend to be similar to residential users. This market is markedly more heterogeneous than the residential market in terms of technical requirements, but less varied in terms of design. In a commercial project, each space is designed to be used for a very specific purpose, and materials must often be supplied in large quantities. For example, in a hospital project, the flooring solutions must conform to strict hygiene requirements to prevent the spread of nosocomial infections. A hospital floor will also be required to meet minimum standards of slip-resistance, static-absorption and noise absorption. A large department store or a mall, however, would require an ultra-resistant flooring to bear intense foot traffic without showing signs of wear. Office flooring must possess the ability to absorb sound, withstand high foot traffic and contribute to temperature control. Most importantly, public areas are subject to explicit regulations, in terms of interior environmental health and safety, which can vary considerably from one country to the next, even within a single economic zone such as the European Union, or from state to state as in the United States.

On the commercial market, construction materials must comply with many requirements in terms of design, cost, utility, durability and public health. General contractors must make purchases in accordance with the terms dictated by the specifiers, who choose flooring in consultation with the end-user. Specifiers can include almost any type of construction industry professional: they may be architects, interior decorators, installers, project managers or general contractors. These professionals are tasked with studying each product and understanding the relative advantages and disadvantages of the various flooring solutions offered. As a result, specifiers are often open to examining the relative strengths and merits of specific technological innovations. We have teams dedicated to maintain close relationships with specifiers at all stages of project development and management. These relationships constitute a key factor in our sales success on the commercial market.

Because of the way products are chosen, the commercial flooring market has other particularities in terms of distribution channels. Unlike the residential market, where consumers go to a physical point of sale and order products immediately upon selection, commercial buyers plan their purchases in detail prior to placing an order. In general, a project will begin with a detailed planning phase, during which the quantities and qualities of each type of construction material will be determined, and delivery and installation schedules for each phase of the project will be estimated. It is during the planning phase that a manufacturer has the opportunity to act as a consultant to the specification team and design a one-stop, customized solution based on the project’s technical and aesthetic requirements. These consulting services enable project managers to focus primarily on the factors that they feel most comfortable with, such as design elements or cost considerations, depending on their areas of expertise. Once the building materials have been selected and the quantity

44
specified, the installer simply places the order with a wholesaler or directly with the manufacturer, and takes delivery in accordance with the construction calendar.

**Distribution of Our Group’s Products**

**Distribution Strategy**

Distribution channels in the residential and commercial markets differ as a result of the characteristics of each market. We use both “push and pull” strategies within both of these markets.

- **Push.** We have specialized teams to implement our “push” strategy, whose objective is to encourage wholesalers to buy our products. To that end, our sales force meets with them to discuss the advantages of our flooring and present the brands under which we market our products. We have entered into numerous agreements with the principal wholesalers in each market. In the residential market, in addition to wholesalers, this strategy also includes DIY chains, and specialty retailers.

- **Pull.** We also have teams to implement our “pull” strategy, whose objective is to encourage the sale of products stocked by wholesalers. In the commercial market, the salesforce concentrates on the main specifiers, such as architects, interior design firms and construction companies.

The following flow charts illustrate how our distribution strategy works for the residential and commercial markets.

Our distribution strategy for the commercial market is complemented by training centers, called “Tarkett Academies”, which promote awareness of our products among specifiers and ensure the highest quality installation in order to reinforce our image. We have 14 Tarkett Academies throughout the world. These training centers train building industry professionals, such as flooring installers and general contractors.

In these training centers, installers learn how to correctly install Tarkett-brand products, which often influences them to choose or recommend Tarkett products for their future projects. By ensuring proper installation of our products, we also improve our reputation, increase brand loyalty,
develop relationships with our commercial partners and improve customer satisfaction by ensuring optimal installation of our products.

**Distribution Channels**

Our products are distributed primarily by distributors, retail chains, installers, specialized chains and independent stores. The weight of each distribution channel is different in each geographic region:

- Most of our sales in North America and in the CIS and Others segment are through distributors. Buildings in these markets are characterized by large interior spaces, providing significant economies of scale in terms of logistics, with services being provided by distributors to a large number of retail stores. In Europe, on the other hand, a smaller share of sales is through distributors, though the number still remains significant.

- Large retail chains are common in Europe and North America, representing a significant share of our sales in these markets. This distribution channel is currently less significant in the CIS countries, but could grow in the years to come.

- Independent stores represent a relatively significant share of our distribution in Europe and in the CIS and Others segment, with a larger presence in high-end products such as wood flooring.

- Installers and builders represent a significant share of our sales in Europe, particularly in the commercial sector.

**Customers**

We have a large and diversified customer base, including, in particular, distribution companies and leading large retail chains. Distributors are our principal customers and represent the majority of sales volume, followed by retail chains (including DIY chains).

We are not dependent on our principal customers. No single customer represented more than 5% of our revenues in 2012.

**Organization of Our Sales Force**

Our 60 sales offices employ approximately 1,300 sales professionals dedicated to selling our products. They are spread over 38 countries, enabling us to adapt to local differences and better understand the needs of each market and region. Each sales office has its own organization, responding to the requirements and structure of the local region. One of the strengths of our sales force is its ability to adapt to local demand.

**Logistics**

Our Group’s logistics are organized around three principles:

- improving the quality of customer service, in particular by offering a wide product selection, and rapid delivery;

- reducing costs, in particular storage, transport costs and customs duties; and

- adapting our distribution network to the characteristics of local markets.
We work with our distributors to support their logistics needs and limit our costs. For example, we recently extended our logistics platforms in the CIS with the opening of nine new regional service centers located close to our principal distributors, with a tenth planned for 2013-2014. This unique approach to distribution gives us a significant advantage over our competitors in the CIS. This proximity to our customers also results in a clear improvement in service through a reduction in lead times and better training of our customer service teams, giving us a strong competitive advantage. As a result of this initiative, we were named Russia’s “Best Supplier of the Year” in both 2010 and 2011 by the Annual Business Forum.

Logistics and Transport

Transport of our products is organized with the objective of improving the quality of customer service while managing transportation costs both upstream and downstream.

Upstream, for delivery of raw materials and other materials needed to manufacture our products, we negotiate framework agreements with our principal suppliers covering prices and lead times, and we try to locate our production sites near our suppliers’ manufacturing sites.

Downstream, for delivery of our products to customers, the primary objective of our logistics organization is to offer short lead times so that customers can optimize their inventory levels. In some countries we use outside service providers.

Most of our production sites are located in the regions in which we sell our products. By reducing the distance between products and customers, we improve our customer service, significantly reduce transportation costs, save on import duties and shorten lead times.

Logistics and Information Systems

Our information systems include various applications, including applications to manage purchases and product life cycles, resource planning, customer relations, supply-chain management, accounting and financial information and human resources.

In 2010, we launched a widescale program to rationalize, consolidate and secure our information systems Group-wide. To do this, we invested in the deployment of an SAP system, which improves monitoring and management of our activities, to make our internal processes uniform, simplify the services offered to end-users and develop our Internet presence.

We also made our computer infrastructure uniform with a single network and security system and a consolidation of data centers, while relying on a significantly strengthened risk management program for our information systems.

Manufacturing

Our production facilities are located as close as possible to product delivery sites, while maintaining competitive production costs. We have 30 production sites in 15 countries in order to be close to our markets, minimize transport costs and customs duties and remain competitive with local players.

We try to constantly improve our manufacturing processes to reduce production times, improve product quality and reduce manufacturing costs.
We use flexible assembly lines so that we can adapt production to changes in end-user demand.

**Production Sites**

**Location of Production Sites**

We have 30 production sites; of these, we own 29 and rent one (in the United Kingdom). To our knowledge, our tangible fixed assets at production sites are not subject to any material liens or other security interests.

As a result of our Group’s historical presence, we have ten production sites in EMEA, including two major sites with more than 500 employees each in Luxembourg and Sweden. Our production sites supply the products we market in this region: resilient flooring, laminate flooring, wood flooring and sports surfaces. A small portion of our European production is also marketed in North America, the Middle East, Latin America and Asia.

We own nine production sites in North America, which produce resilient flooring as well as, to a lesser extent, sports surfaces. With our September 2012 acquisition of Tandus, we became a significant manufacturer of carpet tiles for the U.S. commercial market. We have announced our intention to consolidate the production of both VCT and LVT vinyl tiles into our Florence, Alabama site and to close our Houston, Texas site in 2014.

The CIS and Others segment also has a substantial number of production sites to satisfy local demand. In the CIS and Others segment, we have six production sites, including one site in Russia that has more than 1,000 employees. This site has the largest production capacity of vinyl flooring in the world. Other production sites in the CIS and Others regions make resilient flooring, wood flooring and laminate flooring. We also have a carpet production site in China as a result of the Tandus acquisition. In Brazil, where we are the leading supplier of commercial vinyl flooring, we have a factory that produces to satisfy local demand.

Our sports surfaces segment includes five production sites. Three of them manufacture artificial turf (one in the United States and two in Western Europe), and one makes athletic tracks in the United States. Our remaining production site is a fiber extrusion factory for artificial turf in Germany. This last is a joint venture with Morton Extrusionstechnik (“MET”) in which our Group holds a 51% interest.

The following table presents our manufacturing sites and the main products manufactured at each site.

<table>
<thead>
<tr>
<th>Site</th>
<th>Product line</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>GERMANY</td>
<td></td>
<td></td>
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<tr>
<td>Laminate-Park-Germany</td>
<td>Laminated flooring</td>
<td>Eiweiler</td>
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<tr>
<td>MET-Germany</td>
<td>Artificial turf</td>
<td>Absteinach</td>
</tr>
<tr>
<td>Tarkett-Germany</td>
<td>Resilient flooring</td>
<td>Konz</td>
</tr>
<tr>
<td>BRAZIL</td>
<td></td>
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<tr>
<td>Tarkett Fademac-Brazil</td>
<td>Resilient flooring</td>
<td>Jacarei</td>
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<tr>
<td>CANADA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Johnsonite-Canada</td>
<td>Resilient flooring</td>
<td>Waterloo</td>
</tr>
<tr>
<td>Tandus-Canada</td>
<td>Carpets and rugs</td>
<td>Truro</td>
</tr>
<tr>
<td>Tarkett-Canada</td>
<td>Resilient flooring</td>
<td>Farnham</td>
</tr>
<tr>
<td>CHINA</td>
<td>Carpets</td>
<td>Suzhou</td>
</tr>
<tr>
<td>Tandus-China</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SPAIN</td>
<td>Artificial turf</td>
<td>Valls</td>
</tr>
</tbody>
</table>
Our Investments in Production Sites

Over the last three years, we have invested an average of €80 million per year in our production sites in order to respond to increasing demand, maintain our competitiveness and continue reducing our production costs.

Our investments have been spread among our sites worldwide. However, to support the growth in local demand in the CIS and Others segment, in particular Russia, this region received a significant share of these investments.

We have also undertaken other targeted projects, such as a new rubber flooring line in North America and the construction of a new warehouse in Russia for storing laminate flooring. We have also invested in the Sports Surfaces segment, in particular by creating the joint venture with Morton Extrusionstechnik ("MET") described above, to gain control over the production of fibers for our artificial turf.
Continued Improvement of Manufacturing Processes

We continually work to improve our manufacturing processes, with the goals of improving worker safety and customer satisfaction and reducing costs.

In February 2009, we launched our World Class Manufacturing (“WCM”) program, which is inspired by similar successful programs in the automobile sector.

This program seeks to improve:

- our product quality and customer service;
- the safety and performance of our production sites; and
- our financial profitability while reducing our impact on the environment.

In connection with the WCM program, we are carrying out initiatives to improve product quality, on-time delivery and production yields, all while limiting effects on the environment.

We have appointed WCM directors for all of our sites. These directors coordinate ongoing improvement projects on-site and develop related methodologies. They can then share their experiences within the WCM network, thus spreading efficiency improvements throughout the Group’s production network to improve profitability. We also have a dedicated WCM team that travels to each production site to help local teams deploy the WCM improvements. By traveling to the various production sites, the WCM team can adapt the program’s methodologies to local conditions, while at the same time managing action plans centrally.

We have seen positive results from the WCM program. A study conducted by an independent party confirmed significant improvement in customer satisfaction in 14 of the countries where we sell our products. There has been a very substantial decrease in accidents at our production sites and a decreased environmental impact from the manufacture of our products. In addition, the WCM program has improved management of our supply chain and led to a cumulative reduction of €127 million in our production costs over the course of the last three years.

We believe that the WCM program will continue to generate substantial savings in production costs in the coming years.

Special Attention to Worker Safety

The WCM program emphasizes accident prevention in our factories by requiring systematic analysis of all incidents, identification of principal causes and implementation of a rigorously monitored action plan.

At the same time, we conduct training to raise employee and management awareness of safety issues. Our executive committee is particularly sensitive to employee safety and discusses the subject with employees when it visits factories.

Between 2008 and 2012, the accident rate fell from 12.8 per million hours worked to 3.5 per million hours worked, which is better than the industry average.

Strengthened Quality Control

We have implemented a quality-control structure in our factories to ensure rigorous monitoring of our products. In connection with the WCM program, our teams systematically analyze the principal causes of customer complaints and quality defects and create action plans to remedy the
problem. In particular, we are working towards a reduction in customer complaints, which still represents a substantial cost-reduction opportunity.

A Manufacturing Process That Respects the Environment

We take the environment into consideration at every stage of product design. For that reason, we do our best to select the materials that present the least risk to end-users and the environment, and that can be part of a biological or technical cycle. We prioritize the use of renewable and recyclable materials in manufacturing our products.

We have also developed a system for collection and recycling of flooring, ReUse/ReStart and Floore (for Tandus), which consists of gathering clean flooring waste at our production sites and offices in order to re-use it to manufacture new flooring.

We have also entered into a partnership agreement with the German research institute Environment Protection Encouragement Agency (“EPEA”) in order to deploy the Cradle to Cradle® concept. This program aims to reduce the environmental impact of industrial activities and to design products with materials that protect human health and the environment and that allow for indefinite recycling of the products at end of use.

Please see “—Environment and Sustainable Development” for more information about our environmental program and sustainable development.

Raw Materials and Suppliers

We use several categories of raw materials to manufacture our products: PVCs and plasticizers for vinyl flooring, wood for wood and laminate flooring, polymers and fibers for carpets and artificial turf, rubber for rubber flooring and accessories (such as baseboards) and artificial turf, and cork for linoleum flooring. We build and maintain close and structured relationships with all of our suppliers. The structure of our long-term relationships with suppliers enables us to optimize purchasing terms and adapt our procurement policy to the specific needs of each country.

Raw Materials

PVC and Plasticizers

We primarily use two raw materials to manufacture our products: polyvinyl chloride (“PVC”) and plasticizers. These are used to manufacture homogenous and heterogeneous vinyl.

PVC and plasticizers together represented approximately two-thirds of our raw material costs in 2012. The PVC and plasticizers markets are global with regional differences relating to the relationship of supply and demand in different geographies.

The evolution in the price of these commodities over the last two years has mainly been tied to that of their respective raw materials, ethylene for PVC and naphtha and orthoxylene for plasticizers.

Moreover, when we make acquisitions, we ensure that we are able to reduce raw material costs by asking the target’s suppliers to honor the prices negotiated with the rest of our Group.

We are currently evaluating raw material opportunities in our various geographic regions. Raw material prices are decreasing in North America due to the use of shale gas there. Although we still favor local procurement in Europe, primarily because of the transportation costs, the lowered cost of raw materials in North America is likely to have a positive impact on negotiations with European raw material suppliers.
Other Raw Materials

Wood represented approximately 10% of our raw material costs in 2012. We use wood to make wood and laminate flooring. The wood flooring market remains very local, due to the significant cost of transporting logs or rough timber. We are therefore subject to local fluctuations in the price of wood.

We purchase other raw materials, in particular fiberglass for vinyl flooring; rubber for rubber flooring, accessories and artificial turf; polypropylene for carpet; melamine and decor paper for laminate floors; and linseed oil, jute and cork for linoleum floors.

Supplier Relationships and Purchasing Policy

Our suppliers are essential partners, with whom we develop close and durable relationships. We have chosen to develop long-term relationships with all of the participants in our supply chain. We organize our relations with suppliers around strategic partners with global scale and local suppliers able to adapt to local demands.

Supplier Relations

For each category of raw materials, we have developed relationships with several partner suppliers at the global level. In 2012, our ten largest suppliers accounted for 52% of our raw materials purchases.

We are careful to maintain relationships of trust over the long term with all of our suppliers. These relationships enable us to negotiate favorable commercial terms, to obtain productivity gains and to realize economies of scale.

In order to adapt our procurement structure to different geographic regions, we have put supplier partnerships in place at different levels:

- We buy PVC and plasticizers from the leading international chemical companies, such as Vinnolit, Ineos, Vestolit, BASF, Eastman and Evonik, which supply our Group throughout the world.

- We also buy raw materials from local suppliers, in particular wood, the majority of which we purchase from local sawmills.

We maintain interdependent relationships with certain suppliers, especially sawmills based on their dependence on sales to wood and laminate flooring factories. Our relationships with these suppliers often become long-term partnerships.

For artificial turf, we joined with a fiber-extrusion specialist to produce high-quality fibers with a unique geometry. This enables us to produce the fiber we need to manufacture artificial turf without depending on an external supplier.

In order to limit transport of certain raw materials, we try to locate our factories close to suppliers. Accordingly, our wood and laminate flooring factories are built close to local sawmills to avoid excessive costs from wood transport.

Purchasing Policy

We try to centralize our purchases at the global level for the most important raw materials, in particular PVC and plasticizers, as well as for fiberglass and titanium dioxide purchases, which are used to manufacture vinyl flooring.
In our supplier agreements, pricing is indexed to market prices of the raw materials used in manufacturing our products. Most of these agreements have one-year terms, with three-year terms in certain cases. We are not obligated by these agreements to purchase specific quantities of materials.

Our purchasing policy is based on four principles:

- active management of our portfolio of suppliers;
- annual review of our principal contracts;
- diversification of raw materials; and
- collaboration with key suppliers.

We actively manage our portfolio of partner suppliers. We have significantly reduced the number of PVC products that we use, which allows us to negotiate more easily with the various PVC suppliers, in particular with respect to price. We have increased the number of plasticizer suppliers we use, with the increase in suppliers enabling us to improve our negotiating power over price. This supplier diversification gives us room to maneuver in negotiating prices.

We review our main contracts annually in order to renegotiate prices and determine supplier availability. Price formulas give us visibility as to price evolution over several years. Diversification of the raw materials that we use enables us to substitute inputs between several suppliers and thus reduce our dependence on certain specialized suppliers.

We try to cooperate closely with our key suppliers on technical issues and innovations. We explain our growth objectives to them in order to ensure that they increase production capacities sufficiently to respond to our increased demand.

Research and Development, Innovation, Standards Applicable to Our Products and Intellectual Property

We have a long history of research and development. Innovations are incorporated into new products and procedures in order to provide residential and commercial end-users with new solutions.

To the extent permitted by local law, we systematically patent, trademark or register our industrial know-how, and research and development innovations, in order to protect our intellectual property.

Research and Development

Our Research and Development Policy

Research and innovation are among our top priorities. As a result, we have created many innovative flooring solutions, for which we have won several awards. Spending on research and development increased from €15.6 million in 2010 to €19.8 million in 2012, demonstrating the Group’s commitment to making research and development of one of its pillars of success.

In order to position our products to respond to the market’s demands and to anticipate future needs, we include in our research and development initiatives a quality-assurance process as well as a graphic-design service that targets market trends.

The Group’s policy with respect to research and development is discussed in “—Organization of our Research and Development Activity” through “—Awards for Our Innovations”.
A Network of Internal Experts

Our research and development activities are performed by more than 150 employees throughout the world. Research and development is organized around an international research and innovation center located in Luxembourg, as well as 24 development and application laboratories located in more than ten countries around the world. This enables us to develop products that respond to the needs and tastes of local end-users, while relying on our center for excellence in research and innovation.

The directors of our research and development departments meet frequently to discuss product innovation, development and portfolio.

Close Relationships With Outside Scientific Experts, Universities and Suppliers

In order to create the most innovative flooring solutions, we have developed close relationships with outside experts. For example, we created a scientific advisory board including both Tarkett experts and internationally known outside experts. Our directors of research and development can therefore consult with scientists from the world to validate our strategic research and development plans and to improve our innovation strategy on a larger scale. Experts within Tarkett can also meet frequently with research and development project managers, as well as with technical supervisors, to identify emerging technologies and market trends.

Approximately 25% of our total research and development budget is devoted to external activity. For example, we have entered into partnerships with research laboratories at some of the most prestigious universities and engineering schools in the world (in particular the University of Michigan, the University of Strasbourg, the University of Postdam, the Ecoles des Mines in Paris, the CEMEF, the EPEA, ESPCI Paris Tech, and the Ecole Nationale Supérieure des Arts Décoratifs in France).

Through innovation partnership agreements, we have also developed close relationships with certain suppliers to develop specific technical improvements, such as monitoring odors or improving the environmental attributes of our flooring products.

An Effective Innovation Process

Key Principles

Our innovation strategy is based on three key principles.

First, we strongly emphasize eco-design. To implement this principle, we constantly seek new materials and processes that protect the environment and end-users. Our new products are designed in accordance with the Cradle to Cradle® concept. For more information, see “—Environment and Sustainable Development—Environmental Innovations—Deployment of the Cradle to Cradle® Concept”. We are also working towards significantly increasing the share of renewable, abundant and recycled materials used in the manufacture of our flooring products. We also aim to provide clear and precise information to consumers about our products’ design. Using our own rating system, we label our products with the proportion of renewable and natural materials used in the product’s manufacture. We also indicate whether the product can be recycled, as well as its levels of VOC emissions.

The second principle on which we base our innovation strategy is the development of modular solutions. Modular solutions are well-adapted to both residential and commercial users who want ease
of use combined with a wide selection of designs and decorations. Therefore, we have developed a full range of modular solutions, offering a large choice of models and design.

Finally, we aim to maintain our position as an industry leader. In order to accomplish this, we constantly create new manufacturing processes to achieve operational excellence and optimal competitiveness. We strive to acquire new know-how for implementing and designing flooring, and we develop partnerships with universities and experts throughout the world to model these manufacturing processes.

An Integrated Innovation Process

To offer innovative products to our clients, we regularly launch new product lines. To design and develop these new lines, we have perfected a four-phase innovation process. During the exploratory phase, we monitor the latest flooring, design and interior decorating trends. We also monitor technology and the legal developments to ensure that the products we develop in the future will comply with applicable regulations. Following the exploratory phase, we enter the trial phase. During this phase, we test the designed product for market suitability, market demand, materials performance, technical feasibility and manufacturing process.

If the product is approved, we move into the development phase. At this point, we create the first prototypes for the new product. Then we enter the production phase, which is subject to approval by the new product department, in charge of launching and marketing the new product. Once the product is industrially approved, we begin to manufacture the new product so that end-users can begin to benefit from the new innovation as soon as possible.

Our Numerous Innovations

Our research and development strategy helps us provide our end-users with excellent flooring products. As early as 1942, we developed a new process for manufacturing wood flooring that reduced the amount of wood used. Since then, we have always worked to develop products and concepts that simplify our end-users’ lives while reducing environmental impact.

Among our numerous recent innovations, in 2009 we created iQ Natural, the first homogenous vinyl with more than 75% natural and renewable components. The entire iQ line reduces water and detergent use and has extremely low VOC emissions compared with European standards.

Through our innovations, we also improve the performance of our products. For example, Cool-Play, recently launched by FieldTurf, is a system that enables us to significantly reduce the temperature of our artificial turf while maintaining the same level of quality.

Awards for Our Innovations

We have received numerous awards demonstrating that our innovations are internationally recognized.

Over the last four years, we have received awards in numerous areas. The following awards are just a sample:

- Green Good Design Award in 2009 for our ecological linoleum;
- Cradle to Cradle® certification for production of flooring. In 2011, we obtained Cradle to Cradle® silver-level certification for our wood products manufactured in Sweden and Poland, and for our linoleum. In 2012, we received basic-level certification for our rubber products manufactured in the United States. We were the first linoleum and wood flooring manufacturer to receive Cradle to Cradle® certification; and
- BFM Green Business Award in 2011, for our global sustainable development strategy, and
  the strategic development trophy awarded by the Agence Française de l’Environnement et
de la Maîtrise de l’Énergie (French Agency for the Environment and Energy Management)
  and by Ernst & Young in 2012; and
- A.T. Kearney’s Best Innovator prize in 2013, for our innovation management strategy.

**Standards Applicable to Our Group’s Products**

*The Different Standards Adhered to by Our Group*

We comply with a large number of regulations, standards and certifications in our various
markets. These standards vary depending on the geographic region, the type of building in which a
product is installed and the type of flooring. We also use a monitoring process to ensure that our
products comply with applicable regulations, standards and certifications.

**Mandatory Standards and Standards with Which We Comply Voluntarily**

We are subject to two types of standards: mandatory standards based on legal requirements,
and voluntary standards that we have chosen to comply with to respond to our customers’ needs.

In most cases, compliance with mandatory standards must be certified by independent
laboratories and/or organizations as well as by a governmental authority. Their principal objective is
to ensure the safety and protect the health of end-users by demonstrating that the product complies
with regulatory requirements, which relate primarily to fire-resistance, slip-resistance and limits on
toxic fumes.

Voluntary standards are primarily testing standards to determine a product’s technical
characteristics such as acoustic properties or dimensional stability, and specifications relating to
minimum thresholds for a specific use. These standards vary depending on the product and its
intended use, such as schools, hospitals or homes.

Especially in the commercial market, specifiers often stipulate compliance with non-
mandatory standards in their order specifications. Moreover, compliance with non-mandatory
standards is also required by certain national or municipal governments for the construction or
renovation of buildings that will be used as public administrations or government agencies.

Below, we provide information about the various standards that we have voluntarily chosen to
follow. The use of such standards allows buyers, decision-makers and end-users to be informed of the
characteristics of our flooring in order to better differentiate between our products and those of our
competitors. The technical specifications that we choose to communicate vary depending on the
requirements of the market in question.

**Standard Organizations and the Standards Used in Different Geographical Markets**

Standard organizations define the technical characteristics and performance that a product
must meet, as well as the tests to be used.

At the international level, the principal organization in charge of publishing our applicable
standards is the International Organization for Standardization (“ISO”). Compliance with ISO
standards is based on the principles developed by the World Trade Organization, and is technically
voluntary, although is often required by architects and contractors, in particular for government
contractors. Furthermore, agreements between ISO and the European Union enable the transposition
of an ISO standard into a European standard.
In Europe, standards are established by the European Committee for Standardization ("CEN"). These standards, called “EN” standards, are mandatory when referenced by a European regulation.

European directives also define requirements for each product. “Harmonized” EN standards may be either mandatory or optional. They concern the health and safety of end-users as well as energy savings. If a product is shown to comply with certain harmonized standards, it is automatically deemed to comply with requirements under European directives.

Compliance with harmonized standards enables a manufacturer to obtain the “CE” label, governed by Regulation (EC) No. 305/2011 of April 24, 2011, which went into effect on July 1, 2013. We market our products in Europe under this standard. The CE label indicates that we certify that the product complies with the various harmonized standards and that the flooring has undergone adequate testing. Among the mandatory harmonized standards, fire-retardant and fire-resistance standards, anti-slip standards and toxic emissions standards are the most important. For example, we comply with EN Standard 14041, which details requirements for resilient and laminate flooring and carpets.

In addition, we can be required to comply with standards issued by national organizations in various European Union member states, such as the Association Française de Normalisation ("AFNOR") in France and the Deutsches Institut für Normung ("DIN") in Germany. We are subject to national standards in the countries where we sell our products.

In the United States, environmental and workplace safety regulations are established at the federal level, whereas safety features such as fire resistance standards are generally regulated at the state or city level. The American Society for Testing and Materials (“ASTM”) develops most of the voluntary standards applicable to flooring products in the United States. Both the federal and state governments may decide to adopt ASTM standards, thereby making them mandatory. ASTM standards are mandatory when referenced in federal or state regulations.

In Russia, flooring products must comply with numerous technical standards imposed by various federal laws and technical regulations, including, in particular, Federal Law No. 184-FZ on the verification and compliance system for flooring; Federal Law No. 123 of July 22, 2008 on fire safety standards; and Technical Regulations No. 123-FZ on fire safety requirements.

Countries such as Australia, New Zealand, Japan and China also develop standards as well as national regulations with which we may be required to comply. Finally, certain laboratories and private sector organizations have established procedures for labeling products that comply with certain standards. We actively participate with organizations such as ASTM, ISO and CEN in the process of developing standards.

**Intellectual Property Rights**

We have a significant portfolio of trademarks and patents that we constantly work to protect, which gives us a strategic advantage over our competitors.

**Trademark Portfolio**

We have a significant portfolio of internationally known trademarks (in particular Tarkett and FieldTurf) and regionally-known trademarks (Tandus, Sintelon and Johnsonite), in addition to trademarks for particular product categories (in particular, Marty for wood flooring, Easyturf for artificial turf, and Beynon for athletic tracks). Our trademarks are protected in most of the markets where we do business.
Protection of our trademarks can be based on registration or prior use of the marks. Such protections are subject to local laws and marks may be subject to national, European Community and international registration and the durations of such protection vary by country.

Patent Portfolio

We hold full rights to a portfolio of 158 active patents in more than 42 countries. Our patents cover flooring and sports surface products as well as technologies for the development of new products.

Our patents cover approximately 15 different systems and technologies. Each year we file ten to 15 new patent applications. The average age of the patents in our portfolio is approximately eight years, which is the same as the average life span of our competitors’ patents.

The geographical distribution of our patent portfolio is very diversified, with 71 patents in Western Europe, 11 in Eastern Europe and 51 in North America. Finally, we hold 25 patents relating specifically to our sports surfaces business.

Given our research and development activity, we believe that we are not dependent on patents filed by third parties.

Environment and Sustainable Development

Environmental concerns and sustainable development are at the heart of our strategy. We have developed manufacturing processes that respect the environment and have launched an eco-design program to improve our end-users’ living conditions and promote recycling of our products when they are replaced.

The Group is not currently required by French law to prepare an environmental and social responsibility report, although assuming its shares are listed on NYSE Euronext Paris prior to December 31, 2013, it expects to prepare such a report in 2014.

Environmental Regulations

In connection with our business, we may be subject to environmental laws and regulations in each of the countries where we do business. These laws and regulations impose binding standards, in particular with respect to air pollution, noise reduction, waste water, industrial waste, and may impose particular methods for eliminating wastes, or environmental clean-up.

Environmental Policy

Respect for the environment is integrated into all of our activities. The manufacture, packaging, installation and recycling of our products are designed to respect the environment and our end-users. Our commitment to the environment includes four principal objectives: the use of environmentally friendly raw materials, environmentally conscious resources management, end-user well-being and recycling.

Use of Environmentally Friendly Raw Materials

We take the environment into consideration at every stage of product design. For that reason, we do our best to select the materials that present the least risk to end-users and to the environment, and that can be part of a biological or technical cycle at end of use. We prioritize the use of quickly renewable and recyclable materials.
**Resource Management**

In order to reduce our impact on the environment, we are committed to developing a responsible approach to the use of natural and non-recyclable resources in manufacturing our flooring. To that effect, we are committed to reducing our energy and water consumption, as well as our emissions of greenhouse gases. In 2012, we reduced our consumption of drinking water by 11%.

We have also developed a simplified method of carbon accounting that enables us to account for our greenhouse gas emissions. We are committed to the greatest possible reduction of these emissions at the source and to offsetting the remaining necessary carbon dioxide creation. In 2012, we reduced our energy consumption by close to 6%.

**Well-Being and Quality of Life**

We seek to design and develop products that constantly improve our end-users’ well-being and quality of life, during both use and maintenance.

Accordingly, we create products and solutions that aim to improve indoor air quality and the health and well-being of our end-users. We develop products with lower requirements for chemical cleaning agents, water and energy. All of our products, moreover, have low or extremely low levels of VOC emissions. For example, our vinyl and linoleum products manufactured in Europe have VOC emissions levels of less than 100 micrograms per cubic meter, and are between ten and 100 times lower than the strictest standards.

**Recycling**

In accordance with our goal of a circular economy, we try to reintegrate both our industrial waste and our products at the end of their life-cycle into a biological or technical process, so as to limit the production of waste destined for landfill or incineration and reduce the consumption of raw materials.

To do this, we have also developed two systems of collection and recycling of flooring, ReUse / ReStart and Floore (for Tandus), which consist of gathering fallen flooring at our production sites and offices in order to re-use to manufacture new flooring.

In connection with our ReUse / ReStart program, “clean” installation waste is collected at a sorting center and then sent to a production unit to be transformed into new raw materials for the manufacture of flooring.

In these programs, end-of-use flooring removed by installers and construction companies can be dropped off at one of our or our external partners’ collection points. In Europe, these used products are then treated and recycled by the AgPR (Association for the Recycling of PVC Floor-Coverings), a consortium for the recycling of PVC flooring, in which Tarkett is an active participant. In North America, these products, at end of use, are sent to one of our collection centers to be reused in the manufacturing process.

We have also put a reuse and recycling system in place for the rubber and sand that fill our artificial turf (FieldTurf). By recycling up to 95% of the turf, we are able to reduce waste production and limit the use of raw materials, while providing consumers with a lower-cost, environmentally-friendly product.

In connection with these different programs, we collected 6,000 metric tons of clean and used flooring waste worldwide in 2012 and reduced the amount of waste discharged by close to 18%. 

59
Environmental Innovations

Respect for the environment is one of our key eco-innovation principles. We benefit from our team’s expertise and know-how to implement best environmental and eco-design practices and ensure profitable and responsible growth. This approach to continual progress was concretized by the deployment of the Cradle to Cradle® concept to evaluate a product’s impact at each stage of its life, select the “right materials”, optimize the use of resources and contribute to improving indoor air quality and end-users’ well-being. We are the company of reference for eco-innovations in the flooring industry.

Deployment of the Cradle to Cradle® Concept

In January 2011, we entered into a partnership agreement with the German research institute Environment Protection Encouragement Agency ("EPEA") in order to deploy the Cradle to Cradle® concept to evaluate our materials and manufacturing processes. This program aims to reduce the environmental impact of industrial activities and to design products with materials that protect human health and the environment and that allow for indefinite recycling of the products at end of use.

In 2011, we obtained Cradle to Cradle® silver-level certification for our wood and linoleum product lines, thereby becoming the first wood and linoleum flooring manufacturer in Europe to be Cradle to Cradle® certified. In 2012, we obtained the same certification for our glued wood flooring line. We also obtained Cradle to Cradle® basic-level certification for our Johnsonite rubber flooring line.

In 2013, we became one of the first companies to join the Ellen MacArthur Foundation’s “Circular Economy 100” program, which promotes a transition to a circular economy that reuses materials in order to conserve natural resources.

Use of Phthalate-Free Plasticizers

We have embarked on a program to replace traditional plasticizers with a new generation of phthalate-free plasticizers in the production of vinyl flooring. We began with our North American production sites in 2010, followed by Sweden in 2011, and we decided to extend the program to our European sites by 2014. Previously, in 2009, we had launched our first phthalate-free vinyl product, iQ Natural, with a new plasticizer made from natural resources. As the use of phthalates becomes increasingly limited and controversial as a result of their potential effects on health and the environment, this initiative enables us to become a sustainable development leader in the flooring industry and helps improve the environmental reputation of the flooring industry among consumers.

VOC Emissions Below Quantifiable Levels

All of our vinyl and linoleum flooring manufactured in Europe have levels of VOC emissions ten to 100 times lower than current European standards. These flooring solutions contribute to better indoor air quality, and we set the standard in the flooring industry with respect to environmental sustainability and VOC emissions.

iQ Natural: An Intelligent and Visionary Flooring

Analysis of a product’s potential impact on the environment at every stage of its life cycle helps us select materials and determine manufacturing conditions. As a result, in 2009 we created the homogenous PVC floor iQ Natural, a PVC floor that is composed of 75% natural and renewable materials.

We seek to reduce the impact that our products have on the environmental at every stage of iQ Natural’s life cycle. We use recycled materials (clean factory waste) to manufacture these products as
well as natural, phthalate-free plasticizers made from castor oil. The iQ Natural floor is also easy to maintain, which reduces maintenance costs by at least 30% as compared with a standard PVC floor, and limits the use of detergents, water and electricity. The iQ Natural PVC floor is also entirely recyclable.

Legal Proceedings

The Group may be implicated in legal, administrative or regulatory proceedings in the ordinary course of its business. The Group sets aside a provision for the cases that it considers likely to result in financial loss for Tarkett or one of its subsidiaries.

The aggregate amount of provisions relating to legal proceedings was €24 million as of December 31, 2012 and €20.8 million as of June 30, 2013.

As of the date of this Information Document, apart from the matters described below, the Group is not aware of any governmental, legal or arbitration proceedings (including any threatened or suspended proceedings) that could have or have had in the past 12 months a material effect on the Group’s financial condition or the profitability of Tarkett or the Group.

Canada

Claim Relating to “Phantom” Shares by Former Employees of FieldTurf

In a series of transactions beginning in 2004, Tarkett acquired the shares of FieldTurf Inc. (“FieldTurf”). Pursuant to a share purchase agreement dated March 13, 2007 between Tarkett and the shareholders of FieldTurf (the “SPA”), certain payments were to be paid to key employees of FieldTurf in 2009 based on the value of a number of “phantom” shares. The SPA provided that the CEO of FieldTurf would determine which key employees would be entitled to receive phantom shares and the number of such shares to be awarded to each of these key employees. In 2009, certain former employees of FieldTurf who had left the company or had been laid off filed a claim against FieldTurf to recover the value of the phantom shares. In 2012, the Superior Court of Quebec, District of Montreal, ordered Fieldturf to pay the plaintiffs an aggregate sum of approximately CAD$1.8 million on the basis that the plaintiffs were entitled to receive all of the benefits that had accrued during their notice periods. In May 2012, Fieldturf appealed the decision. The appeal is expected to be heard by the Quebec Court of Appeals in late 2013 or early 2014.

France

French Competition Authority Investigation

In late March 2013, the French Competition Authority initiated an investigation of several flooring manufacturers, including Tarkett, in relation to potentially anti-competitive practices in the French vinyl flooring market. As of today, the investigation is continuing, and it is currently unclear when it will be concluded. It is too early for the Group to evaluate the potential consequences of the investigation. In the event the Group were to be found liable, the financial consequences could be significant.

Germany

Appraisal Procedure Relating to Valuation of Tarkett Holding GmbH Shares

In August 2006, a former minority shareholder of Tarkett AG (now known as Tarkett Holding GmbH) initiated an appraisal procedure relating to the valuation of Tarkett Holding GmbH shares before the Court of Frankenthal in Germany. The purpose of the procedure is to determine whether the share price paid by Tarkett S.A. to former minority shareholders of Tarkett AG in connection with the privatization of Tarkett AG in 2005 was appropriate. 55 shareholders are currently party to the procedure. According to the initial opinion of a court-appointed expert in October 2011, the share price paid was insufficient. After objections by the parties, the expert submitted a supplemental report in August 2012, in which the value of the shares was determined to be higher than the value initially
presented in the October 2011 report. Following further objections, the court ruled on July 1, 2013 that the share price paid by Tarkett should have been €1.62 higher than the share price of €19.50 that was actually paid. As the procedure covers 1,150,000 shares, the potential impact of this decision is approximately €1.9 million, excluding interest. Tarkett has filed an appeal, pending which the judgment cannot be executed.

United States

Asbestos Litigation

Domco Products Texas, Inc. (“Domco”), a subsidiary that Tarkett acquired in 1991 (then known as Azrock Industries (“Azrock”)), is subject to several lawsuits related to its production of vinyl floor tiles containing asbestos between 1940 and 1982. As of June 30, 2013, there were 894 pending lawsuits filed against Domco in multiple U.S. jurisdictions. In 37 of the 894 pending cases, there has been a diagnosis of mesothelioma. Among all of the claims filed over approximately the last 15 years, three reached the verdict stage—two of which were granted in favor of Domco, and one of which was granted to a plaintiff in the State of Washington, requiring Domco to pay an amount of $1,071,705 ($371,000 after offsets).

As of June 30, 2013, Domco had succeeded in dismissing approximately 1,700 cases since 2008, and had entered into approximately 14 to 21 settlements per year since 2008 for an aggregate amount of $9 million (or an average of $1.6 million per year). Domco maintains insurance (including cost-sharing policies) to cover the liabilities associated with these claims. Domco also covers a portion of these expenses itself. Domco is currently involved in a dispute with an insurer that has refused coverage and is in the process of negotiating a cost-sharing agreement with another insurer (for further information on the Group’s management of these cases, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Off-Balance Sheet Commitments”).

Defective Fiber Litigation

In March 2011, three of Tarkett’s artificial turf subsidiaries (“FieldTurf”) brought an action against three companies within the Tencate group (“Tencate”) in U.S. District Court for the Northern District of Georgia. The claim relates to the alleged defectiveness of an artificial grass fiber sold by Tencate to FieldTurf, which in turn rendered FieldTurf’s artificial grass unfit for use and requiring complete replacement. FieldTurf’s alleged damages, relating to fraud, false representations and breach of contract, are believed to exceed $30 million. Tencate filed 11 counterclaims, which have since been dismissed following a motion to dismiss in August 2011 and a motion for summary judgment in May 2013. The discovery stage is now complete and the case is proceeding to trial.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes and other financial information included elsewhere in this Information Document. This discussion includes forward-looking statements based on assumptions about our future business. Our actual results could differ materially from those contained in the forward-looking statements.

The following information concerning our Group’s financial condition and results of operations should be read in conjunction with the Group Consolidated Financial Statements as of and for the Years ended December 31, 2012, 2011 and 2010 included in Annexes A, C and E to this Information Document and the Group Unaudited Consolidated Interim Financial Statements as of and for the Six Months Ended June 30, 2013 included in Annex G to this Information Document.

Our consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union for the fiscal years in question. Our statutory auditors, KPMG Audit and Praxor Audit, have audited our consolidated financial statements as of and for the years ended December 31, 2010, 2011 and 2012 and conducted a limited review of our interim financial statements as of and for the six months ended June 30, 2013. The reports of our Company’s statutory auditors are included in the Annexes to this Information Document.

Except where otherwise indicated, the figures in this section are presented on a historical basis, including the results of operations of Tandus for three months following its acquisition and inclusion in the scope of consolidation on September 28, 2012. We also present pro forma financial information for fiscal year 2012 to give effect to the Tandus acquisition as if it had taken place on January 1, 2012. This pro forma information is presented in the form of a supplemental note to our financial statements included herein. It is presented solely for illustrative purposes and is not necessarily indicative of the results that would have been attained if the acquisition had actually taken place on such date.

The comparative information presented for the six months ended June 30, 2012 has been restated to take into account the impact of the application of IFRS 11. For more information, see the Group Unaudited Consolidated Interim Financial Statements as of and for the Six Months Ended June 30, 2013 included in Annex G to this Information Document.

Overview

We are a leading global flooring and sports surfaces company. We believe we have the most extensive geographical base and the widest and most innovative product line in the industry. Our financial results are presented in four operational segments—three of which relate to our flooring products and their geographic regions (EMEA, North America and CIS and Others), and one of which relates to our sports surfaces products.

We grew significantly between 2010 and 2013, due to strong organic growth as well as successful and profitable external growth, exemplified in particular by the September 2012 acquisition of Tandus, a leading North American commercial carpet company.

In 2012, our consolidated net revenues were €2,318.5 million (€2,524.2 million pro forma including full year 2012 sales of Tandus), and adjusted EBITDA was €260.1 million (€295.4 million pro forma including full year 2012 adjusted EBITDA of Tandus). Consolidated net revenues for the first six months of 2013 were €1,170.3 million, and adjusted EBITDA was €133.2 million. For more information on key figures for the period 2010 to 2013, see “Selected Financial and Operating Data” in this Information Document.
Trends Over the 2010 to 2013 Period

Our business and results of operations over the 2010-2013 period primarily reflect the following trends:

- Our consolidated net revenues have grown consistently over the 2010-2013 period. Consolidated net revenues increased at a compounded annual growth rate (“CAGR”) of 10.7% from 2009 to 2012, primarily due to organic growth (including an increase in sales volumes, a favorable product mix and sale prices that increased over the period), external growth (primarily due to the acquisition of Tandus in 2012) and the favorable impact of exchange rate fluctuations over the period. Our CIS and Others and North America segments performed particularly well, and our EMEA segment successfully endured difficult economic conditions in that region.

- We were able to maintain an adjusted EBITDA margin in the range of 9.2% to 12.2% over the 2009 to 2012 period, despite strong pressure on raw material prices, which intensified in 2011. The price increases that we implemented in mid-2011 enabled us in 2012 to restore our margins to levels that are in line with our historical margins.

- Our profitability also improved as a result of the WCM program, which aims to reduce production costs. The program generated approximately €40 million in cost savings per year between 2010 and 2012, and we expect it to generate additional savings in the future.

- We have made significant investments to grow and modernize our design, manufacturing and distribution capabilities in certain geographic regions and take advantage of the substantial increase in demand for certain key products such as luxury vinyl tiles (LVT).

- We have also taken affirmative measures to ensure our existing businesses successfully weather changing economic and market conditions. For example, we have largely completed the turnaround of our Sports Surfaces segment, which had been affected by a decrease in public spending beginning in 2009 as a result of the financial crisis. We are also currently restructuring our European wood business.

- Our business has generated significant cash flows, covering our working capital requirements and ongoing investments (meaning investments in property, plant and equipment other than construction of factories and acquisitions).

- We have a healthy financial structure and a solid liquidity position. We financed our September 2012 acquisition of Tandus in part through a new credit facility, while maintaining considerable headroom on our financial covenants. We also have several sources of financing available to us (€280.1 million of undrawn credit lines as of June 30, 2013).

Principal Factors Affecting the Group’s Results of Operations

Revenues

Consolidated net revenues are equal to revenues, excluding taxes, on sales of our products and services, as well as transportation costs and customs duties that are invoiced to customers, net of rebates, discounts, returns and intragroup sales.

The countries and regions where we operate have different demand trends, primarily as a result of local economic conditions, which affect the renovation and construction markets. The choice of flooring solutions in each market is influenced by local lifestyles, end-user tastes, climate and the condition of existing flooring, among other factors.
We estimate that the large majority of our revenues for the financial years under review were generated by renovation projects. The construction of new housing and commercial buildings represented a small percentage of our revenues during this period.

Organic revenue growth—growth due to increases in sales volumes and prices, excluding the effects of changes in scope of consolidation and exchange rates—depends mainly on the following factors:

- **Our competitive advantage in our principal markets**, which in turn depends primarily on our ability to offer a wide range of residential products that satisfy consumer trends and tastes in each country; our offer of commercial products that comply with the specifications of renovation projects and applicable regulatory standards; maintaining close relationships with customers, such as distributors and DIY stores and specifiers, such as architects and installers; the quality of our products and services; and the competitiveness of our prices.

- **The growth potential and structure of each of our markets.** For example, demand in the Russian residential market and in other CIS countries results from the large volume of residential flooring in need of renovation, as well as a consumer preference for vinyl flooring due to its durability and lower cost. In the European Union, demand for our products is mostly concentrated within the northern countries (Scandinavia, Germany and the United Kingdom), with consumers in the southern countries tending to prefer ceramic floors. In addition, in North America and Europe, public spending policies have a significant impact on the commercial flooring market in public hospitals, schools and universities, as well as on the sports surfaces market.

- **Our product promotion strategy in each market.** In certain markets, we concentrate our sales efforts on products with high added-value and strong margins, while in other markets we may pursue a volume-maximizing strategy in order to gain or retain market share. These strategic decisions affect the mix of products sold, and, therefore, our revenues and margins.

- **Economic conditions more generally**, as buyers tend to carry out renovation and construction projects during periods of economic growth.

Since 2007, our revenues have grown significantly, although we experienced a slowdown in 2009 as a result of the economic and financial crisis. The Group generated net revenues of €2,087 million in 2007, €2,069 million in 2008, €1,708 million in 2009, €1,919 million in 2010, €2,088 million in 2011 and €2,319 million in 2012. The CAGR of our revenues was 2.1% for the 2007-2012 period and 10.7% for the 2009-2012 period. Our growth since 2009 is principally due to the following factors:

- organic growth in all of our markets, which contributed 5.7% to our CAGR over the 2009-2012 period;

- acquisitions, which contributed 3.0% to our 2009-2012 CAGR, with 12 acquisitions over the last five years; and

- favorable changes in exchange rates, which contributed 2.0% to our 2009-2012 CAGR.

This trend has continued throughout the first half of 2013, with growth in our revenues resulting primarily from the consolidation of Tandus.
**Cost of Sales**

Our Group’s cost of sales is composed primarily of variable costs, due to the large effect of the cost of raw materials, and, to a lesser extent, transportation and logistics costs. The primary components of our cost of sales include the following:

- **Raw materials used in our manufacturing processes.** We primarily use PVC and plasticizers, the cost of which is related in part to the price of crude oil. Wood is another raw material that we use. In 2012, approximately 45% of our raw material expenses related to PVC (approximately 35% for PVC paste and approximately 10% for PVC suspension), 29% related to plasticizers, 11% related to wood, 8% related to fiberglass, 3% related to packaging and 4% related to other raw materials. For a discussion of recent trends in the prices of our raw materials, see “Business—Raw Materials and Suppliers”.

- **Labor costs, consisting principally of salaries and benefits of production personnel.** These costs vary depending on the number of employees and average level of salaries and benefits. In order to control our labor costs, we use temporary workers in certain markets to handle periodic increases in demand. Excluding the effect of the Tandus acquisition, labor costs were stable as a percentage of net sales between 2011 and 2012.

- **Transportation and logistics costs,** which depend on fuel prices and our operational efficiency (including, for example, our ability to ship products in fully loaded trucks, the location of production sites and their distance from the points of delivery to final customers).

- **Other costs,** including energy costs such as electricity and gas, maintenance costs associated with our various factories and depreciation and amortization of our production and logistics assets.

Purchases of raw materials and similar products, labor costs and transportation and logistics costs represented 61.9%, 13.0% and 10.6%, respectively, of our 2012 cost of sales.

We launched our World Class Manufacturing (“WCM”) program four years ago, whose main objectives are the following:

- reinforcing quality and customer service;
- reducing work-related accidents and the impact of our operations on the environment; and
- improving the productivity and performance of our production sites.

The success of this program depends on systematically applying best practices at our 30 production sites, actively managing purchases (particularly PVC and plasticizer purchases) and optimizing our raw material supply chain. We believe that this program has enabled us to achieve a cross-fertilization strategy and realize cumulative savings of €127 million over the 2010-2012 period (more than 2% of cost of sales each year).

**Selling, General and Administrative Expenses**

Selling expenses include compensation of our sales force, advertising and marketing costs and the cost of providing samples to customers and decision-makers such as architects and installation companies. The level of selling expenses is tied in part to the number of product or collection launches, which require specific sales efforts.

General and administrative expenses include administrative personnel costs at the Central and division levels, which are managed through a decentralized model. Expenses relating to the
management of information systems as well as amortization and depreciation of related investments are also included in administrative expenses.

*Research and Development Expenses*

Innovation is critical to our Group’s success, ensuring product quality, compliance with regulatory standards and reduced environmental impact. We seek to maintain the highest level of excellence while controlling research and development costs, which are small as compared with other operational expenses. These costs include compensation of research and development personnel as well as amortization and depreciation of patent-related expenses. Our research and development expenses represented 0.9% of our consolidated net revenues in 2012, and only a small portion of these costs are capitalized on our balance sheet.

*Net Finance Costs*

Net finance costs include interest due on borrowings, interest income on investments of cash balances, dividend income, and gains and losses on financial and hedging instruments, to the extent recognized in our income statement.

*Income Tax Expense*

Income tax expense includes corporate income taxes payable by the Group’s entities, as well as withholding taxes on dividends paid (in particular, dividends paid by our Russian and Serbian entities), as well as any changes in the deferred tax assets on our balance sheet.

*Segment Information*

As of January 1, 2013, our segment reporting is based on four operational segments—three of which relate to our flooring products and their geographic regions (EMEA, North America and CIS and Others), and one of which relates to our sports surfaces products.

Until December 31, 2012, segment information was grouped into two segments, one for flooring and the other for sports surfaces. Segment information for the 2010, 2011 and 2012 fiscal years is presented on the basis of these two segments in the Group Consolidated Financial Statements as of and for the Years ended December 31, 2012, 2011 and 2010 included in Annexes A, C and E to this Information Document.

We decided, however, that it would be beneficial to present more detailed information to enable readers of our financial statements to evaluate our performance in the three geographic regions where we manufacture and distribute flooring products: Europe, the Middle East and Africa (“EMEA”); North America; and CIS and Others.

Historical segment information is presented for these four segments (the three geographical segments mentioned above and the Sports Surfaces segment) in a Supplement Note on Segment Information included in Annex I to this Information Document. In this Management’s Discussion and Analysis, we analyze our results using the new segments.

Our four segments are as follows:

- **EMEA (28.0% of pro forma revenues in 2012)**. The EMEA flooring segment concentrates essentially on the production of vinyl resilient flooring, wood flooring, laminate flooring and other products in Europe. Resilient flooring represents the large majority of our consolidated net revenues in this segment (more than 70% in 2012), and wood and laminate flooring represents almost all of the remainder. These products are used in the residential and commercial markets, with commercial market sales slightly higher in 2012.
Sales are divided among several countries, largely in northern Europe. In 2012, France was the largest country in the segment but represented only about a quarter of the segment’s consolidated net revenues (less than 8% of our Group’s 2012 pro forma consolidated net revenues). The Scandinavian countries (Sweden, Norway, Finland and Denmark) together represent similar revenues to those of France. The other principal countries are Germany and, to a lesser extent, the United Kingdom. The countries of southern Europe (including primarily Spain and Italy) represented 2.2% of our 2012 pro forma consolidated net revenues (8% of the EMEA segment’s consolidated net revenues).

- **North America (26.5% of pro forma revenues in 2012).** The North American flooring segment offers products to both commercial end-users (representing about three-quarters of the segment’s 2012 pro forma consolidated net revenues) and residential end-users. Historically, our products in this market have been primarily rubber flooring and accessories (sold under the Johnsonite brand name) and resilient flooring, including vinyl flooring for the residential market and VCT flooring, our lower cost homogenous vinyl product for the commercial market. More recently, we introduced additional lines of resilient flooring for the commercial market, supplied by our European factories. We complemented our resilient flooring lines in 2010 with the acquisition of Centiva, which manufactures LVT vinyl tiles for the commercial market. Finally, with the acquisition of Tandus in September 2012, we became a major supplier of commercial carpeting (which has become our leading category of products sold in North America).

- **CIS and Others (35.2% of pro forma revenues in 2012).** The CIS and Others segment includes our flooring sales in all other countries. The CIS countries (primarily Russia, Ukraine and Kazakhstan) represent the large majority of this segment’s revenues – 79.3% in 2012. Products sold in these countries primarily include vinyl flooring for the residential market (63.0% of pro forma consolidated net revenues in 2012). We also sell wood and laminate flooring in these markets, as well as other products. The CIS and Others segment also includes sales in Latin America (principally Brazil) and in Asia Pacific (in particular, in Australia and China).

- **Sports Surfaces (10.3% of pro forma revenues in 2012).** Our sports surface segment includes the production, distribution and installation of artificial turf, primarily for sports fields, and athletic tracks, as well as other products (such as artificial grass for landscaping purposes and indoor sports flooring). We sell sports surfaces primarily to public establishments, elementary schools, high schools and universities, mainly in North America (78.8% of our consolidated net revenues in 2012) and, to a lesser extent, in Europe. Most of our sales in this segment consist of “turnkey” solutions, including both sale and installation.

**Exchange Rate Fluctuations**

Exchange rate fluctuations have a direct impact on our consolidated financial statements. This impact is mainly due to the conversion of income statement and balance sheet items of our foreign subsidiaries located outside the euro zone into euros. The principal currencies for which we bear this risk are the U.S. dollar (26.5% of our consolidated net revenues in 2012), the Swedish krona (7.6%), the pound sterling (2.3%) and the Australian dollar (1.8%).

We seek to develop production capacity in the geographic regions where we distribute our products in order to hedge a significant portion of our gross margin and operating income against exchange rate fluctuations. This policy cannot cover the entire risk, however. We therefore enter into derivative contracts to manage the remaining exchange rate risk (especially the risk related to the lag between the time customers are invoiced and the time we are paid), although do not use derivatives to manage our exposure to the Russian ruble.
Our functional currency in Russia and the other CIS countries is the euro. Our products are sold in rubles (approximately 24% of our consolidated net revenues in 2012), but our policy is to reflect fluctuations in the euro-ruble exchange rate in our prices. Therefore, our revenues currently have little exposure to the ruble, but this depends on our ability to maintain our pricing policy. We treat the impact of the lag between the exchange rate fluctuation and the price increase as a price effect and not as an exchange rate effect. Although a significant portion of our Russian operating expenses are in euros (since PVC and plasticizers are imported from the European Union), labor, logistics and transportation costs, as well as other production costs such as energy and maintenance, are almost entirely in rubles.

In this Management’s Discussion and Analysis, where figures are presented at constant exchange rates, the most recent year’s revenues are adjusted to reflect the exchange rates from the previous year.

*Seasonality*

Our activities are to some extent seasonal, with an increase in sales generally occurring in the second and third quarters of the year, whereas our working capital requirements are generally higher in the first two quarters of the year. Sales of sports flooring are particularly influenced by seasonality, as installation work is mainly done between May and October, with a peak in activity during the summer. Moreover, in certain geographic regions, winter climate conditions can affect work sites and, therefore, flooring installation. In the educational sector, demand is generally higher during free times such as school vacation.

In 2012, 53.5% of our consolidated net revenues was generated in the second and third quarters, as compared with 46.5% in the first and fourth quarters.

*Turnaround of Certain Business Divisions*

Despite our overall growth in recent years, we have encountered isolated situations in which certain divisions have required intervention to return to profitability. Recent turnaround programs include the following:

- **Sports Surfaces segment.** Beginning in 2009, our Sports Surfaces segment was affected by a reduction in public spending as a result of the financial crisis. At the same time, our principal supplier of the fibers used in manufacturing artificial turf decided to pursue a strategy of downstream vertical integration, thereby becoming a competitor. Our artificial turf products also had certain defects (relating to the UV protection of the fibers supplied by that competitor), resulting in warranty claims against us. In order to return our sports surfaces business to profitability, we pursued a turnaround strategy that included: moving production of fibers for artificial turf in-house through the 2010 formation of the German joint venture Morton Extrusionstechnik (“MET”), in which we hold a majority interest; pursuing significant reductions in our selling, general and administrative expenses; adapting our Spanish subsidiary’s marketing and production activities to the local economic climate; making changes to the corporate structure of the segment, including merging two athletic track production companies; developing artificial turf production capacity in our Serbian factories; and reorganizing our research and innovation team. This approach led to a solid recovery in orders in 2012, with the Sports Surfaces segment achieving positive adjusted EBITDA in 2012 (adjusted EBITDA was negative in the first half of 2013 due to seasonality, although it improved as compared to the same period in 2012).

- **Wood flooring in Western Europe.** The European market for wood flooring was affected by reduced levels of activity as a result of the economic climate, as well as by a particularly competitive environment. In response to this situation, we adopted certain
initiatives in our wood flooring business to reduce production costs, including transferring a portion of our engineered multi-layer wood flooring production from Hanaskog, Sweden to sites in Poland and Ukraine, thereby bringing the manufacturing sites closer to the sources of wood, and enabling us to reduce transportation and manufacturing costs. The wood flooring turnaround plan was launched in 2012 and is still underway.

- **VCT business in the United States.** Because the VCT vinyl floor market in the United States is currently in a situation of overcapacity, the Group decided to consolidate its VCT production at its Florence, Alabama site and close its Houston, Texas site in early 2014. This transfer of production should generate significant savings, particularly with respect to factory production costs, as well as a reduction in working capital requirements.

**Acquisitions**

We have completed 12 acquisitions in the last five years in connection with our growth strategy. Most of the companies we acquired were moderate-sized and had product lines or activities in markets that complement our own. For more information, see “—Liquidity and Capital Resources—Principal Investments—Principal Investments Over the Past Three Fiscal Years”.

Our most significant external growth transaction during the 2010-2013 period was the acquisition of Tandus, a company specializing in the design, production and sale of commercial carpet in North America and Asia, on September 28, 2012. Following its inclusion in our Group’s scope of consolidation, Tandus contributed €85.6 million to our 2012 consolidated net revenues (€66.1 million, or 2.9% of revenues) and €14.5 million to our 2012 adjusted EBITDA (€11.2 million, for a margin of 16.9%). Tandus’s consolidated net revenues for the full year ended December 31, 2012 were €351.5 million (€271.8 million) and its adjusted EBITDA was €60 million (€46.5 million, for a margin of 17.1%). If Tandus had been consolidated for the entire 2012 fiscal year, our pro forma consolidated net revenues would have been €2,524.2 million, and our pro forma adjusted EBITDA would have been €295.4 million, or 11.7% of revenues.

Our other acquisitions during the 2010 to 2013 period were smaller, but demonstrate our desire to acquire companies with products and technologies that complement our own, or that give us access to new markets. We completed the following acquisitions in 2010 and 2011:

- **2010:** EasyTurf, an American artificial turf distributor (May 2010); the formation of MET, a joint venture with Morton Extrusiontechnik that produces fibers for artificial turf and in which the Group holds a 51% interest (July 2010); Poligras Iberica, a Spanish producer and distributor of artificial turf (July 2010); assets of Rhinofloor, an English resilient flooring company (October 2010); and Centiva, an LVT manufacturer in the United States (December 2010).

- **2011:** Tarkett Floor Covering (Shanghai), the holding company for our Asian resilient flooring distributor (March 2011); Parquets Marty, a French company specializing in the production of wood flooring (July 2011); and AA SportSystems, a distributor and installer of artificial turf in the Netherlands (August 2011).

The minority shareholders of MET and AA SportSystems hold put options that allow them to require us to acquire their respective shares. We fully consolidate these companies in our financial statements, as if the shares held by minority shareholders had been acquired by Tarkett. We record the present value of the put options’ estimated exercise price under “other liabilities” in our balance sheet.
Presentation of Accounting and Financial Information

Adjusted EBITDA

To evaluate our business performance, we use an indicator that we call “adjusted EBITDA”, which is equal to operating income before depreciation, amortization and unusual items. Unusual items include, among others:

- restructuring costs intended to grow our future profits;
- gains or losses on significant asset sales;
- costs relating to corporate and legal restructuring, including legal fees and acquisition costs as well as the impact on our margins of recording inventory of acquired companies in our balance sheet at fair value;
- management fees invoiced by the shareholders of the Company; and
- expenses relating to share-based payments without any cash payment.

Management believes that adjusted EBITDA is a useful indicator because it measures the performance of our activities without taking into effect past expenditures (depreciation and amortization) or unusual costs that are not representative of trends in our results of operations. EBITDA and adjusted EBITDA are not standardized accounting terms with generally accepted definitions. They should not be taken as a substitute for operating income, net income or cash flows, nor should they be treated as a measure of liquidity. Other issuers may calculate EBITDA and adjusted EBITDA differently.

The following table reconciles our adjusted EBITDA to our operating income for the 2010, 2011 and 2012 fiscal years, as well as for the first six months of 2012 and 2013.

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<th>Fiscal year ended December 31,</th>
<th>Adjusted EBITDA (in millions of euros)</th>
<th>Six months ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Operating income</td>
<td>135.5</td>
<td>91.3</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>90.5</td>
<td>98.3</td>
</tr>
<tr>
<td>EBITDA</td>
<td>225.9</td>
<td>189.6</td>
</tr>
</tbody>
</table>

Unusual items

- Restructuring costs: 1.7, 4.5, 6.6, 3.3, 3.6
- Gains/losses on asset sales: (1.3), 0.0, 0.0, 0.0, (0.2)
- Unusual items from business combinations: (5.2), (2.9), 7.6, 1.6, 0.5
- Consulting fees and other provisions: 1.2, 0.0, 5.8, 1.6, 4.3

Adjusted EBITDA: 222.3, 191.3, 260.1, 112.3, 133.2

(1) “Other provisions” includes management fees invoiced by our shareholders and, beginning in 2012, a charge corresponding to share-based expenses required under IFRS 2.

The adjustment items used in determining adjusted EBITDA for each fiscal year and six-month period are described in the comparative analyses of our results of operations presented below.

The Group’s adjusted EBITDA over the 2010 to 2012 period is in line with its historical levels. In 2009, 2008 and 2007, the Group generated Adjusted EBITDA of €208 million, €230 million and €227 million.
Critical Accounting Estimates

The preparation of our consolidated financial statements in accordance with IFRS requires us to make a number of estimates and assumptions that have an effect on the amounts of our assets and liabilities, as well as on our income and expenses. Our management continually revisits these estimates and assumptions based on its experience and other reasonable factors used in its evaluation. The Group’s actual results may differ from these estimates.

These estimates and assumptions relate primarily to the following:

- impairment of goodwill;
- provisions for retirement and other employee benefit obligations;
- other provisions for litigation, warranties and potential liabilities; and
- deferred tax assets (tax loss carryforwards, in particular).

The estimates used in connection with the preparation of our financial statements, particularly those relating to the application of accounting techniques and the inclusion of uncertainties, are described in more detail in Note 1.2.2 “Use of Estimates and Judgments” to the Group Consolidated Financial Statements as of and for the Years ended December 31, 2012, 2011 and 2010 included in Annexes A, C and E to this Information Document.

Goodwill

Goodwill corresponds to the difference between the cost of a business combination and the Group’s share of the fair value of the identifiable assets acquired and liabilities assumed on the date control is transferred. This corresponds, for example, to the value that we assign to expected synergies and profits, and our evaluation of goodwill may rely on assumptions relating to future cash flows (see Notes 1.5.10, 1.5.15 and 2 to the Group Consolidated Financial Statements as of and for the Years ended December 31, 2012, 2011 and 2010 included in Annexes A, C and E to this Information Document).

Goodwill is allocated to cash-generating units (“CGUs”), whose accounting value is tested for impairment annually or whenever there is any indication of an impairment loss. Impairment tests seek to determine whether the net recoverable value of an asset or CGU is less than its net book value. If the net recoverable value is lower than the net book value, an impairment charge is recorded in the income statement in the amount of the difference, allocated first to reduce goodwill of such CGU.

The recoverable value of an asset or a CGU is equal to the higher of the market value minus cost to sell, or the value in use. Value in use is determined by discounting estimated future cash flows for each CGU using certain assumptions and estimates of management. Market value is the price that could be obtained under normal competitive conditions from an informed buyer minus the cost to sell.

The calculations used to determine value in use are subject to management’s judgment. Cash flows used to calculate value in use are derived from our budgets and business plans, which are in turn based on assumptions relating to revenues, adjusted EBITDA, working capital requirements and investments. If other assumptions or predictions were to be used, impairment testing would produce different values in use.

Our management conducts impairment testing using its best estimate of the future activity of the CGU in question over the next three years, discounted to present value. The pre-tax discount rate used in 2012 and 2011 was 10.0%. The primary assumptions for sales growth through 2016 range from -2% (for certain CGUs in Europe) to +13% (in emerging markets). The value in use calculation
also includes the CGU’s end value, which projects standard cash flows to infinity with an annual growth rate of 3%. The impact of an unfavorable change of 1% in the pre-tax discount rate for all CGUs would have resulted in the impairment of intangible assets in the amount of €15.4 million as of December 31, 2012.

For more information, see Notes 1.5.15, 2 and 8 to the Group Consolidated Financial Statements as of and for the Years ended December 31, 2012, 2011 and 2010 included in Annexes A, C and E to this Information Document.

**Provisions**

**Provisions for Retirement and Similar Obligations**

In accordance with the laws and practices of each country where we do business, we maintain retirement, health and disability plans and retirement packages for eligible and former employees, as well as for their beneficiaries who meet required conditions. As of December 31, 2012, we had such retirement commitments in the United States, Canada, the United Kingdom and Germany, as well as in France, Italy, Sweden and Russia.

In accordance with IAS 19, these commitments are valued or updated every six months by independent actuaries. Accounting for actuarial values is based on predicted changes in salaries, medical costs, long-term interest rates, average seniority and life expectancy. An expected rate of return on funds invested is calculated for each plan in accordance with its composition and the projected return of comparable markets. Actuarial values and rates of return are sensitive to changes in predictions and estimates, which are based on assumptions. IAS 19 was modified in 2011, and this modification is reflected in our interim financial statements as of and for the six months ended June 30, 2013. The impact of this modification is not significant for our Company. For more information, see Note 1 to the Group Unaudited Consolidated Interim Financial Statements as of and for the Six Months Ended June 30, 2013 included in Annex G to this Information Document.

As of December 31, 2012, we had €228.7 million in liabilities relating to employee benefit commitments, of which €86.7 million is covered by funds invested pursuant to our various plans, and the remaining €142.2 million relates to unfunded or partially funded plans for which provisions have been recorded. The most significant of these liabilities are in the United States, Canada, the United Kingdom and Germany; the entities in these countries maintain sufficient externally-managed investments to cover 45.3% of their liabilities.

Approximately €71.7 million of the €142.2 million in provisioned liabilities relates to “closed” plans—i.e., plans whose beneficiaries can no longer acquire additional rights, and for which we no longer record operating expenses in our income statement. For “open” plans, which total approximately €70.5 million, the total operating expense recorded annually (€2.4 million in 2012) is nearly equivalent to the annual amount paid out to beneficiaries.

For more information on provisions for retirement and similar obligations, see Note 21 to the Group Consolidated Financial Statements as of and for the Years ended December 31, 2012, 2011 and 2010 included in Annexes A, C and E to this Information Document.

**Provisions for Litigation, Product Warranties and Restructuring Costs**

In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), provisions for litigation, warranties and other potential liabilities are recorded when, at the close of the fiscal year, there exists a legal or implicit obligation resulting from a past event that is more likely than not to result in a cash outflow to a third party, and whose amount can be reliably estimated. The amount recorded as a provision is management’s best estimate of the expenditure required to settle the current obligation as of the closing date. Where the time value of money has a significant effect,
future outflows are discounted to present value. These provisions relate to environmental, legal, tax and other risks.

The probability of an outflow is calculated based on our management’s analysis and assumptions and estimates that depend, in turn, on the nature of the risk. For example, in determining the amount of provisions for litigation, our management must evaluate the probability of an unfavorable decision, as well as the amount of potential damages. These items are by their nature uncertain. On the other hand, a warranty provision is recorded at the time a given product is sold, with the amount based on historical data on warranty payments. An additional provision is recorded when an event occurs that may give rise to warranty claims for greater amounts than the hypothetical provision. A restructuring provision is recorded when management approves a detailed restructuring plan and the restructuring is announced publicly or implemented. The provision may prove higher or lower than the amount actually incurred, and may be reversed, if necessary.

As of December 31, 2012, we had €40.3 million in provisions for warranties, restructurings, claims and litigation. For more information on the estimation and recording of provisions or their impact on our Group’s results of operations, see Note 20 to the Group Consolidated Financial Statements as of and for the Years ended December 31, 2012, 2011 and 2010 included in Annexes A, C and E to this Information Document.

**Deferred Tax Assets**

In accordance with IAS 12 (Income Taxes), we recognize deferred tax assets and liabilities on our balance sheet. A deferred tax asset must be recognized for all temporary differences deductible in the future, unused tax loss carryforwards or income tax credits if it is probable that we will have future taxable profits that will allow these future tax savings to be utilized.

A deferred tax asset is recognized when it is probable that we will use it in the future. Our management must use its judgment in determining the amount of the net tax asset to recognize. Projected net taxable profits are estimated on the basis of our budget and assumptions, as well as models relating to market conditions. These assumptions and models may have a significant impact on the amounts of deferred tax assets recognized on our balance sheet.

We had €57.9 million in deferred tax assets relating to tax loss carryforwards and unused tax credits as of December 31, 2012, of which €38.7 million related to our North American tax consolidation group, €4.4 million related to our French tax consolidation group and €7 million related to our Canadian subsidiary.

For more information, see Note 7 “Income Tax” and Note 19 “Deferred Tax” to the Group Consolidated Financial Statements as of and for the Years ended December 31, 2012, 2011 and 2010 included in Annexes A, C and E to this Information Document.

**Application of IFRS 10, 11 and 12 Beginning on January 1, 2013**

We adopted IFRS 10, 11 and 12, which contain new methods for consolidating and accounting for joint ventures, during the first half of 2013 (before being required to do so). IFRS 11 defines the accounting treatment for partnerships that are jointly controlled by at least two parties. Under the new standards, only two types of joint arrangements are identified: joint ventures and joint operations. Classification of a joint arrangement is made on the basis of the rights and obligations of each of the parties.

Under the new standards, arrangements that qualify as joint ventures must be accounted for using the equity method, as the proportional method is no longer permitted. For the six months ended June 30, 2013, our adoption of IFRS 11 resulted in a €12.1 million decrease in our consolidated net
revenues and a €0.4 million increase on our operating income, with no effect on our net operating results.

Laminate Park, a company in which we hold a 50% interest, was consolidated using the proportional consolidation method in our 2012 consolidated financial statements, but is accounted for under the equity method in our interim financial statements as of and for the six months ended June 30, 2013. Laminate Park’s consolidated net revenues were €14.2 million for the first six months of 2012 and €12.1 million for the first six months of 2013. Information concerning the first half of 2012 presented for comparative purposes in this Information Document was restated to account for the retroactive application of the new method for consolidating Laminate Park, although historical data as of December 31, 2010, 2011 and 2012 included elsewhere in this Information Document has not been restated.

Comparison of Results of Operations for the Six Months Ended June 30, 2012 and June 30, 2013

Overview

Net revenues were €1,170.3 million during the six months ended June 30, 2013, an increase of 12.9% as compared with the six months ended June 30, 2012. Adjusted EBITDA also increased, both in absolute terms, by 18.6%, and as a percentage of revenues, by 0.6 points. This increase is principally due to the September 2012 acquisition of Tandus and our strong performance in emerging markets and North America. However, the increase was partially offset by a weaker performance in EMEA (especially in Spain) and Australia.

The table below presents our results of operations for the six months ended June 30, 2012 and 2013.

<table>
<thead>
<tr>
<th>Results of Operations</th>
<th>Six months ended June 30,</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2013</td>
</tr>
<tr>
<td>Net Revenues</td>
<td>1,036.6</td>
<td>1,170.3</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>239.4</td>
<td>292.4</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>23.1%</td>
<td>25.0%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>112.3</td>
<td>133.2</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>10.8%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>63.2</td>
<td>74.9</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>6.1%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Net Profit Attributable to Owners of the Company</td>
<td>35.3</td>
<td>36.7</td>
</tr>
</tbody>
</table>

Net Revenues

Consolidated Net Revenues

Our consolidated net revenues were €1,170.3 million in the first six months of 2013, an increase of €133.7 million (or 12.9%) as compared with our consolidated net revenues of €1,036.6 million in the first six months of 2012.

Our September 2012 acquisition of Tandus contributed €128.9 million to this increase.

The main currencies in which we sell our products depreciated against the euro between the first half of 2012 and the first half of 2013. This had a negative impact of €4.0 million on our consolidated net revenues (0.3%).
At constant scope of consolidation and exchange rates, revenues increased by 0.8% in the first half of 2013 as compared with the same period in 2012. This increase resulted from increased volumes in certain geographical regions (primarily in the CIS and Others segment and, to a lesser extent, in North America), partially offset by a decrease in volumes in Western Europe and in the Sports Surfaces segment.

Net Revenues by Segment

The following table presents consolidated net revenues by segment for the six months ended June 30, 2012 and 2013.

<table>
<thead>
<tr>
<th>Net Revenues in millions of euros (except for percentages)</th>
<th>Six months ended June 30,</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2013</td>
</tr>
<tr>
<td>EMEA</td>
<td>349.7</td>
<td>342.0</td>
</tr>
<tr>
<td>North America</td>
<td>208.1</td>
<td>334.3</td>
</tr>
<tr>
<td>CIS and Others</td>
<td>381.1</td>
<td>399.4</td>
</tr>
<tr>
<td>Sports Surfaces</td>
<td>97.8</td>
<td>94.7</td>
</tr>
<tr>
<td>Total</td>
<td>1,036.6</td>
<td>1,170.3</td>
</tr>
</tbody>
</table>

**EMEA**

Consolidated net revenues in the EMEA segment decreased by 2.2%, from €349.7 million in the first half of 2012 to €342.0 million in the first half of 2013. Exchange rate fluctuations had a positive impact of €2.6 million in the first half of 2013 as compared with the first half of 2012, and the segment’s scope of consolidation remained constant over the period.

The decrease in the EMEA segment’s consolidated net revenues from the first half of 2012 to the first half of 2013 primarily reflects the following:

- a decrease in sales volumes in Western Europe, particularly in Spain, France and Germany, as well as a slightly negative product mix; and
- slightly lower prices as a result of strong competition in most of the countries in this segment.

**North America**

Consolidated net revenues in North America rose sharply, increasing 60.6% from €208.1 million in the first half of 2012 to €334.3 million in the first half of 2013. Changes in scope of consolidation, in particular due to the acquisition of Tandus, had a strong effect on North American revenues during the period. Excluding growth generated by the consolidation of Tandus, the segment’s consolidated net revenues would have increased by 1.1% as compared with the first half of 2012.

Exchange rate fluctuations had a negative impact on revenues in the first six months of 2013, with a dollar-related effect of -€3.1 million.

The increase in the segment’s consolidated net revenues at constant scope and exchange rates over the period primarily reflects a modest increase in sales of resilient flooring, particularly in the commercial market, as well as a favorable mix of products sold.
**CIS and Others**

Consolidated net revenues increased by 4.8% in the CIS and Others segment, from €381.1 million in the first half of 2012 to €399.4 million in the first half of 2013. External growth (due to the acquisition of Tandus Asia) had a positive impact of €5 million, whereas exchange rate fluctuations resulted in a loss of €2.8 million due to fluctuations between the euro, the Brazilian real and the Australian dollar.

The increase in the CIS and Others segment’s consolidated net revenues from the first half of 2012 to the first half of 2013 primarily reflects the following:

- an increase in volumes sold in the CIS countries resulting from good economic conditions in the region, partially offset by a decrease in volumes in Latin America and Asia Pacific, especially Australia; and
- a negative price impact in the CIS countries resulting primarily from the lag between fluctuations in the exchange rate of the ruble and the corresponding adjustment to our prices, offset by an increase in prices in Latin America and Asia Pacific.

**Sports Surfaces**

Consolidated net revenues of the Sports Surfaces segment decreased by 3.2% from €97.8 million in the first half of 2012 to €94.7 million in the first half of 2013. Exchange rate fluctuations had a negative impact on revenues in the first six months of 2013, with a dollar-related effect of -€0.6 million. The segment’s scope of consolidation remained unchanged during the period.

The decrease in the Sports Surfaces segment’s consolidated net revenues from the first half of 2012 to the first half of 2013 primarily reflects the following:

- a decrease in volumes, primarily in Spain, as a result of difficult economic conditions, which was not entirely offset by an increase in volumes in North America; and
- a slight decrease resulting from the product mix in Europe, which was not entirely offset by a modest increase in prices in North America.

**Gross Profit**

Our gross profit increased 22.1% from €239.4 million in the first six months of 2012 to €292.4 million in the first six months of 2013. Gross profit represented 25.0% of our revenues in the first half of 2013, or a gain of nearly two points as compared with 23.1% of revenues in the first half of 2012.

Excluding the impact of Tandus, gross profit would have been 23.6% of revenues in the first half of 2013. This increase is mainly due to the positive effect of the World Class Manufacturing (“WCM”) program and a slight decrease in purchasing costs, offset by a decrease in prices (primarily in the CIS and Others segment, as described above) and salary increases of our manufacturing employees.

**Operating Income**

Our operating income of €74.9 million in the first half of 2013 represents an increase of 18.5% as compared with operating income of €63.2 million in the first half of 2012. Operating income represented 6.4% of revenues in the first half of 2013, as compared with 6.1% of revenues in the first half of 2012.
This increase primarily reflects the increase in gross profit resulting from the consolidation of Tandus in the first half of 2013.

Excluding the effect of consolidating Tandus, the increase in our operating income results primarily from the slight increase in gross profit (excluding Tandus), as well as the following:

- a 6.6% increase in selling, general and administrative expenses from €63.2 million in the first half of 2012 to €67.4 million in the first half of 2013 (excluding Tandus), due in particular to information system projects (in particular, the rollout of our standardized SAP platform), including amortization of capitalized costs;

- a slight increase in selling expenses, which rose from €104.3 million in the first half of 2012 to €105.7 million in the first half of 2013 (excluding Tandus); and

- a 27.7% increase in research and development expenses, from €9.4 million in the first half of 2012 to €12.0 million in the first half of 2013 (excluding Tandus), consistent with our objective to invest in research and development of innovations.

Depreciation and amortization increased from €42.5 million in the first half of 2012 to €45.0 million in the first half of 2013 (excluding Tandus), reflecting the impact of our recent investments.

**Adjusted EBITDA**

Adjusted EBITDA increased 18.6%, to €133.2 million, in the first half of 2013, from €112.3 million in the first half of 2012. The ratio of adjusted EBITDA to consolidated net revenues increased from 10.8% in the first half of 2012 to 11.4% in the first half of 2013.

The main factors contributing to the overall improvement in adjusted EBITDA from the first half of 2012 to the first half of 2013 include:

- the positive impact of the consolidation of Tandus, which contributed €20.9 million to adjusted EBITDA;

- net productivity gains of approximately €12.0 million as a result of the WCM program;

- a negative exchange rate effect of €2.4 million resulting primarily from depreciation of the Brazilian real and the Australian dollar;

- a time lag for price increases following a sharp devaluation of the ruble (with an impact of €6.4 million), which was the principal factor driving a decrease in prices totaling €9.4 million, offset by a €5.3 million decrease in the cost of purchases; and

- the increase in research and development costs discussed above.

The following table presents adjusted EBITDA in euros and as a percent of consolidated net revenues in the first six months of 2012 and the first six months of 2013.
## Adjusted EBITDA

### in millions of euros (except for percentages)

<table>
<thead>
<tr>
<th>Region</th>
<th>2012</th>
<th>2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EMEA</strong></td>
<td>40.6</td>
<td>38.5</td>
<td>-5.2%</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>11.6%</td>
<td>11.3%</td>
<td>-5.2%</td>
</tr>
<tr>
<td><strong>North America</strong></td>
<td>9.2</td>
<td>36.6</td>
<td>297.8%</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>4.4%</td>
<td>11.0%</td>
<td>297.8%</td>
</tr>
<tr>
<td><strong>CIS and Others</strong></td>
<td>79.1</td>
<td>76.4</td>
<td>-3.4%</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>20.8%</td>
<td>19.1%</td>
<td>-3.4%</td>
</tr>
<tr>
<td><strong>Sports Surfaces</strong></td>
<td>-0.5</td>
<td>-0.9</td>
<td>n.s.</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>n.s.</td>
<td>n.s.</td>
<td>n.s.</td>
</tr>
<tr>
<td><strong>Central</strong></td>
<td>-16.1</td>
<td>-17.4</td>
<td>8.1%</td>
</tr>
<tr>
<td><strong>Group Total</strong></td>
<td>112.3</td>
<td>133.2</td>
<td>18.6%</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>10.8%</td>
<td>11.4%</td>
<td>18.6%</td>
</tr>
</tbody>
</table>

The main factors that affected adjusted EBITDA margin in the Group’s segments are as follows:

- **EMEA.** A decrease in volumes, partially offset by productivity gains.
- **North America.** The effect of the September 2012 acquisition of Tandus, as well as a decrease in the price of raw materials and productivity gains throughout the segment.
- **CIS and Others.** A negative price impact (described above), offset by productivity gains.
- **Sports Surfaces.** Because this segment conducts most its sales in the second quarter of the year, there was essentially no change in light of seasonality effects.

## EBITDA

EBITDA increased 18.3% from €105.7 million (10.2% of revenues) in the first half of 2012 to €125.0 million (10.7% of revenues) in the first half of 2013.

The increase in EBITDA resulted from the same factors that caused the increase in adjusted EBITDA, as well as from an increase in unusual items included in EBITDA, from €6.6 million in the first half of 2012 to €8.2 million in the first half of 2013, due to a slight increase in restructuring costs as well as costs recorded in connection with changes to our shareholding structure that we were considering during the first half of 2013.

## Net Finance Costs

Net finance costs increased from €10.3 million in the first half of 2012 to €12.8 million in the first half of 2013, resulting primarily from the increase in debt following our September 2012 acquisition of Tandus.

## Income Tax Expense

Income tax expense increased from €16.3 million in the first half of 2012 to €24.6 million in the first half of 2013. The increase was due primarily higher dividends paid by our Russian, Serbian and Luxembourg subsidiaries in the first half of 2013. Total income tax expense relating to these dividend distributions in the first half of 2013 was €11.0 million, allocated between withholding tax (€6.3 million) and taxes incurred in the receiving countries, France and Serbia (€4.7 million). Current tax was €24.0 million in the first half of 2013 and €20.3 million in the first half of 2012.
**Net Profit**

Our net profit was €37.0 million in the first half of 2013 as compared with €36.0 million in the first half of 2012. The share attributable to non-controlling interests was €0.4 million in the first half of 2013, as compared with €0.7 million in the first half of 2012.

Net profit attributable to owners of the Company was €36.7 million in the first half of 2013 and €35.3 million in the first half of 2012. This increase resulted from the factors discussed above.

**Comparison of Results of Operations for the Years Ended December 31, 2011 and December 31, 2012**

**Overview**

Net revenues increased significantly in 2012 (11%), reaching €2,318.5 million. This includes a 4.6% increase due to organic growth (including growth in volumes, product mix and prices), a 3.6% increase resulting from changes in scope of consolidation (primarily related to the Tandus acquisition) and a 2.8% increase due to favorable exchange rate fluctuations.

Adjusted EBITDA also progressed strongly, both in absolute terms (with an increase of 36%) and as a percent of consolidated net revenues (up 2.0 points), after declining in 2011. This performance is principally due to price increases implemented in the second half of 2011 following significant increases in raw material prices, which stabilized in 2012. Volumes sold also increased in certain geographical regions. Continued efforts to improve our industrial productivity and manage our selling, general and administrative expenses also contributed to our improved results in 2012. Finally, our profits were increased by the consolidation of Tandus’ results into those of the Group for the last three months of 2012.

The table below presents our results of operations for the years ended December 31, 2011 and December 31, 2012 on a historical basis, with Tandus’ results consolidated into those of the Group for the last three months of 2012.

<table>
<thead>
<tr>
<th>Tarkett Consolidated Results of Operations</th>
<th>Fiscal year ended December 31,</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td><strong>Net Revenues</strong></td>
<td>2,088.3</td>
<td>2,318.5</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>430.8</td>
<td>526.2</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>20.6%</td>
<td>22.7%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>191.3</td>
<td>260.1</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>9.2%</td>
<td>11.2%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>91.3</td>
<td>151.3</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>4.4%</td>
<td>6.5%</td>
</tr>
<tr>
<td><strong>Net Profit Attributable to Owners of the Company</strong></td>
<td>27.1</td>
<td>83.6</td>
</tr>
</tbody>
</table>

**Net Revenues**

**Consolidated Net Revenues**

Our consolidated net revenues increased 11.0% to €2,318.5 million in 2012, as compared with €2,088.3 million in 2011. Tandus contributed €66.1 million to our consolidated net revenues in the last three months of 2012. Our pro forma 2012 consolidated net revenues, determined as if Tandus had been acquired on January 1, 2012, were €2,524.2 million.
The increase in consolidated net revenues was principally due to organic growth. At constant scope and exchange rates, consolidated net revenues grew 4.6%, primarily as a result of the following:

- increases in our prices across most of our geographical regions, particularly in Western Europe (the EMEA segment) and in the CIS (the CIS and Others segment). These increases reflected higher raw material prices in 2011, but also a more favorable product mix (in particular, growth in LVT sales) and, more generally, favorable economic conditions in certain regions experiencing strong growth (in particular in the CIS and Others segment);

- higher volumes in certain geographical regions (particularly in the CIS, which has experienced strong growth over the last several years) and high-potential emerging markets such as Brazil and China, partially offset by a decrease in volumes in the EMEA segment; and

- the first signs of recovery in the North American residential market and in public spending in this region, where sales of flooring and sports surfaces have started to grow again.

With respect to external growth, in addition to the acquisition of Tandus, our 2012 consolidated net revenues reflect the full-year consolidation of Parquets Marty (a wood flooring company in EMEA) and AA SportSystems (an artificial turf distributor in the Netherlands), both of which were acquired in 2011. External growth contributed €75.2 million to our consolidated net revenues in 2012 (an increase of 3.6%).

The main foreign currencies in which we sell our products (especially the U.S. dollar, but also the Swedish krona, the Australian dollar, the Canadian dollar and the pound sterling) appreciated against the euro in 2012, positively affecting 2012 consolidated net revenues by €58.7 million (or 2.8% of our consolidated net revenues).

### Net Revenues by Segment

In 2012, consolidated net revenues grew significantly in the North America segment (increasing 30.2%, or 20.9% at constant exchange rates), the CIS and Others segment (increasing 10.8%) and the Sports Surfaces segment (increasing 16.7%, or 10% at constant exchange rates). In the EMEA segment, our consolidated net revenues remained stable despite difficult economic conditions.

The following table presents consolidated net revenues by segment for the years ended December 31, 2011 and 2012.

<table>
<thead>
<tr>
<th>Net Revenues in millions of euros (except for percentages)</th>
<th>2011</th>
<th>2012</th>
<th>Change Current Scope and Exchange Rates</th>
<th>Change Constant Scope and Exchange Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>709.3</td>
<td>706.0</td>
<td>-0.5%</td>
<td>-2.8%</td>
</tr>
<tr>
<td>North America</td>
<td>366.7</td>
<td>477.4</td>
<td>30.2%</td>
<td>5.4%</td>
</tr>
<tr>
<td>CIS and Others</td>
<td>788.9</td>
<td>874.1</td>
<td>10.8%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Sports Surfaces</td>
<td>223.5</td>
<td>260.9</td>
<td>16.7%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Total</td>
<td>2,088.3</td>
<td>2,318.5</td>
<td>11.0%</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

### EMEA

The EMEA segment’s consolidated net revenues totaled €706.0 million in 2012, essentially stable as compared with €709.3 million recorded in 2011. External growth (including the full-year consolidation of Parquets Marty) had a positive impact of €7.4 million, and the impact of exchange
rate fluctuations (primarily the pound sterling and the Scandinavian currencies) was also favorable, contributing €8.9 million.

The stability of the EMEA segment’s consolidated net revenues between 2011 and 2012 primarily reflects the following:

- increased prices in all of Western Europe except for the United Kingdom, and for almost all products, resulting primarily from increases in raw material prices in 2011, which we reflected in our prices partially during the second half of 2011 and partially during the first half of 2012; and

- a decrease in sales volumes in Sweden, France and Spain. The decrease in Sweden relates primarily to wood flooring, which was affected by a difficult economic climate in Europe (see “—Principal Factors Affecting the Group’s Results of Operations—Turnaround of Certain Business Divisions”). In France, the decrease reflects a contraction in sales of automobile flooring insulation products, a business which had a difficult 2012. On the other hand, sales volumes increased slightly in Germany and the Central European countries.

**North America**

Consolidated net revenues in North America increased from €366.7 million in 2011 to €477.4 million in 2012, principally due to the effect of the three-month consolidation of Tandus, which contributed €61.4 million to segment net revenues. On a pro forma basis, determined as if Tandus had been consolidated for the entirety of 2012, the segment’s revenues would have been €669.9 million.

The appreciation of the U.S. and Canadian dollars against the euro contributed €34.4 million to the increase in consolidated net revenues in 2012 as compared with 2011.

At constant scope and exchange rates, revenues increased 5% in 2012 over 2011. This growth primarily reflects the following factors:

- a significant increase in consolidated net revenues from our Johnsonite products (vinyl accessories, rubber accessories and baseboards) due to the double effect of increased prices and a favorable product mix, in particular due to growth in sales of vinyl baseboards, whose price per square meter is higher;

- a strong increase in consolidated net revenues from residential products in 2012, in particular for vinyl products with fiberglass backing, which are gradually replacing vinyl products with foam backing (revenues for which decreased slightly in 2012). Revenues from LVT products also increased in 2012. Sales of laminate flooring increased in 2012, after a highly competitive environment in 2011; and

- a decrease in consolidated net revenues from our VCT business, including a reduction in the number of stores left to renovate under a contract with Walmart.

**CIS and Others**

Consolidated net revenues increased significantly in the CIS and Others segment, from €788.9 million in 2011 to €874.1 million in 2012 (an increase of 10.8%). This growth was essentially organic, primarily reflecting good economic conditions in the CIS region, where approximately three-quarters of the segment’s revenues were realized. The growth results to a lesser extent from increases in sales in China and Brazil.
The net impact of exchange rate fluctuations was neutral in this segment over the period. The appreciation of the Australian dollar against the euro had a favorable impact on the segment’s consolidated net revenues, while the depreciation of the Brazilian real had the opposite effect.

Growth in consolidated net revenues in Russia and the other CIS countries was primarily due to resilient flooring (residential), our leading product category in these countries. This favorable change reflects higher volumes in a growing market, as well as increased average prices. The price effect is due to three factors: an increase in raw material prices, which we were able to reflect in our product prices; a more favorable product mix, with the rise of high-end LVT products; and our policy of raising our prices to take advantage of strong growth in this market. Consolidated net revenues from wood flooring also increased due to a new mid-range product introduced in mid-2012 and a new sales force focusing on wood flooring.

In China, growth was essentially due to our 2011 acquisition of the distributor Tarkett Floor Covering Co., as well as consolidation of a Tandus factory producing resilient flooring for the Asian commercial market. In Australia, where homogenous resilient flooring is the leading product, sales reflected the effects of strong competition.

In Latin America, consolidated net revenues increased significantly in Brazil, primarily due to growth in LVT products, which gained market share in a country in which ceramic flooring dominates the market.

**Sports Surfaces**

Consolidated net revenues of the Sports Surfaces segment increased 16.7%, from €223.5 million in 2011 to €260.9 million in 2012.

External growth was the primary contributor to this increase due to the full-year consolidation of AA SportSystems, a Dutch company that we acquired in August 2011. This acquisition enabled us to reestablish our previous level of business in the Netherlands following the 2011 expiration of an agreement with our previous distributor.

North America accounted for 78.8% of the segment’s consolidated net revenues in 2012. Revenues increased by €15 million as a result of the rise of the U.S. dollar against the euro.

Growth in the Sports Surfaces segment’s consolidated net revenues between 2011 and 2012 primarily reflects the following:

- an increase in volumes of artificial turf sold for sports fields in North America, as public spending began to recover after five years of significant budgetary restrictions;
- a high number of athletic track installation projects in North America in anticipation of the London Olympic Games (a one-off effect); and
- a decrease in project volumes in Europe, especially in Spain, due to a difficult economic environment. The market did improve in 2012 compared with 2011, however, with a recovery in orders in most European countries other than Spain.

**Gross Profit**

Our gross profit increased 22.1% from €430.8 million in 2011 to €526.2 million in 2012. Gross profit represented 22.7% of our revenues in 2012, or a gain of more than two points as compared with 20.6% of revenues in 2011.
This improvement primarily resulted from our price increases during the second half of 2011 and the beginning of 2012, while raw material prices remained essentially stable in 2012. Productivity gains (described in “—Adjusted EBITDA” below) and the consolidation of Tandus also contributed to the improvement in our gross profit. On the other hand, the level of customer warranty claims was higher in 2012 than in 2011, principally in Europe.

Operating Income

Our operating income of €151.3 million in 2012 represents a 65.7% increase as compared with the operating income of €91.3 million recorded in 2011. Operating income represented 6.5% of revenues in 2012 compared with 4.4% of revenues in 2011.

Operational explanations for this increase are described in “—Adjusted EBITDA” below. The main income statement items that contributed to the increase are the following:

- the increase in gross profit, described above;
- stable selling expenses, which came to €214.3 million in 2012 as compared with €212.4 million in 2011 due to continuous expense management;
- a 19.9% increase in general and administrative expenses, from €114.0 million in 2011 to €136.7 million in 2012. The 2012 figure includes costs relating to the Tandus acquisition and the increase in costs from our information system projects; and
- a decrease in depreciation and amortization charges from €98.3 million in 2011 to €88.8 million in 2012, primarily due to the recognition of impairment charges relating to goodwill in the Sports Surfaces segment, and to property, plant and equipment in our European wood business and North American resilient flooring (VCT) and Sports Surfaces businesses.

Adjusted EBITDA

Adjusted EBITDA was €260.1 million in 2012—an increase of 36.0% as compared with 2011. The ratio of adjusted EBITDA to consolidated net revenues went from 9.2% in 2011 to 11.2% in 2012. The 2012 ratio is in line with our historical levels, following the impact in 2011 of significant increases in raw material prices and difficulties in certain segments (in particular the Sports Surfaces segment and European wood flooring business).

The main factors contributing to the overall improvement in adjusted EBITDA in 2012 are as follows:

- the increase in our product prices, coupled with relative stability in the cost of raw materials, as described above;
- productivity gains from our WCM program, amounting to approximately €36.0 million in gross savings (excluding restructuring charges) in 2012; and
- the positive impact of acquisitions, in particular the consolidation of Tandus in the Group’s results for the last three months of 2012.

The ratio of adjusted EBITDA to consolidated net revenues increased across all of our segments in 2012. The following table presents adjusted EBITDA in euros and as a percent of consolidated net revenues in 2011 and 2012.
### Adjusted EBITDA

<table>
<thead>
<tr>
<th>Region</th>
<th>2011</th>
<th>2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>69.0</td>
<td>74.2</td>
<td>7.5%</td>
</tr>
<tr>
<td>As a percent of net revenues</td>
<td>9.7%</td>
<td>10.5%</td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>19.5</td>
<td>30.1</td>
<td>54.4%</td>
</tr>
<tr>
<td>As a percent of net revenues</td>
<td>5.3%</td>
<td>6.3%</td>
<td></td>
</tr>
<tr>
<td>CIS and Others</td>
<td>141.6</td>
<td>180.0</td>
<td>27.1%</td>
</tr>
<tr>
<td>As a percent of net revenues</td>
<td>18.0%</td>
<td>20.6%</td>
<td></td>
</tr>
<tr>
<td>Sports Surfaces</td>
<td>(28.0)</td>
<td>(34.2)</td>
<td>(22.1)%</td>
</tr>
<tr>
<td>As a percent of net revenues</td>
<td>(4.8%)</td>
<td>3.9%</td>
<td></td>
</tr>
<tr>
<td>Group Total</td>
<td>191.3</td>
<td>260.1</td>
<td>36.0%</td>
</tr>
<tr>
<td>As a percent of net revenues</td>
<td>9.2%</td>
<td>11.2%</td>
<td></td>
</tr>
</tbody>
</table>

The main factors that affected adjusted EBITDA margin in the Group’s segments are as follows:

- **EMEA.** The effect of price increases and a reduction in selling expenses (in particular, fewer product launches in the region).

- **North America.** The accretive impact of consolidating Tandus, which had relatively high margins, as well as increased volumes, partially offset by the costs of launching certain new products and a slowdown in the VCT business.

- **CIS and Others.** Increases in our product prices, helped by a favorable product mix with a greater proportion of high-margin products, and well-controlled manufacturing labor costs.

- **Sports Surfaces.** A rebound in volumes sold; the positive effects of external growth, with the continued integration of MET (a German fiber manufacturer) and AA SportSystems (a Netherlands distributor); lower raw material costs following the renegotiation of the segment’s rubber purchase prices; and a reduction in the weight of selling, general and administrative expenses following the restructuring of the segment.

Central costs increased from €28.0 million in 2011 to €34.2 million in 2012, due in particular to investments in our information technology systems, as well as to continued innovation efforts.

### EBITDA

EBITDA increased 26.6% from €189.6 million in 2011 to €240.1 million in 2012. EBITDA represented 9.1% of revenues in 2011 and 10.4% of revenues in 2012.

The increase in EBITDA is due to the same factors as the increase in adjusted EBITDA, partially offset by an increase in net unusual items that are excluded from adjusted EBITDA. These items amounted to €20.0 million in 2012 and €1.7 million in 2011 and included:

- in 2012, restructuring costs of €6.6 million, relating to the partial transfer of production of wood floors sold in Scandinavia to production sites in Poland and Ukraine; costs of €7.6 million relating to external growth (in particular, the Tandus acquisition and a price adjustment for the 2010 Centiva acquisition); and fees and other expenses of €5.8 million, including €1.7 million in fees paid to shareholders and €2.5 million share-based payment expenses; and

- in 2011, restructuring costs of €4.5 million, relating to the French and Spanish sports surfaces businesses, partially offset by the impact of badwill from the Parquets Marty acquisition.
Net Finance Costs

Net finance costs increased from €21.3 million in 2011 to €24.7 million in 2012, primarily due to an increase in financing expenses from €23.1 million in 2011 to €27.0 million in 2012. This difference results from an increase in commissions relating to debt facilities resulting from the renegotiation of a credit agreement in mid-2011 and the acquisition of Tandus.

Income Tax Expense

Income tax expense for 2012 was €41.4 million, a 7.6% decrease as compared with €44.8 million in 2011. Because we recorded a valuation allowance for previously recognized deferred tax assets in 2011, income tax expense decreased in 2012 despite a significant increase in operating income. In 2012, we utilized an additional portion of our available tax losses in the United States following the acquisition of Tandus. Current tax was €34.4 million in 2011 and €52.5 million in 2012.

Net Profit

Our net profit was €85.2 million in 2012, as compared with €25.2 million in 2011. Net profit attributable to non-controlling interests was €1.6 million in 2012 as compared with a net loss attributable to non-controlling interests of €1.9 million in 2011.

Net profit attributable to owners of the Company was €83.6 million in 2012 and €27.1 million in 2011. This large increase is the result of the factors set forth above.

Comparison of Results of Operations for the Years Ended December 31, 2010 and December 31, 2011

Overview

Net revenues increased significantly in 2011 (8.8%), reaching €2,088.3 million. Adjusted EBITDA decreased, however, 13.9% in absolute terms and 2.4 points as a percentage of revenues. This decrease was primarily caused by strong pressure on raw material prices beginning in the second half of 2010 and intensifying during 2011. We partially offset this negative impact by increasing our prices, but could not fully compensate the effect (65% of the raw materials price impact) due to the time required to implement price increases, as well as competitive pressure.

The table below presents our results of operations for the fiscal years ended December 31, 2010 and December 31, 2011.

<table>
<thead>
<tr>
<th>Tarkett Consolidated</th>
<th>Fiscal year ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
</tr>
<tr>
<td>Results of Operations (in millions of euros (except for percentages))</td>
<td></td>
</tr>
<tr>
<td>Net Revenues</td>
<td>1,918.9</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>442.7</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>23.1%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>222.3</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>11.6%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>135.5</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>7.1%</td>
</tr>
<tr>
<td>Net Profit Attributable to Owners of the Company</td>
<td>111.0</td>
</tr>
</tbody>
</table>
**Net Revenues**

**Consolidated Net Revenues**

Our consolidated net revenues increased 8.8% to €2,088.3 million in 2011, as compared with €1,918.9 million in 2010.

The increase in our consolidated net revenues at constant scope of consolidation and exchange rates was 6.8%, primarily due to the following:

- increased activity in almost all geographical regions, with the exception of countries where the economic environment declined significantly in 2011 (particularly in Southern Europe);

- strong growth in Russia, continuing the trend seen in 2010, and growth in the EMEA region that varied by zone: Scandinavia, Central Europe (with the exception of Poland, which had seen very strong growth in 2010) and the United Kingdom experienced the most significant growth, and sales in France also grew substantially, whereas the countries of Southern Europe (in particular, Italy, Spain and Greece) continued to deteriorate following a 2010 that was already challenging; and

- difficulties in our Sports Surfaces segment, with a 9% decrease in revenues at constant scope of consolidation and exchange rates, primarily as a result of economic difficulties in certain geographical regions.

With respect to external growth, our 2011 consolidated net revenues reflect the full-year consolidation of EasyTurf, Poligras Iberica, Enia, MET and Centiva, which we acquired in 2010. External growth contributed €53.8 million, or 2.8%, to our consolidated net revenues in 2011.

The main currencies in which we sell our products depreciated against the euro in 2011, which had a negative effect on revenues of €14.1 million, or 0.7%.

**Net Revenues by Segment**

In 2011, consolidated net revenues increased by 6.8% (5.9% at constant exchange rates) in the EMEA segment, by 18.9% in the CIS and Others segment and by 1.8% (6.1% at constant exchange rates) in North America. In the Sports Surfaces segment, consolidated net revenues decreased by 3.3% (or increased by 0.2% at constant exchange rates), primarily due to the difficult economic environment.

The following table presents consolidated net revenues by segment for the years ended December 31, 2010 and 2011.

<table>
<thead>
<tr>
<th>Net Revenues in millions of euros (except for percentages)</th>
<th>Year ended December 31,</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2011</td>
</tr>
<tr>
<td>EMEA</td>
<td>664.1</td>
<td>709.3</td>
</tr>
<tr>
<td>North America</td>
<td>360.2</td>
<td>366.7</td>
</tr>
<tr>
<td>CIS and Others</td>
<td>663.4</td>
<td>788.9</td>
</tr>
<tr>
<td>Sports Surfaces</td>
<td>231.2</td>
<td>223.5</td>
</tr>
<tr>
<td>Total</td>
<td>1,918.9</td>
<td>2,088.3</td>
</tr>
</tbody>
</table>
**EMEA**

EMEA’s consolidated net revenues totaled €709.3 million in 2011, increasing 6.8% as compared to €664.1 million in 2010. External growth (in particular, the acquisition of Parquets Marty) had a positive impact of €5.2 million in 2011, and the impact of exchange rate fluctuations (primarily the Swedish krona) led to an increase of €6.1 million.

The growth in the segment’s consolidated net revenues between 2010 and 2011 primarily reflects the following:

- a significant increase in our prices across all Western European countries (other than Denmark and Portugal), and overall product categories (other than laminate flooring); and
- an increase in volumes, primarily for resilient flooring, wood flooring and laminate flooring, offset by volume decreases in automobile products, homogenous vinyl and linoleum. Volumes increased in Scandinavia (particularly in Sweden) although decreased in France, Spain and Portugal as a result of the unfavorable economic environment.

**North America**

Consolidated net revenues in North America increased 1.8% from €360.2 million in 2010 to €366.7 million in 2011.

The stability of this segment’s consolidated net revenues between 2010 and 2011 primarily reflects the following:

- increased volumes as a result of changes in scope of consolidation (in particular, the acquisition of Centiva in the United States at the end of 2010); and
- increased volumes and prices for Johnsonite products, in particular due to the recovery of the educational markets in the United States and the increase in the average prices of rubber and vinyl products.

These increases were partially offset by:

- decreases in volumes and prices of residential products following our decision to discontinue a line of laminate flooring products. This decision, combined with an increase in the proportion of sales by large DIY distribution chains, led to a decrease in the average product price;
- decreased volumes of VCT products following a reduction in the number of stores left to renovate under our agreement with Walmart; and
- a negative exchange rate impact of €15.3 million.

**CIS and Others**

Consolidated net revenues increased significantly in the CIS and Others segment, from €663.4 million in 2010 to €788.9 million in 2011 (an increase of 18.9%). This performance is primarily due to price increases implemented between 2010 and 2011 and, to a lesser extent, higher volumes. Sales also continued to rise strongly in Russia in 2011 following business growth that was already strong in 2010.

Exchange rate fluctuations and changes in scope of consolidation had only minor effects on the segment during the period.
The growth in the CIS and Others segment’s consolidated net revenues between 2010 and 2011 primarily reflects the following:

- increased average prices across all of the segment’s products other than wood floors. This increase reflects a more favorable percentage of high-end products in the segment’s product mix, as well as our ability to incorporate higher raw material costs into our prices; and
- an increase in volumes sold, particularly in Russia, Kazakhstan and Ukraine, especially for wood products and laminate flooring. This trend was also seen to a lesser extent in Latin America (particularly in Brazil). Volumes decreased in Australia in a particularly competitive environment.

**Sports Surfaces**

Consolidated net revenues of the Sports Surfaces segment decreased 3.3% in 2011, from €231.2 million in 2010 to €223.5 million.

Exchange rate fluctuations had a negative impact on revenues in 2011, with a dollar-related effect of -€3.5 million.

The decrease in Sports Surfaces’ consolidated net revenues between 2010 and 2011 primarily reflects the following:

- economic difficulties in certain geographical regions as a result of the decrease in public spending;
- a decrease in in athletic track volumes; and
- an offsetting increase in revenues of €19.7 million as a result of the 2010 acquisitions of EasyTurf, AA SportSystems, MET and Poligras Iberica.

**Gross Profit**

Our gross profit decreased 2.7% from €442.7 million in 2010 to €430.8 million in 2011. Gross profit represented 20.6% of revenues in 2011, as compared with 23.1% of revenues in 2010.

The decrease was primarily due to the significant increase in raw material prices, which was only partially offset by increases in product prices. On the other hand, productivity gains (especially those resulting from our WCM program) had a positive impact on gross profit.

**Operating Income**

Our operating income of €91.3 million in 2011 represents a 32.6% decrease as compared with operating income of €135.5 million recorded in 2010. Operating income represented 4.4% of revenues in 2011, as compared with 7.1% of revenue in 2010. This decrease primarily reflects the decrease in gross profit described above.

Selling expenses increased from €202.4 million in 2010 to €212.4 million in 2011, although this represents a reduction of 0.3 points as a percent of revenues (10.2% in 2011 as compared with 10.5% in 2010). General and administrative expenses remained stable as a percentage of revenues. Moreover, in 2011 we recognized impairment charges of €18.8 million on goodwill in the Sports Surfaces segment and on property, plant and equipment of our European wood business and North American resilient flooring (VCT) and Sport Surfaces businesses. At the same time, however,
depreciation and amortization was reduced by €10.5 million as a result of impairment charges recognized on property, plant and equipment recorded in prior years.

**Adjusted EBITDA**

Adjusted EBITDA was €191.3 million in 2011, a decrease of 13.9% as compared with €222.3 million in 2010. The ratio of adjusted EBITDA to consolidated net revenues fell from 11.6% in 2010 to 9.2% in 2011.

The principal factors were the following:

- a significant increase in raw material prices across all segments (in particular, PVC and plasticizers);
- price increases, particularly in the EMEA and CIS and Others segments, although they did not fully offset the increase in raw material prices; and
- difficulties in the Sports Surfaces segment, which had negative adjusted EBITDA in 2011.

The following table presents adjusted EBITDA in euros and as a percent of consolidated net revenues in 2010 and 2011.

<table>
<thead>
<tr>
<th>Segment</th>
<th>Fiscal year ended December 31,</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2011</td>
</tr>
<tr>
<td>EMEA</td>
<td>89.4</td>
<td>69.0</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>13.5%</td>
<td>9.7%</td>
</tr>
<tr>
<td>North America</td>
<td>27.1</td>
<td>19.5</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>7.5%</td>
<td>5.3%</td>
</tr>
<tr>
<td>CIS and Others</td>
<td>130.4</td>
<td>141.6</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>19.7%</td>
<td>17.9%</td>
</tr>
<tr>
<td>Sports Surfaces</td>
<td>0.5</td>
<td>(10.8)</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>0.2%</td>
<td>(4.8)%</td>
</tr>
<tr>
<td>Central</td>
<td>(25.1)</td>
<td>(28.0)</td>
</tr>
<tr>
<td>Group Total</td>
<td>222.3</td>
<td>191.3</td>
</tr>
<tr>
<td>As a percent of consolidated net revenues</td>
<td>11.6%</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

The main factors that affected adjusted EBITDA margin in the Group’s segments are as follows:

- **EMEA.** Increases in raw material prices that were not entirely covered by increases in product prices, customer warranty claims relating to heterogeneous vinyl products and an increase in selling expenses relating to the launch of new collections.
- **North America.** Increases in raw material prices that were not entirely covered by the prices charged to customers as well as one-off manufacturing problems at our Farnham site, offset by the positive effect of the Centiva acquisition.
- **CIS and Others.** An increase in raw material prices, partially offset by a significant increase in product prices and a favorable product mix.
- **Sports Surfaces.** A decrease in volumes (primarily in Europe), start-up costs relating to the launch of our new fiber-production affiliate, MET, in Germany and the unfavorable economic environment in Spain, which affected our subsidiary FieldTurf Poligras.
Central costs increased from €25.1 million in 2010 to €28.0 million in 2011, due in particular to increased costs associated with our information system standardization projects.

**EBITDA**

EBITDA decreased 16.1% from €225.9 million (11.8% of revenues) in 2010 to €189.6 million (9.1% of revenues) in 2011.

The decrease in EBITDA was due to the same factors as the decrease in adjusted EBITDA, as well as the following:

- in 2011, restructuring costs of €4.5 million, in particular in production of sports surfaces in France and Spain, partially offset by the impact of Parquets Marty’s badwill when it was acquired in 2011; and
- in 2010, restructuring costs of €1.7 million relating to our European operations, offset by a net profit of €5.2 million on unusual items relating to external growth transactions (in particular, the impact of badwill on the Enia entities, which we acquired in 2010).

**Net Finance Costs**

Net finance costs increased from €18.8 million in 2010 to €21.3 million in 2011. This increase is primarily due to an increase in bank commissions following the renegotiation of our syndicated credit facility, our principal source of financing, in mid-2011.

**Income Tax Expense**

Income tax expense for 2011 was €44.8 million, a significant increase as compared with €5.0 million in 2010. The increase in income tax expense was due to the recording of valuation allowances in 2011 in respect of previously recorded deferred tax assets, as described above. In 2010, a significant deferred tax asset was recorded. Current tax was €33.0 million in 2010 and €34.4 million in 2011.

**Net Profit**

Our net profit was €25.2 million in 2011, as compared with €111.4 million in 2010. Net result attributable to non-controlling interests was a net loss of €1.9 million in 2011, as compared with a profit of €0.5 million in 2010.

Net profit attributable to owners of the Company was €27.1 million in 2011 and €111.0 million in 2010. This decrease is the result of the factors set forth above.

**Liquidity and Capital Resources**

**Overview**

We generate significant net cash from our operating activities. This cash flow represents our principal source of liquidity and is more than sufficient to finance our ongoing investments.

Our objective is to maintain our ongoing investments on the order of approximately 3.5% of our consolidated net revenues. We define “ongoing investments” as investments in property, plant and equipment other than those relating to construction of factories and acquisitions.

Our other investments in the growth of our Group (primarily factory construction and acquisitions) are financed through debt and our own financial resources, in line with our policy of
maintaining a sound financial structure. Our most recent significant acquisition, the purchase of Tandus in September 2012, was financed in part through a new credit agreement.

After the Tandus acquisition, our gross debt as of December 31, 2012 totaled €533.6 million, and our net debt amounted to €452.2 million. As of December 31, 2012, our net debt represented 0.66 times our shareholders’ equity of €683.6 million and 1.7 times our adjusted EBITDA for the year ended December 31, 2012.

As of June 30, 2013, our net debt amounted to €504.5 million. This increase compared to net debt as of December 31, 2012 primarily reflects the seasonality of our working capital requirements. Shareholders’ equity was €727.1 million as of June 30, 2013, giving us a net debt/equity ratio of 69.4% and a net debt/adjusted EBITDA ratio of 1.8x for the 12-month period ended June 30, 2013.

Our liquidity position is strong. As of June 30, 2013, cash and cash equivalents totaled €53.9 million. We maintain a €450 million revolving credit facility (the “Revolving Credit Facility” or “RCF”), of which €183.1 million was available as of June 30, 2013. In all, available funds under our various credit lines totaled €280.1 million as of June 30, 2013.

In connection with our reorganization (as described in “Principal Shareholders—Pre-IPO Reorganization”), we have decided to distribute a dividend of €130 million to our existing shareholders at the time of our initial public offering. The impact of this dividend on our net debt will be partially offset by the net proceeds from the sale of treasury shares by our subsidiary Tarkett GDL to SID, a company controlled by our majority shareholder. This sale will be made based on the IPO price. As a result, the increase in our net debt will be less than €130 million.

In September 2013, we signed an engagement letter with a banking syndicate for a new €360 million term loan, which will be used to refinance a private placement maturing in May 2014 and extend the maturity of our available credit lines.

We believe our available credit lines are sufficient to cover our liquidity needs for the next fiscal year.

Analysis of Cash Flow

<table>
<thead>
<tr>
<th>(in millions of euros)</th>
<th>2011</th>
<th>2012</th>
<th>(adjusted)</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow before changes in working capital requirements and other operating items</td>
<td>181.4</td>
<td>247.9</td>
<td>112.6</td>
<td>124.8</td>
</tr>
<tr>
<td>Changes in working capital requirements</td>
<td>(22.3)</td>
<td>48.4</td>
<td>(48.0)</td>
<td>(98.5)</td>
</tr>
<tr>
<td>Other operating items (1)</td>
<td>(56.2)</td>
<td>(67.2)</td>
<td>(20.6)</td>
<td>(34.6)</td>
</tr>
<tr>
<td>Net cash from/(used in) operating activities</td>
<td>102.9</td>
<td>229.0</td>
<td>44.0</td>
<td>(8.3)</td>
</tr>
<tr>
<td>Net cash from/(used in) investing activities</td>
<td>(95.2)</td>
<td>(343.5)</td>
<td>(35.7)</td>
<td>(45.1)</td>
</tr>
<tr>
<td>Net cash from/(used in) financing activities</td>
<td>19.8</td>
<td>142.7</td>
<td>(13.1)</td>
<td>26.5</td>
</tr>
<tr>
<td>Effects of exchange rate fluctuations and changes in accounting (1)</td>
<td>(1.5)</td>
<td>(0.6)</td>
<td>0.4</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Increase/(decrease) in cash and cash equivalents (1)</td>
<td>26.0</td>
<td>27.5</td>
<td>(4.4)</td>
<td>(27.2)</td>
</tr>
</tbody>
</table>

\(1\) Primarily net interest paid and net tax paid

Cash and cash equivalents increased by €27.5 million in 2012—an increase similar to that of 2011, although due to different reasons. In 2012, we recorded a significant increase in our net cash from operating activities as a result of an improvement in our results of operations and a decrease in working capital requirements. However, cash used in investing activities increased, particularly due to the September 2012 acquisition of Tandus, which was partially financed by a new credit agreement. In 2011, cash flows from operating and investing activities were not lower. At the same time, our
sound financial condition allowed us to distribute a €102.5 million dividend to our shareholders in 2011.

Our cash flow was negative in the first half of both 2012 and 2013, reflecting primarily the seasonal nature of our business, with lower revenues in the first half of the year than in the second half, and an increase in inventory in the second quarter in preparation for the summer, when our business peaks. Our cash flow in the first half of 2013 was affected by an increase in working capital requirements, whereas working capital requirements in the first half of 2012 had been affected by seasonality to a lesser degree due to certain non-recurring factors described below.

Cash Flow From Operating Activities

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash from/(used in) operating activities</td>
<td>70.0</td>
<td>126.6</td>
<td>52.2</td>
<td>61.6</td>
</tr>
<tr>
<td>Net profit before tax</td>
<td>181.4</td>
<td>247.9</td>
<td>112.6</td>
<td>124.8</td>
</tr>
<tr>
<td>Changes in working capital requirements</td>
<td>(22.3)</td>
<td>48.4</td>
<td>(48.0)</td>
<td>(98.5)</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>159.1</td>
<td>296.2</td>
<td>64.6</td>
<td>26.3</td>
</tr>
<tr>
<td>Other operating items(1)</td>
<td>(56.2)</td>
<td>(67.2)</td>
<td>(20.6)</td>
<td>(34.6)</td>
</tr>
<tr>
<td>Net cash from/(used in) operating activities</td>
<td>102.9</td>
<td>229.0</td>
<td>44.0</td>
<td>(8.3)</td>
</tr>
</tbody>
</table>

(1) Primarily net interest paid and net tax paid

Net cash from operating activities increased by 122.5% from €102.9 million in 2011 to €229.0 million in 2012. This significant increase is the result of three factors:

- a significant increase in pre-tax profit due to the growth of our business and an overall improvement in margins (see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Comparison of Results of Operations for the Years Ended December 31, 2011 and December 31, 2012”);

- a significant reduction in our working capital requirements (see “—Changes in Working Capital Requirements” below); and

- an increase in cash used in other operating items, including, in particular, an increase of €5.5 million in net interest paid and an increase of €6.7 million in net taxes paid.

In the first half of 2013, despite an improvement in net profit, we recorded a net cash outflow from operating activities of €8.3 million, as compared with cash flow from operating activities of €44 million for the same period in 2012. Working capital requirements were higher in 2013 due to the seasonality of our business, with the second half of each year being characterized by a higher level of activity than the first half. The increase in the first half of 2012 was much less significant due to certain non-recurring items described below (see “—Changes in Working Capital Requirements”). Cash used for other operational items also increased significantly, due in particular to additional net interest paid relating to the Tandus acquisition and higher levels of withholding tax on dividends paid from the Group’s Russian and Serbian subsidiaries in the first half of 2013.

Changes in Working Capital Requirements

Changes in our working capital requirements had a positive effect of €48.4 million in 2012 on our cash from operating activities and a negative effect of €22.3 million in 2011. In 2012, the net change in working capital was due to positive changes in accounts receivable and accounts payable as
compared with the same period in 2011. The main factors that contributed to the reduction in working capital requirements in a context of growth of our business in 2012 are the following:

- a significant effort to improve collection of accounts receivable, including, in particular: (i) a decrease in payment times from our customers in Russia and Ukraine following a new policy of reducing prices in return for early payment, thus enabling us to substantially decrease our non-payment risk; (ii) improved management of accounts receivable and receipt of certain late payments from municipalities in the Sports Surfaces segment; and (iii) to a lesser extent, a timing effect in the EMEA segment, with a decrease in December sales due to the reduced number of business days. Net customer receivables decreased from €283.6 million as of December 31, 2011 to €253.2 million as of December 31, 2012 (excluding Tandus), despite a significant increase in revenues;

- an increase in inventory that was limited as the result of reduced inventory levels in Russia (this is principally due to the fact that we began using our factories at full capacity following an increase in volumes sold);

- an advance payment on a major order in the United States; and

- a substantial increase in accounts payable due to increased business across the Group during the last two months of 2012, as well as a significant reduction in inventory in the last few months of 2011.

In the first half of 2013, working capital requirements increased by €98.5 million. Part of this change was due to seasonal effects, with a significant accumulation of inventory in preparation for summer (in general, the second and third quarters are characterized by higher levels of activity as compared with the first and fourth quarters). In the first half of 2012, working capital requirements increased by €48.0 million. The significant increase between the first half of 2012 and the same period in 2013 is explained by the following:

- some of the factors described above with respect to 2012 (including, in particular, the policy of reducing payment periods in Russia and Ukraine and the receipt of certain late payments by Spanish municipalities in the Sports Surfaces segment) had a positive impact on our working capital requirements in the first half of 2012;

- the increase in accounts payable at the end of 2012 as compared with the end of 2011, also described above, led to higher outflows in the first half of 2013; and

- more habitual inventory levels in line with the seasonality of our business, as inventories during the first half of 2012 were lower than what they would usually be during the first six months of a typical year.

**Cash Flow Used in Investing Activities**

<table>
<thead>
<tr>
<th>(in millions of euros)</th>
<th>As of December 31,</th>
<th>As of June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of subsidiaries, net of cash acquired</td>
<td>(4.4)</td>
<td>(259.2)</td>
</tr>
<tr>
<td>Acquisition of property, plant and equipment, net of sales</td>
<td>(90.8)</td>
<td>(84.3)</td>
</tr>
<tr>
<td>Ongoing investments</td>
<td>76.9</td>
<td>84.4</td>
</tr>
<tr>
<td>Other cash</td>
<td>(0.1)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(95.2)</td>
<td>(343.5)</td>
</tr>
</tbody>
</table>
The amount of cash used in investing activities increased from €95.2 million in 2011 to €343.5 million in 2012, primarily due to the acquisition of Tandus in September 2012 for €258.3 million. In the first half of 2013, cash used in investing activities increased to €45.1 million from €35.7 million in the first half of 2012. Our principal investments during the period are described in “Principal Investments” below.

Cash from Financing Activities

<table>
<thead>
<tr>
<th>(in millions of euros)</th>
<th>As of December 31, 2011</th>
<th>As of December 31, 2012</th>
<th>As of June 30, 2012 (adjusted)</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash from/(used in) financing activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of non-controlling equity investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(4.4)</td>
</tr>
<tr>
<td>Proceeds from loans and borrowings</td>
<td>139.4</td>
<td>213.8</td>
<td>58.6</td>
<td>86.7</td>
</tr>
<tr>
<td>Repayment of loans and borrowings</td>
<td>(17.0)</td>
<td>(70.3)</td>
<td>(70.8)</td>
<td>(55.5)</td>
</tr>
<tr>
<td>Repayment of finance lease liabilities</td>
<td>(0.1)</td>
<td>(0.8)</td>
<td>(0.9)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(102.5)</td>
<td>142.7</td>
<td>(13.1)</td>
<td>26.5</td>
</tr>
</tbody>
</table>

Net cash from financing activities was €142.7 million in 2012, as compared with €19.8 million in 2011. This significant increase was essentially due to borrowings that we incurred in order to finance the September 2012 acquisition of Tandus—a bridge loan of €150 million in August 2012 and an additional €124 million drawdown of our RCF. We also repaid €70.3 million of borrowings in 2012, primarily repayments of drawings under our RCF. In 2011, we distributed a €102.5 million dividend to our shareholders.

In the first half of 2013, repayments of loans and borrowings include €50 million in respect of the refinancing of the Tandus bridge loan. We borrowed €30.6 million under a new term loan in connection with this refinancing. The remaining €100 million of the Tandus bridge loan was also refinanced through the term loan, but this was accomplished through a netting of accounts without any exchange of cash and thus did not affect our consolidated cash flow. Other borrowings in the first half of 2013 were primarily drawdowns under our revolving credit lines.

Principal Investments

Principal Investments Over the Past Three Fiscal Years

Net cash used in investing activities totaled €94.2 million in 2010, €95.2 million in 2011 and €343.5 million in 2012. The increase in 2012 was due to our acquisition of Tandus in September 2012.

Our level of investment in tangible and intangible fixed assets has remained relatively stable. Our investments in property, plant and equipment include acquiring, constructing and equipping new factories and manufacturing facilities. They also include expenditures that we call “ongoing investments”, which consist of all investments in property, plant and equipment other than those relating to excluding construction of factories and acquisitions. Our objective is to maintain annual spending for ongoing investments on the order of approximately 3.5% of consolidated net revenues.
The following table summarizes our Group’s principal investments in fiscal years 2010, 2011 and 2012.

<table>
<thead>
<tr>
<th>(in millions of euros)</th>
<th>For the fiscal years ended December 31,</th>
<th>For the six months ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2011</td>
</tr>
<tr>
<td>Acquisitions of subsidiaries net of cash acquired ..........</td>
<td>(30.2)</td>
<td>(4.4)</td>
</tr>
<tr>
<td>Acquisition of property, plant and equipment................</td>
<td>(66.3)</td>
<td>(91.8)</td>
</tr>
<tr>
<td>Ongoing investments ...........................................</td>
<td>(45.6)</td>
<td>(76.9)</td>
</tr>
<tr>
<td>Long-term investments ..........................................</td>
<td>(20.7)</td>
<td>(14.9)</td>
</tr>
<tr>
<td>Proceeds from sales and dividends received ...................</td>
<td>2.3</td>
<td>0.9</td>
</tr>
<tr>
<td>Net cash from investing activities ...........................</td>
<td>(94.2)</td>
<td>(95.2)</td>
</tr>
</tbody>
</table>

(1) Long-term investments in 2010 included €5.4 million for the establishment of a new production line at an existing site in the United States. Beginning in 2011, investments in new production lines at existing sites are considered ongoing investments.

2012 Principal Investments

The following represent our primary investments in 2012:

- **The acquisition of Tandus.** The U.S. company Tandus specializes in the design, manufacture and sale of carpets in the North American and Asian commercial markets. This acquisition enlarged our commercial carpeting product line. (See “—Acquisitions” and “—North America”).

- **Deployment and standardization of SAP.** In 2012, we continued the process, which we began in 2011, of rolling out a standardized SAP platform across the EMEA region and in North America. In 2013, the platform rollout has continued in North America and is being launched in the CIS and Others regions.

- **Luxury vinyl tiles (LVT).** In 2012, we invested in extending or acquiring production capacity for new product lines of luxury vinyl tiles in all of our geographic segments.

- **CIS and Others:** In 2012, we continued to develop our Russian site at Otradny by launching the construction of a fifth production line, scheduled to be operational in the second half of 2013. We have also added capacity for additional finishing processes, such as calendaring, for resilient flooring.

- **North America:** In addition to acquiring Tandus, we continued to invest in our manufacturing capacity in the United States.

2011 Principal Investments

The following represent our primary investments in 2011:

- Acquisitions:
  - We acquired the assets of Parquets Marty, a French company specializing in the manufacture of wood flooring.
  - We acquired a 51% interest in AA SportSystems BV, a Dutch distributor of artificial grass, which allows us to distribute our FieldTurf products in the Netherlands.
We took a 70% interest in a joint venture founded with our Group’s main Chinese distributor.

- **Deployment and standardization of SAP:** In 2011, we began rolling out our standardized SAP platform in the EMEA region and in North America.

- **CIS and Others:** We opened two new logistics centers in Russia to improve our proximity to customers in this zone, and we continued to grow our production capacity in Russia with the modernization of our Otradny facility.

- **North America:** We finalized construction of a new rubber flooring production line in one of the Johnsonite factories in the United States.

- **Sports:** We continued to invest in fiber production at our artificial grass facility with Morton Extrusionstechnik.

### 2010 Principal Investments

The following represent our primary investments in 2010:

- **EMEA:** We invested in modernizing the production facilities in Luxembourg, Sweden and France.

- **CIS and Others:** We invested in new production capacity in Russia and Serbia and opened distribution centers in the CIS countries. We also completed construction at our new laminate flooring factory in Mitischy, Russia, which had been built mainly in 2008 and 2009. Finally, we acquired the remaining 50% of our two joint ventures with Enia, in Serbia and in Ukraine, in March 2010.

- **North America:** We launched construction of a new production line for rubber baseboards at one of our Johnsonite sites in the United States. We also acquired Centiva in order to expand our luxury vinyl tile (LVT) business in the United States.

- **Sports:** We continued to invest in the strategic development of our production capacity, acquiring a 51% interest in Morton Extrusionstechnik (“MET”) in Germany in July 2010, thus providing us with access to a new artificial grass fiber production site. We also carried out two other acquisitions in the Sports Surfaces segment:
  
  - in May 2010, we acquired a 51% interest in the U.S. company EasyTurf; and
  - in July 2010, we acquired an 85% controlling interest in Poligras Iberica.

### Primary Investments Underway

The main investments underway as of June 30, 2013 are the continuation of projects that we launched in 2011 and 2012. These projects include finalizing our fifth production line at Otradny, Russia, which began in 2012; finalizing the rollout of SAP in the EMEA and North America regions; launching the SAP rollout in the CIS and Others region; and restructuring our EMEA wood flooring business in Western Europe.
Financial Debt

Net Debt

As of June 30, 2013, our total net debt amounted to €504.5 million and our gross debt totaled €558.5 million. Net debt increased in 2012 as a result of the Tandus acquisition and as of June 30, 2013 as a result of normal seasonal effects on our working capital requirements as of those dates. The table below summarizes our net financial debt as of the dates indicated.

<table>
<thead>
<tr>
<th>(in millions of euros)</th>
<th>As of December 31,</th>
<th>As of June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Total gross debt</td>
<td>386.1</td>
<td>533.6</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>(53.9)</td>
<td>(81.4)</td>
</tr>
<tr>
<td>Total net debt</td>
<td>332.1</td>
<td>452.2</td>
</tr>
</tbody>
</table>

Cash and Cash Equivalents

As of December 31, 2012 and June 30, 2013, cash and cash equivalents totaled €81.4 million and €53.9 million, respectively. As of December 31, 2012, available cash was located primarily in Serbia (€34.1 million), the United States (€10.8 million) and China (€8.8 million). As of June 30, 2013, available cash was located primarily in Serbia (€16.0 million), China (€10.5 million) and Russia (€5.7 million).

Gross Debt

Our total gross debt is composed primarily of our €450 million RCF, of which €266.9 million had been drawn down as of June 30, 2013, as well as a term loan that we entered into to repay the Tandus bridge loan. The table below presents our total gross debt as of the dates indicated.

<table>
<thead>
<tr>
<th>(in millions of euros)</th>
<th>As of December 31,</th>
<th>As of June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>Revolving Credit Facility (RCF)</td>
<td>160.2</td>
<td>219.3</td>
</tr>
<tr>
<td>French private placement</td>
<td>114.0</td>
<td>114.0</td>
</tr>
<tr>
<td>Tandus bridge loan</td>
<td>-</td>
<td>150.0</td>
</tr>
<tr>
<td>Term loan</td>
<td>30.0</td>
<td>-</td>
</tr>
<tr>
<td>CIC factoring agreement</td>
<td>30.7</td>
<td>25.2</td>
</tr>
<tr>
<td>Other bank credit lines and overdrafts</td>
<td>14.7</td>
<td>7.5</td>
</tr>
<tr>
<td>Other debt (including finance leases)</td>
<td>36.5</td>
<td>17.6</td>
</tr>
<tr>
<td>Total gross debt</td>
<td>386.1</td>
<td>533.6</td>
</tr>
</tbody>
</table>

As of June 30, 2013, our principal sources of debt were the following:

- **Revolving credit facility (“RCF”).** Our principal source of financing is a €450 million floating rate revolving multi-currency credit facility that includes two swingline loans for a total amount of €60 million. This loan will mature in June 2016.

- **French private placement.** This syndicated private placement of €114 million will mature in May 2014.

- **Term loan.** We entered into this syndicated loan, which includes a €100 million tranche and a $40 million tranche and matures in May 2016, in order to repay the €150 million
Tandus bridge loan entered into in 2012. Pursuant to this loan, we are required to comply with the financial covenants described in “—Revolving Syndicated Multi-Currency Credit Facility” below.

- **CIC factoring agreement.** This revolving financing arrangement is our only material source of secured financing. The security is in the form of an assignment of receivables, which are recorded in accounts receivable for purposes of calculating working capital requirements (with an offsetting liability being recorded on our balance sheet). We can borrow up to €55 million under this facility at a floating rate of one-month Euribor plus 0.45% as of June 30, 2013, although only €25.2 million had been drawn down as of December 31, 2012 and €28.5 million as of June 30, 2013.

The following table provides a summary of the maturities and interest rates applicable to our debt as of June 30, 2013:

<table>
<thead>
<tr>
<th>(in millions of euros)</th>
<th>Currency</th>
<th>Interest rate</th>
<th>As of June 30, 2013</th>
<th>12 months or less until 6/30/2014</th>
<th>2 years until 6/30/2015</th>
<th>3 to 5 years until 6/30/2018</th>
<th>More than 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revolving Credit Facility (RCF)</td>
<td>EUR/USD</td>
<td>1.0% - 1.1%</td>
<td>266.9</td>
<td>-</td>
<td>-</td>
<td>266.9</td>
<td>-</td>
</tr>
<tr>
<td>French private placement</td>
<td>EUR</td>
<td>2.8%</td>
<td>114.0</td>
<td>114.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Term loan</td>
<td>EUR/USD</td>
<td>2.1% - 2.6%</td>
<td>130.6</td>
<td>19.6</td>
<td>32.6</td>
<td>78.4</td>
<td>-</td>
</tr>
<tr>
<td>CIC factoring agreement(1)</td>
<td>EUR</td>
<td>0.6%</td>
<td>28.5</td>
<td>28.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other bank credit lines and overdrafts</td>
<td>-</td>
<td>3.2% - 5.2%</td>
<td>7.3</td>
<td>6.3</td>
<td>0.4</td>
<td>0.5</td>
<td>0.1</td>
</tr>
<tr>
<td>Other debt (including finance leases)</td>
<td>-</td>
<td>0.5% - 0.9%</td>
<td>11.2</td>
<td>8.5</td>
<td>0.6</td>
<td>0.9</td>
<td>1.2</td>
</tr>
<tr>
<td>Interest-bearing loans</td>
<td>-</td>
<td>-</td>
<td>558.5</td>
<td>176.9</td>
<td>33.6</td>
<td>346.7</td>
<td>1.3</td>
</tr>
</tbody>
</table>

(1) €33.6 million of this arrangement is automatically renewable annually.

**Revolving Syndicated Multi-Currency Credit Facility**

Our principal source of financing is a revolving syndicated multi-currency credit facility (“RCF”), which is available to us for a term of five years as from June 27, 2011. This credit facility was signed by Tarkett S.A. as well as by our U.S. subsidiary Tarkett Finance Inc. in order to enable us to make drawdowns directly in U.S. dollars and in the United States. Such drawdowns are guaranteed by Tarkett S.A., as described in “—Off-Balance Sheet Commitments” below. We had drawn €219.3 million and €266.9 million under the RCF as of December 31, 2012 and June 30, 2013, respectively. The RCF includes a €450 million floating-rate credit line that can be drawn in several currencies as well as two swinglines in an aggregate amount of €60 million.

**Interest Rates**

The effective interest rate for each drawdown under the RCF is composed of a base rate and an applicable margin. The applicable margin is determined based on our leverage ratio (as defined below) for the most recent half-year period.
The relationship between the leverage ratio and the applicable margin is summarized in the table below.

<table>
<thead>
<tr>
<th>Leverage Ratio</th>
<th>Applicable Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ 1.00x</td>
<td>0.70%</td>
</tr>
<tr>
<td>1.00x &lt; 1.50x</td>
<td>0.80%</td>
</tr>
<tr>
<td>1.50x ≤ 2.00x</td>
<td>0.90%</td>
</tr>
<tr>
<td>2.00x &lt; 2.50x</td>
<td>1.05%</td>
</tr>
<tr>
<td>2.50x ≤ 3.00x</td>
<td>1.25%</td>
</tr>
</tbody>
</table>

**Financial Covenants**

The RCF requires us to comply with several financial covenants so long as the funds remain available. The same ratios are applicable to our French private placement and the term loan we entered into in May 2013. Failure to comply with these covenants could result in the loans being accelerated.

**Leverage Ratio**

The first financial covenant limits our indebtedness and our leverage. Under this covenant, known as the “leverage ratio”, our net debt must not exceed three times our EBITDA as of the end of the relevant period. As of year-end 2012 and 2011 and June 30, 2013, we were in compliance with this ratio, and had sufficient EBITDA to achieve leverage ratios of 1.7x, 1.7x and 1.8x (as defined in the RCF), respectively. These leverage ratios are in line with our historical levels. In 2007, 2008, 2009 and 2010, our leverage ratios were 1.5x, 1.4x, 1.3x and 1.0x, respectively.

**Net Interest Cover**

The second financial covenant concerns our “net interest cover”, which is the ratio of adjusted EBITA to net interest expense. This covenant requires us to maintain gross operating income (adjusted EBITA) at least 2.5 times our total net interest on financial debt and cash flows. As of the end of 2012 and as of June 30, 2013, we were in compliance with this ratio, with a ratio of net interest cover to adjusted operating income (“adjusted EBITA”) of 14.8x and 14.7x, respectively, while in 2011 our ratio was 8.7x.

The table below presents the status of our financial covenants as of December 31, 2011 and 2012 and June 30, 2013.

<table>
<thead>
<tr>
<th>Definition</th>
<th>Required ratio</th>
<th>As of December 31, 2011</th>
<th>As of June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage Ratio...........</td>
<td>Ratio &lt; 3.0x</td>
<td>1.7x</td>
<td>1.7x</td>
</tr>
<tr>
<td>Net Interest Cover......</td>
<td>Ratio &gt; 2.5x</td>
<td>8.7x</td>
<td>14.8x</td>
</tr>
</tbody>
</table>

(1) Ratios required for the RCF and the French private placement.
(2) Adjusted.
Change of Control Provisions

The RCF contains a change of control clause that is triggered if the Deconinck family ceases to control our Company. For this purpose, the Deconinck family is defined as “Ms. Catherine la Bonnardière (née Deconinck), Mr. Bernard-André Deconinck, Mr. Didier Deconinck, Mr. Eric Deconinck and their children, acting individually or collectively and directly or indirectly through a company held exclusively by them”. In the event of a change of control, the terms of the RCF may be renegotiated. If we were to fail to reach an agreement with our banks in such case, each lender would have the right to demand immediate repayment of its portion of the loan. The word “control” as used in this clause is defined by the French Commercial Code and includes actions “in concert”, as defined in such Code.

New Term Loan

We have signed an engagement letter with a group of banks to put in place a new loan for a maximum amount of €360 million, which we refer to as the Euro Term Loan Facility (“ETLF”). Pursuant to the terms of the engagement letter, the ETLF is expected to be signed by the end of October 2013.

The ETLF is composed of two tranches; Tranche A1, in an amount of €246 million, may be used for general corporate purposes, while Tranche A2, in an amount of €114 million, will be used to repay the French private placement discussed above.

The ETLF will mature five years from its signature date and contains, in all material respects, the same covenants as the RCF, including the covenants relating to leverage ratio and net interest cover.

The effective interest rate for the first drawdowns under the new loan will be Euribor + 1.75%. The base interest rate (three-month Euribor or six-month Euribor) will be determined depending on the period chosen by the borrower. The effective interest rate will be equal to Euribor plus an applicable margin based on our leverage ratio for the most recent half-year period. The relationship between our leverage ratio and the margin applicable to the ETLF is summarized in the table below.

<table>
<thead>
<tr>
<th>Leverage Ratio</th>
<th>Applicable Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ 1.00x</td>
<td>1.25%</td>
</tr>
<tr>
<td>1.00x ≤ 1.50x</td>
<td>1.50%</td>
</tr>
<tr>
<td>1.50x ≤ 2.00x</td>
<td>1.75%</td>
</tr>
<tr>
<td>2.00x ≤ 2.50x</td>
<td>2.00%</td>
</tr>
<tr>
<td>2.50x and above</td>
<td>2.25%</td>
</tr>
</tbody>
</table>

The ETLF contains a change of control provision that could lead to acceleration of the loan in the event that a person (or a group of people acting “in concert”) other than the Deconinck family acquires control of the Company. The change of control provision will apply only in the event that the Company is controlled by a person or Group other than the Deconinck family and the mere loss of control by the Deconinck family, without acquisition of control by a third party, will not trigger the provision.

Other Debt

The minority shareholders of MET and AA SportSystems hold put options that enable them to require us to acquire their respective shares. We fully consolidate these companies in our financial statements, as if the minority shares had been acquired by Tarkett. We record the present value of the
estimated exercise price of the put options under “other liabilities” in our balance sheet. As of June 30, 2013, the total amount of other liabilities corresponding to these options was €2.4 million.

**Shareholders’ Equity**

Shareholders’ equity totaled €708.0 million, €634.8 million and €693.7 million as of December 31, 2010, 2011 and 2012, respectively. Shareholders’ equity totaled €732.7 million as of June 30, 2013. Changes in shareholders’ equity during this period resulted primarily from changes in our net income.

In connection with the pre-IPO reorganization (as described in “Principal Shareholders—Pre-IPO Reorganization”), we expect to distribute a €130 million dividend to our existing shareholders prior to our initial public offering.

**Return on Capital Employed**

In order to monitor our profitability, we use an indicator known as return on capital employed, or “ROCE”, which measures our ability to provide a return on funds made available to us by our shareholders and lenders.

ROCE is the ratio of (1) operating income before financial items and taxes to (2) capital employed, which is the sum of tangible and intangible assets (including goodwill) and working capital.

ROCE is not a standardized accounting term corresponding to a generally accepted definition. It should not be taken as a substitute for operating income, net income or cash flows, nor should it be treated as a measure of liquidity. ROCE may be calculated differently by other companies with businesses that are similar to or different from that of the Group. Accordingly, our ROCE calculation may not be comparable to that calculated by other companies. The following tables reconcile ROCE to operating income before financial items and taxes for 2010, 2011 and 2012.

Operating income before financial items and taxes is calculated as follows:

<table>
<thead>
<tr>
<th></th>
<th>For the periods ended December 31,</th>
<th></th>
<th>Published</th>
<th>Pro Forma</th>
<th>(unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>135.5</td>
<td>91.3</td>
<td>151.3</td>
<td>179.8</td>
<td></td>
</tr>
<tr>
<td>Exceptional items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>1.7</td>
<td>4.5</td>
<td>6.6</td>
<td>6.6</td>
<td></td>
</tr>
<tr>
<td>Gains/losses on</td>
<td>5.8</td>
<td>8.3</td>
<td>1.8</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>asset sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unusual items from</td>
<td>(4.6)</td>
<td>(2.9)</td>
<td>7.6</td>
<td>7.6</td>
<td></td>
</tr>
<tr>
<td>business combination</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consulting fees and</td>
<td>1.2</td>
<td>-</td>
<td>5.8</td>
<td>5.8</td>
<td></td>
</tr>
<tr>
<td>other provisions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>139.5</td>
<td>101.3</td>
<td>173.1</td>
<td>201.6</td>
<td></td>
</tr>
<tr>
<td>before financial items and taxes (A)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Capital employed is calculated as follows:

<table>
<thead>
<tr>
<th></th>
<th>For the periods ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
</tr>
<tr>
<td>Tangible assets........</td>
<td>393.1</td>
</tr>
<tr>
<td>Intangible assets......</td>
<td>83.6</td>
</tr>
<tr>
<td>Goodwill...............</td>
<td>281.5</td>
</tr>
<tr>
<td>Working capital........</td>
<td>222.9</td>
</tr>
<tr>
<td><strong>Total capital employed (B)</strong></td>
<td><strong>981.1</strong></td>
</tr>
</tbody>
</table>

Our ROCE is as follows:

<table>
<thead>
<tr>
<th>Return on Capital Employed (ROCE) (A/B)</th>
<th>For the periods ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
</tr>
<tr>
<td></td>
<td>14.2%</td>
</tr>
</tbody>
</table>

**Off-Balance Sheet Commitments**

**Lease Commitments**

Our lease commitments mainly relate to buildings, vehicles, computer equipment and software, as well as offices. Total future minimum lease payments pursuant to our finance leases totaled €41.6 million as of December 31, 2012, and included the following:

<table>
<thead>
<tr>
<th>Future minimum payments pursuant to finance leases (Group level) (in millions of euros)</th>
<th>As of December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>(14.2)</td>
</tr>
<tr>
<td>1 to 5 years</td>
<td>(24.3)</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>(3.1)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>(41.6)</strong></td>
</tr>
</tbody>
</table>

The total net carrying amounts of assets under financial leases included in our consolidated balance sheet totaled €11.1 million as of December 31, 2012, and the present value of future minimum payments was €2 million.
Guarantees and Off-Balance Sheet Commitments

The following table presents guarantees given by the Company as of December 31, 2012 (including those relating to financial debt, which are already included on the balance sheet), as well as guarantees received from customers:

<table>
<thead>
<tr>
<th>Group - Off-Balance Sheet Commitments</th>
<th>As of December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>RCF Europe Credit Lines</td>
<td>(100.0)</td>
</tr>
<tr>
<td>Federal Insurance Company</td>
<td>(56.7)</td>
</tr>
<tr>
<td>CIC</td>
<td>(25.2)</td>
</tr>
<tr>
<td>Pri-Pensions</td>
<td>(17.4)</td>
</tr>
<tr>
<td>Other</td>
<td>(13.8)</td>
</tr>
<tr>
<td><strong>Corporate guarantees of Tarkett SA</strong></td>
<td><strong>(213.2)</strong></td>
</tr>
<tr>
<td>Commitments provided</td>
<td>(221.8)</td>
</tr>
<tr>
<td>Corporate guarantee received from customers</td>
<td>11.8</td>
</tr>
<tr>
<td>Commitments received</td>
<td>11.8</td>
</tr>
</tbody>
</table>

(1) Includes a corporate guarantee given by Tarkett Inc.

The foregoing guarantees include the following:

- a counter guarantee provided to Federal Insurance Company (“FIC”) pursuant to a general indemnity agreement for a maximum amount of $75.0 million to permit FIC to issue bonds on behalf of FieldTurf Tarkett Inc.;

- a guarantee covering 50% of a maximum €10 million credit line granted to our Laminate Park joint venture;

- a guarantee given to the retirement insurance company Pri-Pensions to insure Tarkett AB’s employee benefit commitments in the amount of SEK 149.9 million;

- a guarantee for raw materials provided by a supplier of our subsidiary MET in order to secure its debt for an amount of up to €5 million;

- a guarantee given to Tarkett Finance Inc. to enable it to become an additional borrower under the RCF in an amount not to exceed the U.S. dollar equivalent of €100.0 million;

- a guarantee in an amount of €55 million provided to CIC by Tarkett S.A. in connection with the factoring agreement discussed above. This facility, intended for financing purposes, was entered into by subsidiaries for technical reasons; and

- a guarantee provided to certain lenders by Tarkett S.A. on behalf of Tarkett Limited (United Kingdom) and FieldTurf Poligra (Spain) in order to permit them to obtain financing in an amount of €3.5 million.

Other

One of our subsidiaries is the defendant in a group of cases relating to injuries caused by asbestos in the United States. In addition to provisions recorded, we maintain three funds (in an amount of $27.6 million as of June 30, 2013) as well as insurance policies in respect of this litigation and the possibility of additional cases being brought. For more information, see “Business—Legal Proceedings” in this Information Document.
In addition, we are currently engaged in a proceeding to rectify conditions relating to a 2008 sale of preference shares of FieldTurf Tarkett Inc. by Tarkett France to Tarkett Inc. for a total of U.S.$36.2 million. Pursuant to Canadian tax legislation, the capital gains realized in connection with the Tarkett France transaction should have been treated by Tarkett Inc. as a distribution of dividends subject to withholding tax at a rate of 15%. As Tarkett Inc. did not pay this withholding tax, it could be required to pay approximately CAD$6 million to the Canadian tax authorities. Tarkett Inc. and Tarkett France filed a motion to institute proceedings for rectification of documents and declaratory judgment before the Quebec courts in order to reduce the price of the sale by U.S.$21.3 million. Given the timeframe and the uncertainty as to whether the requested rectification will be granted, our financial statements as of December 31, 2012 include a provision for CAD$6 million.

**Outlook**

For purposes of preparing our internal budgets and planning our operations and investments, we make estimations regarding the outlook and set certain objectives relating to our results of operations. Our estimations and objectives, summarized below, are based on information, assumptions and estimates that our management considers to be reasonable as of the date of this Information Document. These estimations and objectives are not projections or profit forecasts, but result from our strategic orientation and action plan.

**Business Trends**

For a detailed discussion and analysis of the Group’s results of operations in 2012 and for the first half of 2013, see “Management Discussion and Analysis of Financial Condition and Results of Operations” in this Information Document.

**Medium-Term Outlook**

**Macro-Economic Climate**

We expect our growth to depend to a certain extent on increases in gross domestic product (“GDP”) in the main geographic regions in which we operate. GDP growth for each of these regions, based on International Monetary Fund (“IMF”) estimates, is expected to be as follows:

- For our EMEA segment, GDP is expected to remain stable in Western Europe throughout 2013 and 2014, with a projected growth rate of approximately 0%. In addition, the IMF expects a contraction in the construction industry over the same period. An initial economic recovery is expected in Western Europe in 2015 with an estimated GDP growth rate of between 1% and 2%.

- In North America, GDP grew by 2.2% in 2012. The IMF estimates that the average annual GDP growth rate for North America during the 2012-2016 period should be approximately 2.8%.

- For our CIS and Others segment, the average annual GDP growth rate during the 2012-2016 period is expected to be approximately 3.6% in the main CIS countries (Russia, Kazakhstan, Ukraine and Belarus). Furthermore, during the same period, the IMF expects sustained annual GDP growth in the other major countries in this segment, i.e., in Brazil and China.

**Outlook for the Group**

Based on the quality of our products and services, our broad geographic footprint and our exposure to diversified markets, we believe that we are well-positioned to continue our growth over the coming years. Barring any major fluctuations in global macroeconomic conditions, our objective
during the 2012-2016 period is to continue growing our average annual revenues at a higher rate than the average annual GDP growth of the regions in which we operate.

- As indicated above, based on IMF estimates relevant to our EMEA segment, the GDP growth rate in Western Europe is projected to be approximately 0% in 2013 and 2014, and the IMF expects a contraction in the construction market for the same period. Economic recovery is expected to begin in 2015 with an estimated GDP growth rate between 1% and 2%. Austerity programs in certain countries could reduce public expenditures even further during the 2013-2014 period, which could negatively impact the commercial market in particular. We expect to raise prices for certain products during the 2013-2016 period in order to anticipate the effects of inflation and potential increases in raw material costs. Starting in 2015, we expect an increase in volumes sold in this region due to sales growth in our luxury vinyl tile (LVT) product line.

- In our North American segment, we expect to take advantage of the economic recovery in the U.S. construction market, which appears to be underway since the fourth quarter of 2012. We believe that our acquisition of Tandus will allow us to achieve commercial synergies in North America. We also expect to increase our position in the residential and commercial vinyl flooring segment as a result of our wide geographic exposure across the United States, our significant capacity for innovation, our environmental leadership as well as our close relationships with customers. In addition, we intend to intensify our integrated multi-product and multi-surface marketing strategy in North America. We feel that we should be well-positioned to take advantage of major growth expected in certain product lines—primarily luxury vinyl tiles (LVT) and modular commercial carpeting.

- As indicated above, based on IMF estimates relevant to our CIS and Others segment, annual GDP growth is expected to remain relatively high during the 2012-2016 period in the major countries in this region. Within the CIS, we believe our local production capacities are unique compared to our competitors and our network of distribution platforms give us a significant advantage. Furthermore, in Russia, two-thirds of residential flooring surfaces are in need of substantial renovation, translating into roughly two billion square meters of potential demand. We believe we are very well-positioned in this country due to our close relationships with the country’s primary distributors, and this should allow us to take advantage of significant growth opportunities. In Latin America, we expect to take advantage of the strong potential of resilient flooring, especially luxury vinyl tiles, following increasing demand in this market. We also hope to take advantage of the growth potential in the Asia Pacific region, where, as in Latin America, resilient flooring is becoming increasingly popular, especially among commercial users.

- For our Sports Surfaces segment, economic conditions in North America showed initial signs of recovery in 2012, as indicated above. As a significant number of sports fields will cease to be covered by manufacturers’ warranties and reach the end of their useful lives, the Group expects there to be an increase in demand for replacement. In Western Europe, we expect reductions in public spending to continue to negatively affect the Sports Surfaces segment until 2014 due to challenging economic conditions, as discussed above. However, should the Western European economy gradually recover as anticipated, we believe that an increase in Sports Surfaces sales could begin in 2014 and accelerate in 2015.

For a detailed discussion and analysis of the factors affecting our results, including macro-economic conditions, variations in raw material prices, exchange rate fluctuations and changes in our scope of consolidation, see “—Principal Factors Affecting the Group’s Results of Operations” and “—Market Description” in this Information Document for further discussion of the structural factors discussed above.
Concerning margins, the Group achieved a pro forma adjusted EBITDA margin of 11.7% in 2012. The Group expects to achieve additional productivity gains as a result of operational initiatives already in place, such as completing the turnaround of the Group’s European wood flooring business, consolidating U.S. VCT production and strengthening our Sports Surfaces business worldwide (see “—Turnaround of Certain Business Divisions” in this Information Document). Furthermore, we expect to optimize our European distribution network by increasing supply-chain flexibility and improving logistics management. Our World Class Manufacturing (WCM) program, launched in 2009 to increase productivity and reduce production costs, has already generated significant savings that the Group expects to continue over the coming years (see “Business—Manufacturing—Continued Improvement of Manufacturing Processes” in this Information Document). Due to these factors, the Group aims to achieve an average annual adjusted EBITDA margin above 12% and average annual Return on Capital Employed (ROCE) above 15% during the 2012-2016 period.

Our external growth strategy should also contribute to an increase in revenues. Although it is difficult for us to assess the impact of future acquisitions given the importance of identifying targets and partners and successfully executing transactions, our objective over the 2012-2016 period is to complete acquisitions that will allow us to broaden and complement our existing product lines while consolidating our presence in certain markets and expanding into new regions. These acquisitions could allow us to increase our consolidated revenues by approximately €300 million over the 2012-2016 period.

Through our strong cash generation capacity as well as our disciplined approach to external growth, we seek to keep our level of debt below two times our adjusted EBITDA over the 2012-2016 period, excluding transformational acquisitions and after taking into account our dividend distribution policy (see “Dividend Policy” in this Information Document).

Our annual ongoing investments represented an average of 3.3% of net consolidated revenues during the 2010-2012 period (for more information, see “—Principal Investments” in this Information Document). We define “ongoing investments” as investments in tangible and intangible assets, excluding construction of factories and acquisitions. In order to address increased demand and improved manufacturing processes, we also aim to maintain our annual ongoing investments on the order of 3.5% of net consolidated revenues during the 2012-2016 period.

The data, assumptions and estimates set forth herein may change as a result of uncertainties related to, among other things, our economic, financial, competitive or regulatory environment or as a result of other factors of which we may be unaware as of the date of this Information Document. In addition, the occurrence of one or more of the risks described in “Risk Factors” could negatively affect our business, income, financial situation or prospects, and hence undermine our ability to meet the objections set forth in this section. Furthermore, the estimates expressed above are based on the assumed success of our strategy as presented in “Business—Strategy”. Therefore, we can give no assurances or provide any guarantee that the objectives set forth above will be met, and we do not undertake to publish corrections or communicate updates to this information in the future.
RISK MANAGEMENT

Organization of Internal Controls and Risk Management

Objectives

We consider risk management and internal control to be closely linked. Our risk-management plans use a variety of methods, procedures and actions in order to:

- identify, analyze and control risks that could have a material effect on assets, results, operations or objectives of the business, including those of an operational, commercial, legal or financial nature, and those relating to compliance with laws and regulations; and

- ensure operational efficiency and the efficient use of resources.

Organizational Framework

The Group’s risk management and internal control process is run by our Audit and Internal Control Department.

We rely on local managers in the various countries to limit exposure to risks relating to the activities that they perform or supervise.

Internal Control and Risk Management Plans

The Group’s principles and values with respect to internal control and risk management are embedded in the following core documents:

- our Code of Ethics and policies on anti-trust compliance and corruption prevention;

- our internal control manual, Tarkett Risks and Controls Evaluations (“TRACE”), which sets standards for each process (other than industrial processes) and constitutes a common reference for all of our subsidiaries’ management; and

- our various function-specific internal procedures.

The risk management process is organized around three principles:

- mapping of risks and their corresponding action plans at the Group level;

- process-specific risk management (other than for industrial processes) within each Group entity, for which an annual self-evaluation of controls is carried out by all of our entities; and

- independent audit of our subsidiaries’ financial processes and certain Group-wide risks by the Audit and Internal Control Department.

Our risk map is created using the following procedures. First, the Audit and Internal Control Department, supported by outside experts, interviews members of the Executive Committee and key employees holding strategic positions at the Group level and in the divisions in order to identify risks within their areas. The Audit and Internal Control Department then creates a synthesis of the main risks, specifying their definition, frequency, impacts (such as financial, human, legal or reputational), and the degree to which they are controlled. The relevant departments prepare action plans based on the primary risks identified. The map of risks and action plans is then reviewed and approved by the Executive Committee and presented to the Supervisory Board’s Audit Committee.
The action plans are implemented by local managers under the responsibility of divisional or functional management. The risk management plan is monitored and reviewed regularly. Monitoring enables us to continually improve the process.

Management of Significant Risks

The table below presents the most significant risks to which the Group is exposed and how such risks are managed. For detailed information on the risks to which we are exposed, see “Risk Factors”.

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk Management</th>
</tr>
</thead>
</table>
| Risks relating to economic cycles  | Our policy is to diversify in order to achieve balance among the various markets where we do business. We are present in:  
• several geographic regions;  
• several product categories;  
• both the commercial and the residential markets; and  
• the renovation market, which is less sensitive to economic cycles than the new construction market. |
| Risks relating to raw materials     |  
• We develop preferred and sustainable relationships with our suppliers.  
• We develop production processes that give us flexibility and reduce our dependence on certain types of PVC suppliers.  
• We try to reflect increases in the price of raw materials in our product prices as rapidly as possible. |
| Foreign exchange risks              |  
• We have located our production facilities close to markets in which we sell our products, and we pay our production costs in local currency.  
• We regularly adjust product prices in certain markets to account for changes in exchange rates, in particular between the ruble and the euro.  
• Where possible, we use short-term hedging for certain currencies. |
| Risks relating to defective products|  
• We have put in place a testing and approval process for developing new products and changing the formulation of existing products, as well as a process for the approval of new components.  
• This risk is covered by specific insurance. |

Compliance Procedures

In order to comply with all applicable laws and regulations, we have developed compliance procedures with respect to anti-trust laws and corruption risk.

Compliance with Antitrust Laws

Our goal is to preserve dynamic, healthy and fair competition. To that effect, in 2011 we instituted an antitrust law compliance program, piloted by our legal department and outside experts. This program is intended to ensure strict compliance by our employees with competition laws, regulations and rules.

This program is deployed in a consistent and continuous manner, on a worldwide basis, through numerous events promoting sensitivity to competition issues. It is applicable in all of the countries where we operate and covers all of our activities, including where such activities are carried out through joint ventures.

Local legal departments participate actively in verifying that local competition regulations are followed in each of the geographic regions where we operate.
Prevention of Corruption and Fraud

The prevention of corruption and fraud is one of our major priorities as it is for all of our employees. Given the diversity of contexts in the geographic regions in which we operate and the significance of investments made, we are particularly vigilant against the risks of corruption and fraud. Although the large majority of our customers in the most sensitive countries operate in the private sector, where corruption is less present than in the public sector, the Group is not immune from a potential instance of corruption.

In 2012, supervised by our legal department and with the cooperation of the local legal departments, we launched a specific action plan to fight corruption. In connection with this action plan, we have put in place anti-corruption policies, presented in-person and electronic anti-corruption training and issued guidelines covering the delivery and receipt of gifts and relationships with intermediaries.

The fight against fraud is carried out as part of our financial and internal control processes and verifications are carried out by the Audit and Internal Control Department. To that effect, fraud prevention and detection guidelines have been distributed to raise awareness of these issues.

Insurance and Coverage of Risks

Our policy with respect to insurance is coordinated by our legal department, responsible for identifying the main insurable risks and quantifying their potential consequences. This policy has the following objectives:

- limit certain risks by recommending preventive measures in cooperation with our other departments; or
- choose to cover risks of an exceptional nature through insurance, including risks with high potential magnitude, and low frequency.

In connection with the insurance program, we actively mitigate industrial risks, by collaborating with FM Global, our property and casualty insurer, which provides expertise in engineering and fire prevention.

Each of our subsidiaries is responsible for providing our legal department with the necessary information to identify and quantify insured or insurable risks at the Group level, and for implementing the proper methods to ensure business continuity if an event occurs. On these bases, the legal department negotiates with the major insurance and reinsurance providers to put in place optimal insurance coverage for our risk-coverage needs.

The Group’s local subsidiaries also enter into local insurance policies to cover risks suited to local coverage, such as automobile insurance.

We purchase insurance coverage based on reasonable estimates of probable liability resulting from tort, property-casualty and other risks. This evaluation takes into account the analyses of insurance companies as the risk subscribers. We do not insure against risks for which there is no coverage available on the insurance market, for which the cost of insurance is disproportionately high compared with the potential benefit, or for which we believe the risk does not require insurance coverage.

Our insurance programs generally take the form of master policies. These are complemented by local policies in certain countries where having only master policies is not permitted. The master insurance policies apply to our overall operations, complementing local policies (difference-in-conditions / difference-in-limits, or “DIC DIL”) if the coverage in question proves insufficient or does
not cover the event. The local policies are also entered into to take into account local legislative specificities or constraints in the country or countries in question. The Group also has captive insurance companies, enabling us to reduce the premiums paid to insurers and thus to reduce our insurance costs.

The Group’s insurance policies contain exclusions, caps and deductibles that could expose us to unfavorable consequences in the event of a significant event or legal action against us. Moreover, we may be required to pay indemnification that is not covered by our insurance policies or to incur significant expenses that may not be covered, or may be insufficiently covered, under our insurance policies.

The Group’s primary insurance policies, entered into with insurance companies of international reputation, are the following:

- general civil liability insurance, which includes operational liability coverage and product liability coverage (maximum coverage amount of €60 million). Professional civil liability insurance is also included in this policy, and is subject to a specific limit. General civil liability insurance covers all damages caused to third-parties, such as bodily, tangible and intangible damages;
- property-casualty and business interruption insurance (maximum combined coverage of €400 million): all of the Group’s facilities are covered by this policy if and to the extent that levels of coverage for local sites are exceeded;
- director and officer liability insurance;
- environmental liability insurance; and
- transport insurance, covering inventory and inventory in transit.
MANAGEMENT AND EMPLOYEES

In accordance with French law applicable to a société anonyme à directoire et conseil de surveillance, Tarkett has a two-tier management structure pursuant to which its day-to-day affairs are managed by a Management Board (directoire) under the general supervision of, and whose members are selected by, a Supervisory Board (conseil de surveillance), the members of which are elected by its shareholders.

Statement Relating to Corporate Governance

The Company intends to adhere to the Corporate Governance Code for Listed Companies of the MEDEF and AFEP (the “AFEP-MEDEF Code”) following its proposed initial public offering, except with respect to certain payments due to Mr. Giannuzzi upon his departure under certain circumstances (as discussed under “—Payments or Other Benefits Due Upon Termination (Following the Proposed IPO)” below) and with respect to the number of independent members on its Nominations and Compensation Committee (half of this Committee’s members are currently independent, whereas the AFEP-MEDEF Code recommends a majority of independent members).

Management Board

Tarkett’s day-to-day affairs are managed by a Management Board, whose members are selected by the Supervisory Board. The number of members of the Management Board is determined by the Supervisory Board, subject to applicable legal limits. There are currently three members of the Management Board.

The following table sets forth information about the members of Tarkett’s Management Board.

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Nationality</th>
<th>Date of first appointment</th>
<th>Expiration of mandate</th>
<th>Principal position within Tarkett</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michel Giannuzzi</td>
<td>49</td>
<td>French</td>
<td>September 7, 2007</td>
<td>May 29, 2014(1)</td>
<td>Chairman of the Management Board</td>
</tr>
<tr>
<td>Fabrice Barthélemy</td>
<td>45</td>
<td>French</td>
<td>May 23, 2008</td>
<td>May 29, 2014(1)</td>
<td>Member of the Management Board and Chief Financial Officer</td>
</tr>
<tr>
<td>Vincent Lecerf</td>
<td>49</td>
<td>French</td>
<td>May 23, 2008</td>
<td>May 29, 2014(1)</td>
<td>Member of the Management Board and Executive Vice President of Human Resources</td>
</tr>
</tbody>
</table>

(1) The Management Board is expected to be reelected for a period of three years upon the Company’s proposed initial public offering.

Michel Giannuzzi was appointed Chief Executive Officer of Tarkett in September 2007. He has spent his entire career in various industries, beginning in 1988 with Michelin. From his initial diverse industrial responsibilities in France and the United Kingdom, he went on to manage a tire production unit using very innovative technologies before taking on the responsibility of re-engineering the supply chain in Europe and becoming CEO of Michelin Japan. In 2001, he joined the Valeo Group as Vice President and member of the Executive Committee, successively in charge of the global Electrical Systems and Wiper Systems businesses. Mr. Giannuzzi is a graduate of Ecole Polytechnique and Harvard Business School.

Fabrice Barthélemy joined Tarkett as Chief Financial Officer in 2008. He started his career as an industrial controller with Safran and joined Valeo in 1995 as financial controller of a division in the United Kingdom. From 2000 to 2003, he helped turn around Valeo’s Lighting Division in France, then becoming financial director of Valeo Connective Systems and, subsequently, financial director of Valeo Wiper Systems. Mr. Barthélemy is a graduate of ESCP-Europe.

Vincent Lecerf joined Tarkett in 2008. Mr. Lecerf has spent most of his professional career in human resources management. Before joining Tarkett, he was director of human resources of the Norbert Dentressangle group. Prior to that, Mr. Lecerf held various human resources roles within
companies such as Rhodia, Poclain, Hydraulics and Valeo. Mr. Lecerf is a graduate of EDHEC and has a post-graduate diploma in organizational sociology from Paris Dauphine.

**Supervisory Board**

The Supervisory Board oversees the Management Board’s management of Tarkett. The Supervisory Board currently has seven members.

The following table sets forth information about the members of Tarkett’s Supervisory Board.

<table>
<thead>
<tr>
<th>Name</th>
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<th>Date of first appointment</th>
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<th>Other positions or mandates held within the past five years (other than those held in a subsidiary of Tarkett)</th>
</tr>
</thead>
</table>
| Sonia Bonnet- Bernard     | 51  | French      | July 12, 2011             | 2015 annual shareholders’ meeting | Member of the Supervisory Board                      | Chairwoman of Audit Committee  
|                           |     |             |                           |                                      |                                                        | Independent Member  
|                           |     |             |                           |                                      |                                                        | Current mandates:  
|                           |     |             |                           |                                      |                                                        | -Managing Partner, Ricol Lasteyrie (France)  
|                           |     |             |                           |                                      |                                                        | -Vice President, Société Française des Évaluateurs (France)  
|                           |     |             |                           |                                      |                                                        | -Board Member, IMA France (France)  
|                           |     |             |                           |                                      |                                                        | -Member, Collège de l’Autorité des normes comptables (France)  
|                           |     |             |                           |                                      |                                                        | Mandates no longer held:  
|                           |     |             |                           |                                      |                                                        | None.  
| Bernard-André Deconinck*  | 69  | French      | January 10, 2007          | 2015 annual shareholders’ meeting | Member of the Supervisory Board                      | Current mandates:  
|                           |     |             |                           |                                      |                                                        | -Member of Management Board and Chairman, Société d’Investissement Familiale (SIF) (France)  
|                           |     |             |                           |                                      |                                                        | -Co-manager, Société Investissement Deconinck (S.I.D.) (France)  
|                           |     |             |                           |                                      |                                                        | -Co-manager, Heritage Fund SPRL (Belgique)  
|                           |     |             |                           |                                      |                                                        | -Gérant, Société Val Duchesse SPRL (Belgique)  
|                           |     |             |                           |                                      |                                                        | Mandates no longer held:  
|                           |     |             |                           |                                      |                                                        | None.  
| Didier Deconinck*......... | 66  | French      | January 2, 2001           | 2014 annual shareholders’ meeting | Chairman and Member of the Supervisory Board        | Current mandates:  
|                           |     |             |                           |                                      |                                                        | -Member of Management Board and Chairman, Société d’Investissement Familiale (SIF) (France)  
|                           |     |             |                           |                                      |                                                        | -Member, Management Committee, Société Investissement Deconinck (S.I.D.) (France)  
|                           |     |             |                           |                                      |                                                        | -Manager, DDA (France)  
|                           |     |             |                           |                                      |                                                        | -Permanent Representative of DDA (France) on the Supervisory Board of Holding PE (France), Chairman of Supervisory Board and Nominations and Remuneration Committees  
|                           |     |             |                           |                                      |                                                        | -CEO, SAS Monin (France)  
|                           |     |             |                           |                                      |                                                        | -Board Member, Musée de l’Armée (France)  
|                           |     |             |                           |                                      |                                                        | Mandates no longer held:  
|                           |     |             |                           |                                      |                                                        | None.  
| Eric Deconinck*........... | 65  | French      | January 2, 2001           | 2015 annual shareholders’ meeting | Member of the Supervisory Board                      | Current mandates:  
|                           |     |             |                           |                                      |                                                        | -Member of Management Board and Chairman, Société d’Investissement Familiale (SIF) (France)  
|                           |     |             |                           |                                      |                                                        | -Co-manager, Société Investissement Deconinck (S.I.D.)  
|                           |     |             |                           |                                      |                                                        | -Chairman, Demunich (France)  
|                           |     |             |                           |                                      |                                                        | -Representative of Demunich within SO ACTIVE (France)  
|                           |     |             |                           |                                      |                                                        | Mandates no longer held:  
|                           |     |             |                           |                                      |                                                        | -Board Member, Attractive (France)  
|                           |     |             |                           |                                      |                                                        | -Chairman, Marketing & Business (taken over by Demunich (France))  


<table>
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</tr>
</thead>
</table>
| Jacques Garaïalde ....      | 57  | French      | January 10, 2007          | 2015 annual shareholders’ meeting | Vice President and Member of the Supervisory Board | -Chairman of Management Board, Société d’Investissement Familiale (SIF) (France)  
-Board Member, KKR Flooring COMP (Luxembourg)  
-Board Member, Visma AS (Norway)  
-Board Member, SMCP SAS (France) |
| Josselin de Roquemaurel ....| 37  | French      | May 26, 2010              | 2015 annual shareholders’ meeting | Member of the Supervisory Board | Current mandates:  
-Member of Management Board, Société d’Investissement Familiale (SIF) (France)  
-Chairman, Partholdi (France)  
-Representative, Société d’Investissement Familiale (SIF) (France)  
-Board Member, Acteon Group Limited (Royaume-Uni) |
| Alain Vourch ............... | 46  | French      | June 17, 2009             | 2015 annual shareholders’ meeting | Member of the Supervisory Board | Current mandates:  
-Board Member, Maxeda DIY (Pays-Bas) |

* Messrs. Bernard-André Deconinck, Didier Deconinck and Eric Deconinck are brothers.

**Supervisory Board Composition Following Proposed Listing**

In connection with the proposed listing of Tarkett’s shares on NYSE Euronext Paris, the Company expects to nominate Françoise Leroy and Gérard Buffière as independent members of the Supervisory Board, with effect as of the listing date. Following the listing, one-third of the Company’s Supervisory Board members will be independent.

The following table sets forth information about the proposed independent members of Tarkett’s Supervisory Board.

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
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</tr>
</thead>
</table>
| Gérard Buffière ....        | 68  | French      | Shareholders’ meeting organized to approve the listing of Tarkett’s shares on NYSE Euronext Paris | Member of the Supervisory Board | Current mandates:  
-Board Member, (France)  
-Board Member, Supervisory Board, Wendel (France)  
-Chairman, GyB-Industries (France)  
-Chairman, Société Industrielle du Parc (France) |

Mandates no longer held:  
None.
<table>
<thead>
<tr>
<th>Name</th>
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<th>Principal position within Tarkett</th>
<th>Other positions or mandates held within the past five years (other than those held in a subsidiary of Tarkett)</th>
<th>Current mandates:</th>
</tr>
</thead>
</table>
| Françoise Leroy      | 61  | French      | Shareholders’ meeting organized to approve the listing of Tarkett’s shares on NYSE Euronext Paris | Member of the Supervisory Board | - Chairwoman of the Board, Bostik Holding SA (France)  
- CEO, Bostik Holding SA (France)  
- Board Member, Bostik Holding SA (France)  
- Chairwoman of the Board, Elf Aquitaine Fertilisants (France)  
- CEO, Elf Aquitaine Fertilisants (France)  
- Board Member, Elf Aquitaine Fertilisants (France)  
- Member, Supervisory Board, Atotech BV (Pays-Bas)  
- Board Member, Société Chimique de Oissel (France)  
- Board Member, Bostik SA (France)  
- Board Member, Hutchinson SA (France)  
- Board Member, Grande Paroisse SA (France)  
- Board Member, GPN (France)  
- CEO, Total Raffinage Chimie (France)  
- Board Member, Elf Aquitaine (France)  
- Board Member, Cray Valley SA (France)  
- Board Member, Financière Elysées Balzac SA (France)  
- Board Member, Total Petrochemicals France (France)  
- Board Member, Total Petrochemicals Arzew (France)  
- Board Member, Rosier SA (Belgique) |
| Jean-Philippe Delsol  | 63  | French      | Shareholders’ meeting organized to approve the listing of Tarkett’s shares on NYSE Euronext Paris | Member of the Supervisory Board | - Partner, SELARL DELSOL Law Firm (France)  
- Board Member, Institut de Recherches Economiques et Fiscales (IREF) (France) |
| Eric La Bonnardière* | 32  | French      | Shareholders’ meeting organized to approve the listing of Tarkett’s shares on NYSE Euronext Paris | Non-Voting Observer | - Chairman and CEO, Evaneos SA (France) |

* Mr. La Bonnardière is the nephew of Messrs. Bernard-André Deconinck, Didier Deconinck and Eric Deconinck.

Sonia Bonnet-Bernard has been a managing partner of Ricol Lasteyrie, an independent financial advisory and corporate valuation firm, since 1998. She began her career as an auditor for the firm Salustro, and then continued on to Leon Constantin in New York. After having managed the International Section of the Conseil Supérieur de l’Ordre des Experts Comptables (the French National Association of Chartered Accountants) for seven years, she joined the Arnaud Bertrand Committee (which became the Financial Markets Department of the French Professional Auditors Body, also known as the “CNCC”) where she coordinated the technical accounting and professional policy positions of the major international audit networks. Ms. Bonnet-Bernard has been a member of the Board of Autorité des Normes Comptables (the former CNCC) since 1998 and has actively participated in its efforts since 1990. She is the Vice President of the Société Française des Évaluateurs (SFEV), a member of the Association Professionnelle des Experts Indépendants (APEI) and a director of IMA France. Born in 1962, Ms. Bonnet-Bernard is a French certified accountant (Expert Comptable) and holds an M.A. from the University of Paris IX Dauphine in accounting and
finance. She was a lecturer at the University of Paris IX Dauphine and at IAE of Poitiers from 1986 to 1994.

_Gérard Buffière_ is a director of Imerys, a member of the supervisory board of Wendel and a senior adviser of the Sagard et Ergon Capital Partners fund. He also manages Société Industrielle du Parc and GyB-Industries, which he founded. Mr. Buffière began his career in 1969 in the mergers and acquisitions department of Banexi before joining Otis Elevator in 1974. In 1979, he was appointed as CEO of the Electricity Control division of Schlumberger, and then, in 1989, as Chairman of the Electronic Transactions division. From 1996 until late 1997, he acted as CEO of the Industrial Equipment branch of Cegelec. In early 1998, he joined Imetal, which then became Imerys, as a member of the management board responsible for the Materials and Construction and the Minerals for Ceramics divisions, and then, in 2000, the Pigments and Additives division. In 2002, he became the Chairman of the management board of Imerys, and was then appointed as CEO upon the change in the group’s structure in 2005, a position which he held until 2011. Born in 1945, Mr. Buffière holds a degree from the École Polytechnique as well as a Master of Science from the Stanford University.

_Bernard-André Deconinck_ is a member of the Supervisory Board and a member of the executive board of Société d’Investissement Familiale, the holding company that controls Tarkett. He began his career with the Group in 1969 as an engineer, then held positions in operational management (factories and divisions), then in purchasing, investing, style, research and Group development. Born in 1944, Mr. Deconinck holds a degree from the École Centrale de Paris.

_Didier Deconinck_ has been President of the Supervisory Board and General Manager of Société d’Investissement Familiale, the holding company that controls Tarkett, since 2005. He is also the Vice President and General Manager of Monin, a French hardware manufacturer for the building and industrial sectors, which he also co-founded. From 1979 to 1984, Mr. Deconinck was the General Manager of Allibert-Mobilier-de-Jardin, a garden furniture manufacturer. He then became General Manager of the Video division of Thompson and Executive Director of its German holding company DAGFU until 1987, then, until 1990, of Domco, a company traded on the Toronto Stock Exchange and the first Canadian flooring manufacturer. Mr. Deconinck is also a director of the Conseil International de la Chasse et de la Faune Sauvage and the Musée de l’Armée. Born in 1947, Mr. Deconinck holds an engineering degree from École Polytechnique de Zurich, and has received additional training in marketing at the Wharton Business School and in finance at INSEAD.

_Eric Deconinck_ is a member of the Supervisory Board and a member of the executive board of Société d’Investissement Familiale, the holding company that controls Tarkett. At Sommer Allibert, he was General Manager of the subsidiary Sommer Brésil from 1976 to 1981, and then President of Allibert Habitat from 1993 to 1997. Mr. Deconinck began his career with Publicis and then worked as a budget manager for Euro-Advertising from 1972 to 1976. He subsequently joined L’Oréal, where he was General Manager of Garnier from 1981 to 1985 and then General Manager of Lancôme from 1985 to 1988. He then joined LVMH as President of Christian Lacroix from 1990 to 1991. He founded and developed the consulting firm Marketing and Business from 1998 to 2013. Born in 1948, Mr. Deconinck holds a degree from the École Supérieure de Commerce de Lyon and served in the military as a part of the Chasseurs Alpins.

_Jean-Philippe Delsol_ has provided legal and tax advice for over thirty years, focusing on large family-owned companies. Born in 1950, Mr. Delsol holds degrees in literature and law.

_Jacques Garaialde_ has been a partner of Kohlberg Kravis Roberts & Co. since 2003. Before joining Kohlberg Kravis Roberts & Co., Mr. Garaialde was a partner of Carlyle responsible for European Venture Partner funds. Between 1982 and 2000, he worked for the Boston Consulting Group, serving as Senior Vice President responsible for Belgium (from 1992 to 1995) and then France and Belgium (from 1995 to 2000). Between 1979 and 1981, he held various positions with Esso France. Mr. Garaialde is also a director of KKR Flooring COMP, Visma AS and SMCP SAS. He is also President of the École Polytechnique Charitable Trust and a member of the board of directors of
the Fondation École Polytechnique. Born in 1956, Mr. Garaialde holds an M.B.A from INSEAD and is a former student of the École Polytechnique.

Eric La Bonnardière began his career in 2006 as a consultant for the strategic consulting firm Advancy where he focused on projects relating to industries and distribution. In 2009, he cofounded Evaneos.com, and he is currently its Chairman and Chief Executive Officer. Evaneos.com, a website focusing on travel and leisure, has generated €20 million in business since its creation, with an average annual growth rate of 100% since its founding. Born in 1981, Mr. La Bonnardière holds degrees from Supélec and HEC.

Françoise Leroy began her career in 1975 as secretary general of the Union Industrielle d’Entreprise. She joined Elf Aquitaine in 1982, where she held various positions in financial management. In 1998, she became the director of financial communications, and then, in 2001, she became director of chemical subsidiaries operations in the finance department of Total following its merger with Elf Aquitaine. She has also been the secretary general of Total’s Chemical division since 2004 and a member of its steering committee since 2006. Ms. Leroy served as director of acquisitions and divestitures from January 9, 2012 until June 2013. Born in 1952, Mrs. Leroy holds a degree from the École Supérieure de Commerce et d’Administration des Entreprises de Reims.

Joselin de Roquemaurel is a manager of Kohlberg Kravis Roberts & Co. (with the company since 2005), where he has been an investment manager in various European companies. From 2001 to 2005, he was employed with JPMorgan & Co. as an analyst and then as an associate in the investment banking department. Born in 1976, Mr. de Roquemaurel is also a director of Acteon Group Ltd (United Kingdom). Mr. de Roquemaurel is a former student of the École Normale Supérieure de Fontenay/Saint-Cloud, and holds a degree from HEC.

Alain Vourch has been a part of the KKR operational team in Europe since 2004. He has extensive experience in distribution sectors and supports the development of various KKR interests, including Maxeda (Benelux), Pets at Home (United Kingdom), SMCP (France), Mehilainen (Finland). Prior to KKR, Alain Vourch worked for the Boston Consulting Group, in Paris and London, with a large part of his consulting activities in consumer goods and services. He also assisted with the revival of L’argus’ automotive online activities. Born in 1967, Mr. Vourch holds degrees from the École Polytechnique and from the École des Mines de Paris.

Key Decisions of Management Board

Decisions regarding certain matters of business of the Management Board require prior approval of the Company’s Supervisory Board (which we refer to herein as the “Key Decisions”). These Key Decisions are summarized below:

- grants by any company of the Group of guarantees that exceed an annual aggregate threshold set by the Supervisory Board (although guarantees granted above such threshold will be deemed valid in respect of third parties acting in good faith);

- transactions that result in a significant change in the primary business of the Group (flooring and sports surfaces) (although pursuing incidental new activities does not require the Supervisory Board’s prior authorization, unless it is a Key Decision as well);

- provided that it exceeds a certain threshold (either global or per transaction type) set by the Supervisory Board (or failing that, by the internal rules of the Supervisory Board), the acquisition or sale (and generally any transfer of ownership or investment) or collateralization of any asset of the Group as part of a project, such as asset contributions governed by the rules applicable to spin-offs, mergers, corporate restructurings (either internal or involving a third party);
• listing shares of any Group company (apart from the Company) on a securities exchange;

• entering into any loan whose nominal amount (i) exceeds a certain threshold set by the Supervisory Board (or failing that, by the internal rules of the Supervisory Board) or (ii) results in an increase of the aggregate nominal amount of loans above the maximum global amount (in principal) authorized by the Supervisory Board for the applicable period (or failing that, by the internal rules of the Supervisory Board), as well as any material modification thereto;

• decisions pertaining to, or resulting in, amendments to the Company’s by-laws and those of any Group company (i) whose assets’ book value is greater than a certain threshold set forth in the internal rules of the Supervisory Board or (ii) that owns assets of strategic value for the Group, insofar as such modifications alter the rights of the Group company that controls such subsidiary;

• approving joint venture agreements or agreements for other significant partnerships (i.e., those that involve asset contributions by any entity of the Group (including when made by way of a cash payment or of set-off) that exceed a certain threshold set by the internal rules of the Supervisory Board);

• any material change in the accounting principles applied by the Company in preparing its consolidated financial statements (annual or interim), apart from changes required under IAS or IFRS;

• adopting the Group’s annual budget and any significant changes thereto;

• adopting the Group’s strategic medium- or long-term plan as well as the annual update thereof (together with the annual budget);

• the inscription on the shareholders’ meeting agenda and the exercise of delegations granted by the shareholders’ meeting relating to the issuance of shares or other equity-linked securities (or to another Group company) to the benefit of a non-Tarkett related party;

• any acquisition or sale (and generally any transfer of ownership) of derivatives, foreign exchange contracts, swaps, option agreements or any other speculative financial instrument except when made (i) for the Group’s hedging purposes or (ii) as part of a buy-back program relating to the Company’s shares;

• implementing any bankruptcy proceeding of a Group company (i) whose number of employees exceeds a certain number set by the internal rules of the Supervisory Board or (ii) with assets of strategic value for the Group (insofar as these modifications affect the rights of the Group company that controls such subsidiary).

• any loan granted by the Group to a third-party (apart from customer advances, employee advances and any loan granted in the ordinary course of business);

• recruiting or dismissing the Group’s senior executives defined under the internal rules of the Supervisory Board, or any significant change to their compensation (including pension plans or specific departure conditions);

• implementing or amending the management incentive plan (including any share or bonus incentive plan);
• creating or amending any stock option plan or share award plan relating to shares of the Company or any Group company (or any similar securities) for the benefit of executives or employees of the Group, or of any category of them;

• entering into or modifying any significant collective bargaining agreement, pension plan or redundancy plan that exceeds a certain number of employees set by the internal rules of the Supervisory Board;

• initiating, stopping or settling any dispute or litigation (including any tax-related dispute) or waiving certain claims that exceed in each case a certain threshold set by the internal rules of the Supervisory Board;

• appointing, re-nominating or revoking the Company’s statutory auditors; and

• any grants, corporate sponsorships and other type of donation that exceeds €100,000.

**Executive Committee**

Tarkett’s Executive Committee meets on a monthly basis to evaluate the Group’s financial and operational performance and discuss strategic and operational initiatives. The members of Tarkett’s Executive Committee are as follows:

Michel Giannuzzi ....................... Chief Executive Officer
Fabrice Barthélemy ...................... Chief Financial Officer
Vincent Lecerf .......................... Executive Vice President, Group Human Resources
Antoine Prévost .......................... Executive Vice President, Operations
Stéphanie Couture ...................... Group General Counsel
Anne-Christine Ayed .................... Executive Vice President, Research, Innovation and Environment
Remco Teulings ......................... President, Tarkett EMEA
Slavoljub Martinovic ................... President, Tarkett Eastern Europe
Jeff Buttitta ............................. President, Tarkett North America
Eric Daliere .............................. President, Tarkett Sports

*Antoine Prévost*, 43, French, is the Director of Operations, a position he has held since 2011. He held different managerial positions with Vallourec between 1995 and 2011. He holds a degree from the École Nationale Supérieure des Mines de Paris.

*Stéphanie Couture*, 44, Canadian, is the Group General Counsel and has been with the Group since 2000. She was previously a lawyer in the civil and administrative courts of Canada and was in-house counsel for Unibroue. She holds a degree from the University of Montréal and has been a member of the Quebec bar since 1993.

*Anne-Christine Ayed*, 52, French-Canadian, is the Director of Research Innovation & Environment, a position she has held since 2009. Previously, she held various managerial and R&D positions with Dow Chemicals in Switzerland, Germany and the United States. She has a doctorate in polymer chemistry.

*Remco Teulings*, 43, Dutch, has been president of the EMEA division since December 2012. He was the Marketing Director, and then the General Manager of Central Europe for Knauf Insulation from 2006 to 2012. He received a Masters in sociology from the University of Amsterdam, a Bachelor’s degree in economics and an M.B.A from the Asian Institute of Technology.

*Slavoljub Martinovic*, 43, Serbian, has been President of the Group’s Eastern Europe division since January 2013. Previously, he worked for Sintelon from 1996 until its acquisition by the Group in 2002. He holds a degree from the Novi Sad Technological Faculty.
Jeff Buttitta, 66, American, is the President of the Group’s North America division. Previously, he was the General Manager of Johnsonite from 1990 until its acquisition by the Group in 2005. He holds an accounting degree from Baldwin Wallace College (United States).

Eric Daliere, 46, American, has been the President of the Tarkett Sports division since 2009. Previously, he spent ten years working on complex projects for KKR Capstone, after having started with the Boston Consulting Group. He received an M.B.A from the J.L. Kellogg School of Management of Northwestern University.

Supervisory Board Committees

Audit Committee

The Company’s Supervisory Board has established an Audit Committee and set the following rules for its internal governance.

Composition

Members of the Audit Committee are appointed for a period coinciding with their appointment as a member of the Supervisory Board. When selecting members of the Audit Committee, particular consideration is given to their competence in the areas of finance and accounting.

Based on its internal rules, the Audit Committee is required to have between two and four members, at least two of whom (including the Chairman) must be independent. The current members of the Audit Committee are Sonia Bonnet-Bernard (Chairwoman), Josselin de Roquemaurel, Raymond Montoya and Bernard-André Deconinck. The future composition of the Committee shall be decided by the Company’s Supervisory Board at a later date.

Duties

The Audit Committee is responsible for monitoring the preparation and auditing of accounting and financial information, as well as for ensuring the efficiency of risk-monitoring and internal control procedures to facilitate the Supervisory Board’s review and approval thereof.

Accordingly, the Audit Committee’s internal rules set out its main responsibilities as follows:

• monitoring the preparation of financial information (in particular, annual or interim reports and consolidated financial statements);

• monitoring internal control, internal audit and risk management systems relating to financial and accounting information;

• monitoring the review of the individual company and consolidated financial statements by the Company’s statutory auditors; and

• monitoring the independence of the statutory auditors.

The Audit Committee regularly reports to the Supervisory Board.

Practices

The Audit Committee may conduct meetings in person or via video or telephone conference, so long as at least half of its members are present. The Audit Committee makes recommendations to the Supervisory Board, indicating the number of votes a particular matter of business has received.
The Audit Committee meets as often as necessary and, in any event, at least twice a year in connection with the Group’s preparation of annual and interim financial statements. The Audit Committee’s meetings are held prior to the meeting of the Supervisory Board and, to the extent possible, are held at least two days prior when the agenda includes approval of interim or annual financial statements.

The Audit Committee met three times during 2012 and has met three times thus far in 2013. In 2013, the Audit Committee’s work has focused principally on reviewing (i) the Group’s 2012 annual consolidated financial statements, (ii) the Group’s interim condensed consolidated financial statements for the six months ended June 30, 2013, (iii) the 2013 audit plan, (iv) specific line items including operating income, exceptional items, financial and tax income, the Group’s balance sheet, cash flows and the Group’s indebtedness and (v) the Group’s annual risk mapping exercise.

In 2012, the work of the Audit Committee focused mainly on reviewing (i) the Group’s 2011 annual consolidated financial statements, (ii) reviewing the Group’s the interim condensed consolidated financial statements for the six months ended June 30, 2012, (iii) specific line items including operating income, exceptional items, financial and tax income, the Group’s balance sheet, cash flows and the Group’s indebtedness, (iv) changes in scope of consolidation, (v) internal control and audit procedures, (vi) changes in the Group’s tax exposure in 2011, (vii) the 2012 audit plan, (viii) the Group’s annual risk mapping exercise, (ix) evaluating the risk of non-compliant products, (x) tax liabilities and (xi) pensions and other employee commitments.

Audit Committee attendance was 100% in 2013 and 92% in 2012.

**Nominations and Compensation Committee**

The Company’s Supervisory Board has established a Nominations and Compensation Committee and set the following rules for its internal governance:

**Composition**

The Nominations and Compensation Committee members are appointed for a period coinciding with their appointment as a member of the Supervisory Board. When selecting members of the Nominations and Compensation Committee, particular consideration is given to the independence of members, as well as their competence in the selection and remuneration of senior executives and company officers for listed companies.

Based on its rules of procedure, the Nominations and Compensation Committee is required to have between two and four members, at least two of whom (including the Chairman) must be independent from the Supervisory Board. The current members of the Nominations and Compensation Committee are Jacques Garaille (Chairman), Josselin de Roquemaurel, Didier Deconinck and Bernard-André Deconinck. The future composition of the Committee will be decided by the Company’s Supervisory Board after the Company’s shares have been admitted to trading on Euronext Paris.

**Duties**

The Nominations and Compensation Committee is a specialized committee of the Supervisory Board whose main function is to assist the Supervisory Board in appointing members of the executive committees of the Company and the Group, as well as in determining and regularly reviewing the compensation and benefits awarded to the Company executive management, including any deferred benefits and/or voluntary or compulsory redundancy payments awarded by the Group.

Accordingly, it carries out the following functions:
• proposing the appointment of independent members of the Supervisory Board, of the Management Board and of the Supervisory Board’s committees, and examining and assessing the application of non-independent members’ to the Supervisory Board;

• conducting an annual assessment of the independence of the Supervisory Board members;

• examining and proposing all aspects of and conditions to the remuneration of principal senior executives and the Group’s executive management;

• reviewing and making proposals to the Supervisory Board with respect to attendance fees; and

• any exceptional compensation relating to missions given by the Supervisory Board to any of its members outside the ordinary course of business.

Practices

The Nominations and Compensation Committee may conduct meetings in person or via video or telephone conference, so long as at least half of its members are present. The Nominations and Compensation Committee makes recommendations to the Supervisory Board, indicating the number of votes a particular matter of business has received.

The Nominations and Compensation Committee meets as often as necessary and, in any event, at least once a year prior to the Supervisory Board’s meeting on its members’ independence and in advance of any Supervisory Board meeting during which matters of Management Board compensation or Supervisory Board attendance fees are to be decided.

The Nominations and Compensation Committee met two times during 2012 and has met two times thus far in 2013. In 2013, the Nominations and Compensation Committee’s work has focused principally on (i) the development of management teams within the Group, (ii) the performance of managers, (iii) the achievement of economic objectives for managers and (iv) changes in compensation.

Nominations and Compensation Committee attendance was 100% in 2013 and 100% in 2012.

Management Board Compensation

Overview

The following table sets forth the compensation received by the members of the Management Board in 2011 and 2012.

<table>
<thead>
<tr>
<th>(in euros)</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Michel Giannuzzi, Chairman of the Management Board</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation due during the fiscal year</td>
<td>839,411</td>
<td>1,754,458</td>
</tr>
<tr>
<td>Value of options granted during the fiscal year</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Value of shares granted during the fiscal year</td>
<td>378,000</td>
<td>573,300</td>
</tr>
<tr>
<td>Total</td>
<td>1,217,411</td>
<td>2,327,758</td>
</tr>
<tr>
<td><strong>Fabrice Barthélemy, member of the Management Board</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation due during the fiscal year</td>
<td>327,611</td>
<td>516,230</td>
</tr>
<tr>
<td>Value of options granted during the fiscal year</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Value of shares granted during the fiscal year</td>
<td>132,000</td>
<td>200,200</td>
</tr>
<tr>
<td>Total</td>
<td>459,611</td>
<td>716,430</td>
</tr>
<tr>
<td><strong>Vincent Lecerf, member of the Management Board</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation due during the fiscal year</td>
<td>327,738</td>
<td>494,083</td>
</tr>
<tr>
<td>Value of options granted during the fiscal year</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Value of shares granted during the fiscal year</td>
<td>132,000</td>
<td>200,200</td>
</tr>
<tr>
<td>Total</td>
<td>459,738</td>
<td>694,283</td>
</tr>
</tbody>
</table>
The following table sets forth a breakdown of the Management Board’s 2011 and 2012 cash compensation into fixed, variable and other compensation.

<table>
<thead>
<tr>
<th>(in euros)</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount due (2)</td>
<td>Amount paid (3)</td>
</tr>
<tr>
<td>Michel Giannuzzi, Chairman of the Management Board</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed compensation (1)</td>
<td>630,000</td>
<td>630,000</td>
</tr>
<tr>
<td>Variable compensation (1)</td>
<td>206,008</td>
<td>599,813</td>
</tr>
<tr>
<td>Exceptional compensation (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits in kind</td>
<td>3,403</td>
<td>3,403</td>
</tr>
<tr>
<td>Total</td>
<td>839,411</td>
<td>1,233,216</td>
</tr>
<tr>
<td>Fabrice Barthélemy, member of the Management Board and Chief Financial Officer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed compensation (1)</td>
<td>260,000</td>
<td>260,000</td>
</tr>
<tr>
<td>Variable compensation (1)</td>
<td>65,000</td>
<td>105,569</td>
</tr>
<tr>
<td>Exceptional compensation (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits in kind</td>
<td>2,611</td>
<td>2,611</td>
</tr>
<tr>
<td>Total</td>
<td>327,611</td>
<td>368,180</td>
</tr>
<tr>
<td>Vincent Lecerf, member of the Management Board and Executive Vice President, Group Human Resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed compensation (1)</td>
<td>260,000</td>
<td>260,000</td>
</tr>
<tr>
<td>Variable compensation (1)</td>
<td>65,000</td>
<td>106,715</td>
</tr>
<tr>
<td>Exceptional compensation (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits in kind</td>
<td>2,738</td>
<td>2,738</td>
</tr>
<tr>
<td>Total</td>
<td>327,738</td>
<td>369,453</td>
</tr>
</tbody>
</table>

(1) Gross compensation before tax.
(2) Compensation due in respect of relevant fiscal year, regardless of payment date.
(3) Compensation paid during fiscal year.

Compensation of Michel Giannuzzi

Mr. Giannuzzi received no compensation for his duties as Chairman of the Management Board in 2011 or 2012, but was instead compensated for his role as Chief Executive Officer.

Mr. Giannuzzi currently has an employment contract with SIF, the entity through which KKR and the Deconinck family hold their shares in the Company, although this contract will be terminated following the Company’s proposed initial public offering. Under this contract, he receives fixed and variable compensation based on award criteria that are reviewed annually by the Nominations and Compensation Committee. The amount of his compensation is determined by the Supervisory Board based on a proposal from the Nominations and Compensation Committee. Currently, 70% of his variable compensation depends on the Group’s achievement of certain economic performance measures (including Adjusted EBITDA and operating cash flows), which were fixed in 2012 by the Supervisory Board. 30% of his variable compensation depends on the achievement of individual goals. Mr. Giannuzzi’s variable compensation may vary between 0% and 170% of his fixed compensation depending on the achievement of these targets.

No exceptional compensation was awarded to Mr. Giannuzzi for the years ended December 31, 2011 and 2012.

Mr. Giannuzzi also benefits from a company car.

Following our proposed initial public offering, in his capacity as Chairman of the Management Board, Mr. Giannuzzi will receive an annual base salary of €700,000, which will be subject to change beginning on January 1, 2015. He will also be eligible for a performance-based bonus, payable no later than March 31 of the following year and composed of two parts:

- The first part is contingent on the Company’s achievement of quantitative performance goals defined at the beginning of the fiscal year by the Supervisory Board upon
proposal of the Nominations and Compensation Committee. For 2013, these performance goals were linked to EBITDA and cash flow from operations. This part is calculated as 70% of his base salary times a multiple between 0% and 200%. Therefore, to the extent performance goals are exceeded, Mr. Giannuzzi could receive a maximum of 140% of his base salary.

- The second part is based on Mr. Giannuzzi’s achievement of individual performance goals defined at the beginning of the fiscal year by the Supervisory Board upon the proposal of the Nominations and Compensation Committee. For 2013, these performance goals were linked to organic growth, the integration of Tandus and increased profitability and client service with respect to certain entities. This part is calculated as 30% of his base salary times a multiple between 0% and 100%. Therefore, this portion could represent a maximum of 30% of his base salary. The goals defined under Mr. Giannuzzi’s 2013 employment contract with SIF will remain in place.

Following the proposed initial public offering, Mr. Giannuzzi’s performance goals for the end of 2013 will be the same as the ones under his existing employment contract. We will be required to pay Mr. Giannuzzi’s 2013 performance bonus in full no later than April 30, 2014. His 2014 performance goals have not yet been determined.

Mr. Giannuzzi will receive an additional €300,000 bonus to be paid in November 2017, provided that he remains with our Group on the payment date.

Mr. Giannuzzi will also benefit from a Company car.

**Compensation of Fabrice Barthélémy**

Mr. Barthélémy receives no compensation for his duties as a member of the Management Board, but is instead compensated for his role as Chief Financial Officer.

Mr. Barthélémy has an employment contract with the Company. Under this contract, he receives fixed and variable compensation based on award criteria that are reviewed annually by the Nominations and Compensation Committee. The amount of his compensation is determined by the Supervisory Board based on a proposal from the Nominations and Compensation Committee. Currently, 70% of his variable compensation depends on the Group’s achievement of certain economic performance measures (including adjusted EBITDA and operating cash flows), which were fixed by the Supervisory Board. 30% of his variable compensation depends on the achievement of individual goals. Mr. Barthélémy’s variable compensation may vary between 0% and 85% of his fixed compensation depending on the achievement of these targets.

No exceptional compensation was awarded to Mr. Barthélémy for the years ended December 31, 2011 and 2012.

Mr. Barthélémy also benefits from a company car.

**Compensation of Vincent Lecerf**

Mr. Lecerf receives no compensation for his duties as a member of the Management Board, but is instead compensated for his role as Executive Vice President, Group Human Resources.

Mr. Lecerf has an employment contract with the Company. Under this contract, he receives fixed and variable compensation based on award criteria that are reviewed annually by the Nominations and Compensation Committee. The amount of his compensation is determined by the Supervisory Board based on a proposal from the Nominations and Compensation Committee.
Currently, 70% of his variable compensation depends on the Group’s achievement of certain economic performance measures (including adjusted EBITDA and operating cash flows), which were fixed by the Supervisory Board. 30% of his variable compensation depends on the achievement of individual goals. Mr. Lecerf’s variable compensation may vary between 0% and 85% of his fixed compensation depending on the achievement of these targets.

No exceptional compensation was awarded to Mr. Lecerf for the years ended December 31, 2011 and 2012.

Mr. Lecerf also benefits from a company car.

*Share Awards to Members of the Management Board*

The following table sets forth information on performance shares that were awarded to members of the Company’s Management Board in 2012:

<table>
<thead>
<tr>
<th>Plan</th>
<th>Number of granted shares</th>
<th>Valuation of shares according to the method reserved for consolidated financial statements</th>
<th>Acquisition date</th>
<th>Availability date</th>
<th>Performance criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michel Giannuzzi</td>
<td>6,300</td>
<td>573,300</td>
<td>July 1, 2015</td>
<td>July 1, 2015</td>
<td>(1)</td>
</tr>
<tr>
<td>Fabrice Barthélémy</td>
<td>2,200</td>
<td>200,200</td>
<td>July 1, 2015</td>
<td>July 1, 2015</td>
<td>(1)</td>
</tr>
<tr>
<td>Vincent Lecerf</td>
<td>2,200</td>
<td>200,200</td>
<td>July 1, 2015</td>
<td>July 1, 2015</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,700</strong></td>
<td><strong>973,700</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) The Group has established a long-term incentive plan known as “LTIP 2012.” Under LTIP 2012, certain employees and managers were granted subscription rights to free preferred shares, subject to the following conditions: (i) remaining with the Company during a three-year vesting period and (ii) certain performance criteria, depending on the Company’s performance (particularly with respect to net debt and EBITDA between 2012 and 2015), which apply a multiple of 0 to 1.5 to the number of shares delivered. The final allocation of shares will take place in July 2015.

(2) At the vesting date of the shares, the Company may choose to make a cash payment in lieu of delivery of the preferred shares.

(3) As from the listing date of the proposed IPO, Mr. Giannuzzi will be required to retain, so long as he remains Chairman of the Management Board, 50% of Company shares granted to him in connection with our long-term incentive plan. For further information on the Company’s employee share plans, see “—Employees—Employee Share Incentive Plans” below.

*Stock Options*

No stock options were granted in 2010, 2011 or 2012 and no stock option plan is currently being proposed.

*Other Compensation*

The following table sets forth information relating to employment contracts and provisions for the payment of pension, retirement or other similar benefits for the members of the Company’s Management Board.
Employment Contract | Retirement Benefits | Compensation Due Upon Change of Role within the Company | Compensation Related to a Non-Competition Agreement
---|---|---|---
Yes | Yes | Yes | Yes

**Michel Giannuzzi**
Chairman of Management Board
Date mandate began: September 7, 2007
Expiration of mandate: December 31, 2013

**Fabrice Barthélemy**
Member of Management Board and Chief Financial Officer
Date mandate began: May 23, 2008
Expiration of mandate: December 31, 2013

**Vincent Lecerf**
Member of Management Board and Executive Vice President, Group Human Resources
Date mandate began: May 23, 2008
Expiration of mandate: December 31, 2013

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(1) Mr. Giannuzzi is party to an employment contract with SIF, the entity through which the Deconinck family holds its shares in the Company. This contract will be assigned to the Company in connection with SIF’s merger into Tarkett (for further information, see “Principal Shareholders—Pre-IPO Reorganization”). Upon completion of the proposed initial public offering, this employment contract will be terminated by Mr. Giannuzzi’s resignation in order to comply with the recommendations of the AFEP-MEDEF Code. The arrangements described in this section of the Information Document are the terms that will apply to Mr. Giannuzzi in his capacity as Chairman of the Management Board following the completion of the proposed initial public offering.

**Payments or Other Benefits Due Upon Termination (Following the Proposed IPO)**

Subject to the performance requirements defined below, Mr. Giannuzzi will be entitled to a severance payment equal to two years of his gross base salary and bonus during the 12 months prior to his departure as Chairman of the Management Board (including, if applicable, pursuant to his employment contract). In the event that Mr. Giannuzzi is to receive both severance pay and the non-compete payment described below, the total amount that he receives will be limited to two years of the gross base salary and bonus received during the 12 months prior to his departure as Chairman of the Management Board (including, if applicable, pursuant to his employment contract).

Performance is measured by the extent of achievement of annual performance goals defined by the Supervisory Board upon the proposal of the Nominations and Compensation Committee, which serve as the basis for calculating variable compensation. The amount is equal to the average performance achieved by Mr. Giannuzzi during the three calendar years preceding his departure. In the event that his departure should occur within the next three calendar years, performance will be measured by the extent of achievement of the annual performance goals used as the basis for calculating the variable portion of his compensation as Chairman of the Management Board and his compensation as an employee (see “—Management Board Compensation—Overview” above for further information).

The severance payment is contingent on achieving 50% to 100% of the performance goals (i.e., no payment will be made unless the performance goal is reached to the extent of at least 50% and full payment will be received if the performance goal is achieved to the extent of 100%). The severance payment will be calculated in strict proportion to the extent of achievement of the performance goal (for example, if the performance goal is achieved to the extent of 90%, the severance payment will be 90% of the amount defined above).

Subject to achievement of the performance conditions, we will be required to pay this severance payment in the event of Mr. Giannuzzi’s forced departure as Company officer (including, in particular, as a result of a change of control or a disagreement as to strategy) on the initiative of the
Supervisory Board, regardless of whether Mr. Giannuzzi is removed or his mandate is not renewed. This payment would not be available in the event of serious misconduct (defined as misconduct of such extreme seriousness as to preclude remaining in office) or gross misconduct (defined as extremely serious misconduct by an officer with the intent to harm the Company).

The conditions set forth above are consistent with the recommendations of the AFEP-MEDEF Code, except as follows. The Supervisory Board chose to ensure that Mr. Giannuzzi’s severance payment would be due only in the event of his forced departure, in accordance with the recommendations of the AFEP-MEDEF Code, without, however, limiting such events to change of control or disagreement on strategy. The Supervisory Board believes that, given the performance conditions to which these payments are subject, combined with the exclusion of serious or gross misconduct, these measures provide the protections sought by the AFEP-MEDEF Code.

Corporate Officer Unemployment Insurance

Our Company will obtain company officer unemployment insurance on behalf of Mr. Giannuzzi, which would cover Mr. Giannuzzi in the event of his forced departure.

Payments Due Under Non-Compete Clauses

Messrs. Giannuzzi, Barthélemy and Lecerf both benefit from clauses providing for payment in the event that the non-compete clauses in their respective employment agreements are triggered.

Mr. Giannuzzi will receive compensation for his non-compete clause in an amount equal to his gross base salary and bonus received during the 12 months prior to his departure from his position as Chairman of the Management Board (including, if applicable, pursuant to his employment contract with SIF). For further information, see “—Management Board Compensation—Overview” above. This compensation will be payable in 24 monthly payments for the duration of the non-compete clause and will be deducted from Mr. Giannuzzi’s severance payment, such that the total amount received as severance and non-compete payments will not exceed two years of gross base salary and bonus received during the 12 months preceding his departure. The Company has the right to waive the non-compete clause.

Based on the non-compete clause in his contract, Mr. Barthélemy would receive each month for 12 months a payment equal to (i) 50% of his average monthly salary during the 12 months preceding the termination of his employment contract (assuming termination at the Company’s initiative) or (ii) a third of his average monthly salary during the 12 months preceding the termination of his employment contract (assuming termination at his own initiative). The Company has the right to waive the non-compete clause.

Based on the non-compete clause in his contract, Mr. Lecerf would receive each month for 12 months a payment equal to 40% of his average monthly salary during the 12 months preceding the termination of his employment contract. The Company has the right to waive the non-compete clause.

Pension, Retirement or Similar Benefits

Members of the Management Board do not receive any specific pension benefits. Members of the Management Board who have entered into employment contracts with the Company benefit from the same retirement benefits as other employees of the Company. The Company has therefore not set aside any provisions for the payment of pension, retirement or other similar benefits for the members of the Management Board.
Supervisory Board Compensation

The following table sets forth attendance fees and other compensation paid to the members of the Company’s Supervisory Board in 2011 and 2012. At the shareholders’ meeting of July 12, 2011, the maximum amount of attendance fees for 2011 was fixed at €17,500, all of which was granted to Ms. Bonnet-Bernard in exchange for her service as Chairwoman of the Audit Committee. At the shareholders’ meeting of May 30, 2012, the maximum amount of attendance fees for 2012 was fixed at €35,000, all of which was granted to Ms. Bonnet-Bernard in exchange for her service as Chairwoman of the Audit Committee.

<table>
<thead>
<tr>
<th>(in euros)</th>
<th>Amount paid in respect of 2011 fiscal year</th>
<th>Amount paid in respect of 2012 fiscal year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sonia Bonnet-Bernard</td>
<td>17,500</td>
<td>35,000</td>
</tr>
<tr>
<td>Bernard-André Deconinck</td>
<td>120,000(1)</td>
<td>120,155(1)</td>
</tr>
<tr>
<td>Didier Deconinck</td>
<td>117,000(1)</td>
<td>117,102(1)</td>
</tr>
<tr>
<td>Eric Deconinck</td>
<td>45,000(1)</td>
<td>60,289(1)</td>
</tr>
</tbody>
</table>

(1) Compensation paid by Société d’Investissement Familial (SIF).

Shares Held by Members of the Management and Supervisory Boards

As of the date hereof, the members of the Management Board and Supervisory Board held the following direct and indirect ownership interests in Tarkett’s share capital:

<table>
<thead>
<tr>
<th>Shares allocated under share plans</th>
<th>MEP 2007(3)</th>
<th>LTIP 2011(4)</th>
<th>LTIP 2012(4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Board</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Michel Giannuzzi(3)</td>
<td>6,773</td>
<td>15,791</td>
<td>0.14%</td>
</tr>
<tr>
<td>Fabrice Barthélémy</td>
<td>3,215</td>
<td>0.02%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Vincent Lecerf</td>
<td>3,200</td>
<td>0.02%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Supervisory Board</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sonia Bonnet-Bernard</td>
<td>1</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Didier Deconinck</td>
<td>1</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Bernard-André Deconinck</td>
<td>1</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Eric Deconinck</td>
<td>1</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Jacques Garzalde</td>
<td>1</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Josselin de Roquemaurel</td>
<td>1</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
<td>6,773</td>
<td>22,206</td>
</tr>
</tbody>
</table>

(1) Under the Company’s by-laws, double voting rights attach to shares that are fully-paid and held for a minimum period of five years. After the Company’s proposed IPO, the holding period before the IPO will not be taken into account for the purposes of calculating the holding period that gives rise to a double voting right.

(2) Under the Company’s by-laws, preferred shares do not carry any voting rights.
The final number of preferred shares allocated under the 2007 MEP will be determined at the time of the Company’s proposed IPO. It is expected that all of the Company’s preferred shares will be converted into ordinary shares at the ratio of one common share to one preferred share on the pricing date of the Company’s proposed IPO.

A multiple of 0 to 1.5 will be applied to the final number of shares to be allocated under the LTIP 2011 and LTIP 2012 plans, depending on the Company’s performance. Moreover, the Company may decide to distribute cash instead of preferred shares under the LTIP 2012 plan. For further information, see “— Employees— Employee Share Incentive Plans” below.

Shares held by the relevant individual, including those held by family members and affiliates.

**Employees**

**Overview**

As of June 30, 2013, the Group employed 11,487 employees, as compared to 10,670 as of December 31, 2012, 9,152 as of December 31, 2011 and 8,770 as of December 31, 2010. This increase is principally due to the Group’s acquisition of Tandus in 2012. The Group paid €452.0 million in salaries in 2012, as compared to €400.8 million in 2011 and €365.7 million in 2010.

As of June 30, 2013, the Group’s employees were located in France, Sweden, Belgium, the United Kingdom, Italy, Luxembourg, Germany, Spain, Portugal, Greece, Turkey, Norway, Finland, Denmark, Poland, Brazil, Australia, China, India, Singapore, Russia, Serbia, Bosnia, Hungary, Belarus, Ukraine, Kazakhstan, the United States, Canada and the Netherlands.

The table below sets forth the number of employees of the Group as of December 31, 2010, 2011 and 2012 by type of role.

<table>
<thead>
<tr>
<th>Role</th>
<th>December 31,</th>
<th>June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2011</td>
</tr>
<tr>
<td>Administrative</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>741</td>
<td>693</td>
</tr>
<tr>
<td>Research and development</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>178</td>
<td>194</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,707</td>
<td>1,764</td>
</tr>
<tr>
<td>Factories</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,622</td>
<td>4,423</td>
</tr>
<tr>
<td>Warehouses</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,522</td>
<td>2,078</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,770</strong></td>
<td><strong>9,152</strong></td>
</tr>
</tbody>
</table>

The table below sets forth the number of employees of the Group as of December 31, 2010, 2011 and 2012 by geographic region.

<table>
<thead>
<tr>
<th>Geographic region</th>
<th>December 31,</th>
<th>June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2011</td>
</tr>
<tr>
<td>EMEA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which France</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,569</td>
<td>3,802</td>
</tr>
<tr>
<td>North America</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>887</td>
<td>984</td>
</tr>
<tr>
<td>CEI and Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,798</td>
<td>1,851</td>
</tr>
<tr>
<td>Latin America</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,116</td>
<td>3,172</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>195</td>
<td>207</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,770</strong></td>
<td><strong>9,152</strong></td>
</tr>
</tbody>
</table>

One of the Group’s key priorities is the health and safety of its employees. The Group implements procedures and action programs to identify, assess and mitigate the main risks associated with its activities.

The Group offers its employees training with respect to health and safety that is adapted to their own work environment, and the related hazards. Through its training program, the Group increases awareness to prevent occupational risks and ensure employee safety in the workplace.
The Group has also developed two programs to improve the safety of its production sites: the World Class Manufacturing ("WCM") program and the Safety Action Plan.

Under the WCM program, which was launched in February 2009, the Group trains its employees in new production techniques that are more secure. Employees trained through this program are then asked to train employees at other production sites. The Group has found these results to be encouraging, and has noted a significant reduction in the number of accidents at its production sites.

Under the Safety Action Plan, in 2008, the Group appointed a security expert to conduct an audit of the operations and conduct of production line operators within the Group’s 30 plants. The Safety Action Plan was then prepared, in coordination with employees, to establish a list of operational standards and best practices to adopt in the workplace. The implementation of this plan has reduced the frequency rate of accidents by four (including falls, collisions, etc.), decreasing from 12.8 per one million hours worked in 2008 to 3.5 in 2012.

Through these initiatives, the Group has managed to significantly decrease accidents at its production sites; accidents resulting in lost time have decreased by half since 2008, with a significant decrease of 31.8% between 2011 and 2012.

Professional Diversity

The Group maintains a policy to respect professional diversity, which encourages outreach plans, including through the Group’s code of ethics, and seeks to maintain a dialogue with key stakeholders on topics such as disabilities, age discrimination and gender diversity. This policy has allowed the Group to advance the employment of people with disabilities within the Group.

The Group also pays particular attention to gender diversity. The number of female executives has increased, now representing 18% of the Group’s top 150 executives. Two women are members of the Executive Committee, whereas in 2010, there were no female members.

This policy has been recognized by the Group’s employees; in responding to the Group’s internal survey, 65% of participants believed the Company was actively supporting diversity in the workplace (with only 11% of participants taking a negative view).

Training

The Group seeks to constantly develop the skills of its employees. One of the ways the Group accomplishes this is through a review process, whereby customized plans are developed for employees. 2,200 employees completed the review process in 2012, as compared to 680 in 2010.

The Group has also implemented other training initiatives, including the following:

- the Manager@Tarkett program, a four-day managerial training seminar that over 800 employees have completed;
- the Project Management@Tarkett program, which 600 employees have completed; and
- training associated with the WCM program.

In 2012, 6,523 employees completed training programs, totaling 272,536 hours. At constant scope of consolidation, the number of employees trained in 2012 increased from 38% in 2011 to 61% in 2012. In 2012, the increase in training was primarily due to the Group’s deployment of the WCM and its implementation of the SAP platform. This increase reflects the Group’s desire to enhance the skills of its employees.
The following table sets forth information on the training initiatives proposed by the Group in 2011 and 2012:

<table>
<thead>
<tr>
<th>Training</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees that completed training programs</td>
<td>3,321</td>
<td>6,523</td>
</tr>
<tr>
<td>Total number of training hours</td>
<td>76,089</td>
<td>272,536</td>
</tr>
</tbody>
</table>

**Employee Relations**

Collective bargaining arrangements exist within each subsidiary of the Group, depending on local legislation.

The Group maintains a European works council, known as the “Tarkett Forum”, which meets annually, as well as local works councils in various jurisdictions, adapted to the size of local operations and workforce. The Group also enters into local labor agreements where appropriate, such as those entered into in Russia, the United States and Canada in 2012.

As of June 30, 2013, the Group employed 11,487 individuals, some of whom are union members. The Group believes it has satisfactory relationships with its employees and has not experienced any significant labor disputes since early 2008.

**Employee Share Incentive Plans**

As of the date hereof, the Group maintained three types of share incentive plans.

In 2007, the Group established a share option plan known as the Management Equity Plan (the “MEP”), which aims to motivate executives to achieve the strategic objectives of the Company and remain with Tarkett.

The plan was proposed to the leaders of all the Group’s subsidiaries. The plan is implemented in two different ways, depending on the relevant country:

- French and Serbian managers have the option to invest directly in the shares of the Company; and
- managers from other countries have the option to invest in Partholdi, a holding company that holds shares of the Company.

Shares subscribed in connection with the MEP are subject to a lock-up until a significant stake is transferred or admitted to trade on a regulated market (known as an “exit event”). Should an exit event occur, and assuming the relevant shareholder remains with the Company for three years following the initial MEP investment, his or her shareholding may be transferred beginning six months after the date of the exit event.

If the valuation of the shareholding at the time of the exit event is below a certain threshold, employees receive the increase in the value of the shares. If the valuation of the shareholding is greater than or equal to a certain threshold, the employee benefits from an additional bonus calculated using a formula that increases based on the value of the estimated yield at the time of the exit event.

For French and Serbian managers, the additional bonus is distributed in preferred shares. It is expected that all of the Company’s preferred shares will be converted into ordinary shares at the ratio of one common share to one preferred share on the pricing date of the Company’s proposed IPO. For managers from other countries, the additional bonus is distributed through an increased shareholding in Partholdi. In both cases, the bonus shares are subject to a minimum retention requirement of two years following the grant.
Each manager, depending on his or her position, may invest up to a certain limit with no obligation. To date, 90 managers are beneficiaries of the MEP. The maximum number of ordinary shares held by officers and employees of the Group under the MEP at the time of the proposed IPO, following conversion of preferred shares into ordinary shares and the merger of Partholdi into the Company, is expected to represent less than 2% of the share capital of the Company.

The Group has also established a long-term incentive plan known as “LTIP 2011.” Under this plan, 100 employees and officers of the Group were granted preferred shares, subject to the following conditions: (i) remaining with the Company during a three-year vesting period (except for non-French tax residents who choose a five-year vesting period), (ii) a two-year share holding period (except for non-French tax residents who choose a five-year vesting period) and (iii) certain performance criteria, depending on the Company’s performance, which apply a multiple of 0 to 1.5 to the number of shares delivered. The final allocation of shares will take place on July 1, 2014, the date from which the two-year holding period begins to run. As an exception, for certain managers residing outside of France, the final allocation of shares will take place on July 1, 2016, with no required holding period.

The Group has also established a new long-term incentive plan known as “LTIP 2012.” Under LTIP 2012, approximately 120 employees and managers were granted preferred shares, subject to the following conditions: (i) remaining with the Company during a three-year vesting period and (ii) certain performance criteria, depending on the Company’s performance, which apply a multiple of 0 to 1.5 to the number of shares delivered. The final allocation of shares will take place on July 1, 2015. At the vesting date of the shares, the Company may choose to make a cash payment in lieu of delivery of the preferred shares. The shares granted under the 2012 LTIP Plan are not subject to any holding period.

The following table sets forth information on the Group’s share incentive plans, including allocations made under these plans to the members of the Supervisory Board, Management Board and certain employees of the Company (not including the MEP), as of the date hereof:

<table>
<thead>
<tr>
<th></th>
<th>LTIP 2011</th>
<th>LTIP 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicable shareholders’ meeting</td>
<td>December 22, 2011</td>
<td>(f) December 4, 2012</td>
</tr>
<tr>
<td>Date of Management Board’s decision</td>
<td>December 22, 2011</td>
<td>December 4, 2012</td>
</tr>
<tr>
<td>Total number of shares allocated</td>
<td>59,500</td>
<td>68,900</td>
</tr>
<tr>
<td>Shares allocated to Management Board members:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Michel Giannuzzi</td>
<td>6,300</td>
<td>6,300</td>
</tr>
<tr>
<td>- Fabrice Barthélémy</td>
<td>2,200</td>
<td>2,200</td>
</tr>
<tr>
<td>- Vincent Lecerf</td>
<td>2,200</td>
<td>2,200</td>
</tr>
<tr>
<td>Date on which shares were acquired</td>
<td>July 1, 2014</td>
<td>July 1, 2015</td>
</tr>
<tr>
<td>Expiration of holding period</td>
<td>July 1, 2016</td>
<td>July 1, 2015</td>
</tr>
<tr>
<td>Performance criteria</td>
<td>(f)</td>
<td>(f)</td>
</tr>
<tr>
<td>Number of shares acquired as of the date hereof</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Number of cancelled or expired shares</td>
<td>10,150</td>
<td>2,250</td>
</tr>
<tr>
<td>Remaining preferred shares as of the date hereof</td>
<td>49,350</td>
<td>66,650</td>
</tr>
</tbody>
</table>

(1) Shareholders’ meeting to take place prior to the Company’s proposed IPO.
(2) In the event employment is terminated prior to the end of the vesting period, shares may be granted, under certain circumstances, on a pro rata basis.
(3) The distribution will be made on the basis of compliance with a condition of economic performance (based on the Group’s medium- to long-term strategic plan), as well as a presence requirement for beneficiaries throughout the period of three years. As of the date hereof, the total number of preferred shares granted under the 2011 LTIP may not exceed 74,025 shares (i.e., 0.5% of the Company’s share capital).
(4) This plan was established in December 2012, and consists of shares or cash that will be definitively granted or paid in July 2015, subject to presence and performance conditions. At the date hereof, the total number of shares granted under the 2012 LTIP may not exceed 99,975 shares (i.e., 0.65% of the Company’s share capital).
**Profit-Sharing Agreements and Incentive Schemes**

**Profit-Sharing Agreements**

Under French law, profit-sharing agreements are required within companies with more than 50 employees that realize a tax benefit above 5% of shareholders’ equity. Accordingly, certain entities within the Group maintain profit-sharing agreements.

**Incentive Schemes**

Incentive schemes allow companies to more closely align employees with the collective performance and results of the company. Using a formula, these schemes provide for bonus payments that are immediately available to employees under French law. The Company maintains incentive schemes within certain of its French entities, each of which has a fixed term of three years. Each incentive scheme has its own formula for calculating bonus payments.

**Employee Share Savings and Similar Schemes**

An employee share savings scheme is a group savings arrangement that offers employees of those companies that participate in the scheme the possibility of building up a securities portfolio with the help of their employer, and is mandatory for certain French companies. Specifically, it enables employees to receive payments under an incentive or profit-sharing scheme, as well as voluntary payments. Funds invested in an employee share savings scheme are unavailable for five years, unless they are released in one of the cases foreseen by applicable law. An employee share savings plan was established by the Group in 2004, and is available to employees who have been with the Company for over three months.
PRINCIPAL SHAREHOLDERS

Overview

The principal shareholders of Tarkett are the Deconinck family and KKR International Flooring 2 S.à.r.l. (“KKR”), an affiliate of KKR & Co. L.P. As of the date hereof, no other shareholder directly or indirectly holds more than 5% of Tarkett’s share capital or voting rights.

The Deconinck family has been the main shareholder of the Group for over a century. KKR, an international private equity fund with a long history in France and approximately $83.5 billion in assets under management as of June 30, 2013, became a shareholder of Tarkett in 2007.

The Deconinck family and KKR hold their interests in the Company through Société d’Investissement Familiale (“SIF”), a French société anonyme. Through their wholly-owned subsidiaries, the Deconinck family and KKR each hold 50% of SIF, which in turn holds 93.72% of the shares and 99.93% of the voting rights of Tarkett. The remaining shares of the Company are held by management and employees, either directly or through Partholdi, a French société par actions simplifiée, or are held by the Company itself, through Tarkett GDL S.A., a Luxembourg société anonyme.

The table below sets forth the breakdown of Tarkett’s share capital and voting rights as of the date of this Information Document.

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Number of ordinary shares(1)</th>
<th>Number of ordinary shares (single voting rights)</th>
<th>Number of ordinary shares (double voting rights)</th>
<th>Number of preferred shares(2)</th>
<th>Total voting rights</th>
<th>% of share capital</th>
<th>% of voting rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIF (50% Deconinck family, 50% KKR)(3)</td>
<td>14,791,829</td>
<td>450(7)</td>
<td>14,791,379(9)</td>
<td>21,310</td>
<td>29,583,208</td>
<td>93.72%</td>
<td>99.93%</td>
</tr>
<tr>
<td>Partholdi(4)</td>
<td>-</td>
<td>-</td>
<td>570,000</td>
<td>-</td>
<td>3.61%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Tarkett GDL(5)</td>
<td>341,764</td>
<td>-</td>
<td>25,391</td>
<td>-</td>
<td>2.32%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Management and employees</td>
<td>10,576</td>
<td>-</td>
<td>44,536</td>
<td>21,152</td>
<td>0.35%</td>
<td>0.07%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Other shareholders(6)</td>
<td>7</td>
<td>3</td>
<td>4</td>
<td>11</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Total shares</td>
<td>15,144,176</td>
<td>453</td>
<td>14,801,959</td>
<td>661,237</td>
<td>29,604,371</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

(1) Under the Company’s by-laws, double voting rights attach to shares that are fully-paid and held for a minimum period of five years. After the Company’s proposed IPO, the holding period before the IPO will not be taken into account for the purposes of calculating the holding period that gives rise to a double voting right.

(2) Under the Company’s by-laws, preferred shares do not carry any voting rights. It is expected that all of the Company’s preferred shares will be converted into ordinary shares at a ratio of one ordinary share for one preferred share on the pricing date of the Company’s proposed IPO.

(3) SIF is equally held by the Deconinck family and KKR. SIF is expected to be merged into the Company prior to the Company’s initial public offering. For further information, see “—Pre-IPO Reorganization” below.

(4) 90.22% of Partholdi is held by SIF, with the remaining 9.78% held by certain members of the Company’s management and employees. Partholdi is expected to be merged into the Company prior to the Company’s initial public offering. For further information, see “—Pre-IPO Reorganization” below.

(5) The shares held by Tarkett GDL do not carry any voting rights.

(6) These shares are held by members of the Company’s Supervisory Board in accordance with the Company’s by-laws.

(7) These shares will benefit from double voting rights as from October 22, 2013.

(8) 5,269,632 of these shares acquired double voting rights in 2012.

Pre-IPO Reorganization

In connection with the proposed initial public offering of the Company’s shares, the Company expects to complete a corporate reorganization in order to simplify its ownership structure. The key steps of this reorganization, which would take place on the pricing date of the proposed IPO, are summarized below.
In the first instance, under the proposed reorganization, SIF, the holding company through which KKR and the Deconinck family currently hold their shares in the Company, would be merged into the Company, with KKR and the Deconinck family each exchanging their shares in SIF for newly issued shares of the Company. The shares of the Company transferred in this merger would be cancelled, resulting in a decrease in the Company’s share capital. Subsequently, 307,155 shares currently held by Tarkett GDL (representing approximately 1.94% of the Company’s share capital) would be sold at a price based on the public IPO price to SID, the entity through which the Deconinck family holds its shares. Accordingly, following the reorganization, the Deconinck family would hold, through SID, at least 50.1% of the Company’s share capital. The reorganization is expected to be finalized on the date the Company’s shares are listed on NYSE Euronext Paris.

It is also expected that the Company will distribute an exceptional dividend in the amount of €130 million, with an ex-dividend date on the pricing date of the proposed IPO, to be paid on the same day. Shares admitted to trading will not carry a right to this dividend.

Partholdi, a holding company through which certain employees and members of management hold their shares in the Company, would also be merged into the Company through an exchange of shares. (The exchange ratio will vary for each class of shares, in accordance with the Company’s by-laws). The shares transferred to Partholdi would then be cancelled, resulting in a decrease in the Company’s share capital. The shareholders of Partholdi would also receive newly issued shares of the Company in respect of this merger.

The valuation of the merger consideration in connection with these transactions is to be based on the book value of the shares, in accordance with French rules applicable to companies under common control. The exchange ratios will be determined on the basis of the actual value of the various relevant companies, taking into account the Company’s IPO share price. The Company’s share capital following these transactions will therefore not be known until after the share price for the IPO is determined.

In addition, in connection with the reorganization and following the various steps discussed above, beneficiaries of the Company’s MEP share plan are expected to receive their final allocation of shares under the plan (see “Management and Employees—Employees—Employee Share Incentive Plans” above for further information). The number of shares to be awarded will depend on the valuation of the Company at the time of the IPO, following which time all of the Company’s preferred shares will be converted into ordinary shares.

In connection with the reorganization, on the pricing date of the proposed IPO, the par value of the Company’s shares, currently €20 euros, will also be divided by four, increasing the Company’s ordinary shares by four times (each share will have a par value of €5 euros). The information on the Company’s share capital included in this Information Document does not reflect this stock split.

Shareholders’ Agreement

In October 2006, SID and KKR entered into a shareholders’ agreement to govern their relationship as indirect shareholders of the Company and agree on certain principles with respect to its management and operations, assuming Tarkett remained privately held.

SID and KKR wish to continue to coordinate their relationship and act “in concert” with respect to the Company following the listing of its shares on NYSE Euronext Paris. To this end, it is expected that they will enter into a shareholders’ agreement on the date the underwriting agreement for the IPO listing is signed. The parties shall be deemed to act “in concert” under this shareholders’ agreement, which is expected to include the following terms:

- As of the IPO listing date, the Supervisory Board shall include four members appointed by SID, two members appointed by KKR and three independent members. The shareholders’
agreement does not contain any restriction or voting undertaking with respect to the composition of the Supervisory Board.

- KKR will have the right to nominate one member to each committee of the Supervisory Board so long as one or more of the members appointed upon proposal by KKR remains on the Supervisory Board. Apart from this, the shareholders’ agreement does not contain any other restriction with respect to the composition of the Company’s Management and Supervisory Boards, each party remaining free to decide upon decisions relating to appointment of the Management Board and the Supervisory Board.

- SID and KKR will be required to consult amongst themselves to seek a common position with respect to any matter of business submitted to a Supervisory Board or shareholders’ meeting, although the parties are free to exercise their vote at such Supervisory Board or shareholders’ meeting if a common position has not been reached (it is noted, however, that if the parties vote differently on one or more of the Key Decisions discussed in “Management and Employees—Management Board—Key Decisions of Management Board”, both the shareholders’ agreement and the “concert” will be terminated as described below).

- To the extent reasonably practicable, each of SID and KKR will be required to notify one another in the event of a proposed sale of the Company’s securities (except in the case of a transfer to one or several financial institutions with a view towards offering such securities).

- KKR funds and their affiliates will be required to hold 100% of the share capital and voting rights of KKR International Flooring at all times and will only be allowed to reduce their shareholding in the Company by causing KKR International Flooring to sell the shares it holds directly in the Company. If the KKR funds and their affiliates were to hold less than 100% of the share capital and voting rights of KKR International Flooring, KKR International Flooring would be required to convert all of its shares of the Company into bearer form.

- Each party will be prohibited from acting “in concert” toward the Company with a third party unless prior approval from the other party has been obtained.

The shareholders’ agreement will have a duration of four years and will be automatically terminated (unless the parties choose otherwise) upon the occurrence of certain events, including:

- one of the parties ceases to hold 5% or more of the Company’s share capital and voting rights;

- the parties cease to hold a minimum of 50% in the aggregate of the Company’s share capital and voting rights;

- the parties, through their respective Supervisory Board nominees or during a shareholders’ meeting, adopt contrary positions with respect to certain key decisions, described in further detail in “Description of Share Capital” (for these purposes, abstention would not be considered a contrary position);

- the members of the Supervisory Board appointed upon a proposal by KKR no longer hold their mandates prior to the expiration of the shareholder agreement’s four-year term, and such members are not replaced by other members appointed upon proposal by KKR;

- one of the parties agrees to act “in concert” with a third party, despite the fact that the other party has refused to grant its prior approval;
• SID may terminate the agreement if KKR were to sell more than 5% of its shareholding to a third party (known by KKR at the moment of the sale) or allow, to KKR’s knowledge, a third party to hold 10% (acting alone or “in concert”) or more of the Company’s share capital and voting rights when the purchaser(s) have reasonably been considered hostile in the context of the preliminary information process;

• SID may also terminate the agreement if KKR funds and their affiliates no longer hold, directly or indirectly, 100% of the share capital and voting rights of KKR International Flooring (notwithstanding KKR’s obligation in such a scenario to convert its shares into bearer form).
DESCRIPTION OF SHARE CAPITAL

General

Tarkett is a société anonyme (limited liability company), with a Supervisory Board (conseil de surveillance) and a Management Board (directoire) incorporated under the laws of France, and is governed by the provisions of Book II of the French Commercial Code (Code du Commerce). Tarkett is registered with the Nanterre Trade and Companies Register (Registre du Commerce et des Sociétés) under number 352 849 327. Tarkett’s registered office is at 2, rue de l’Egalite, 92748 Nanterre Cedex.

This section summarizes material information concerning Tarkett’s share capital, together with material provisions of applicable French law and Tarkett’s by-laws (statuts), following the completion of its proposed initial public offering. This description of Tarkett’s by-laws and share capital does not purport to be complete and is qualified in its entirety by reference to the by-laws of Tarkett to become effective upon the closing of the proposed IPO.

Shareholders’ Meetings and Voting Rights

General

In accordance with the French Commercial Code, there are three types of shareholders’ meetings: ordinary, extraordinary and special.

Ordinary shareholders’ meetings are required for matters such as:
• electing, replacing or removing members of the Supervisory Board;
• removing members of the Management Board;
• appointing independent statutory auditors;
• approving the annual accounts; and
• declaring dividends or authorizing dividends to be paid in shares.

Extraordinary shareholders’ meetings are required for approval of matters such as amendments to Tarkett’s by-laws, including amendments required in connection with extraordinary corporate actions. Extraordinary corporate actions include:
• changing Tarkett’s name or corporate purpose;
• increasing or decreasing Tarkett’s share capital or authorizing the Management Board to do so;
• creating a new class of equity securities or authorizing the Management Board to do so;
• issuing convertible or exchangeable securities or authorizing the Management Board to do so;
• establishing any other rights to equity securities;
• selling or transferring substantially all of Tarkett’s assets; and
• the voluntary liquidation of Tarkett.

Special shareholders’ meetings would be required if Tarkett’s shares were of different classes and it intended to modify rights attached to one of these classes. Only the holders of such classes of shares would attend the special meeting.

Shareholders’ Meetings

The French Commercial Code requires Tarkett’s Management Board to convene an ordinary shareholders’ meeting to approve the annual financial statements. This meeting must be held within six months of the end of each fiscal year. This period may be extended by an order of the President of the Commercial Court (Tribunal de Commerce). The Management Board and Supervisory Board may
also convene an ordinary or extraordinary shareholders’ meeting upon proper notice at any time
during the year. If the Management Board fails to convene a shareholders’ meeting, Tarkett’s
statutory auditors or a court-appointed agent may convene the meeting. Any of the following may
request the court to appoint an agent for the purposes of convening the shareholders’ meeting:

- one or several shareholders holding at least 5% of Tarkett’s share capital;
- any interested party or the works council (comité d’entreprise) in cases of urgency; or
- duly qualified associations of shareholders who have held their shares in registered form
  for at least two years and who together hold a minimum number of shares calculated on the
  basis of a formula relating to Tarkett’s share capital.

In bankruptcy or insolvency proceedings, liquidators or court-appointed agents may also
convene shareholders’ meetings in certain instances.

Shareholders holding the majority of a company’s share capital or voting rights may also
convene a shareholders’ meeting after the filing of a tender offer or the sale of a controlling interest in
Tarkett’s share capital.

Notice of Shareholders’ Meetings

Under French law, annual and extraordinary shareholders’ meetings must be convened by means
of a preliminary notice (avis de réunion) published in the BALO (bulletin des annonces légales
obligatoires) at least 35 days prior to the meeting date and indicating, among other things, general
information on Tarkett, such as its name and address, the meeting agenda, the draft resolutions to be
submitted to the shareholders by the Management Board and the procedure for voting by mail. The
preliminary notice must first be sent to the AMF.

Tarkett must send a final notice (avis de convocation) containing the agenda, type of meeting,
date, place and time of the meeting at least 15 days prior to the date set for the meeting and at least six
days before any second meeting notice. Such final notice must be sent by mail to all registered
shareholders who have held shares for more than one month prior to the date of the final notice. The
final notice must also be published in the BALO and in a newspaper authorized to publish legal
notices in the local administrative department in which Tarkett is registered, with prior notice to the
AMF.

As the final notice must also be published in the BALO, Tarkett may publish only one notice
that serves as both a preliminary and final notice (avis de réunion valant avis de convocation). In such
event, the meeting agenda may not be amended after the publication of the notice and the notice shall
contain all of the information required by the final notice.

In general, shareholders can take action at shareholders’ meetings only on matters listed on the
meeting agenda, except with respect to the dismissal of Supervisory Board members. Additional
resolutions to be submitted for shareholder approval at the meeting may be proposed to the
Management Board as from the day of publication of the preliminary notice in the BALO but no later
than the 25th day preceding the shareholders’ meeting. When the preliminary notice is published more
than 45 days before the shareholders’ meeting, additional resolutions may be proposed no later than
20 days after the publication of the preliminary notice. Additional resolutions may be submitted by:

- one or more shareholders holding a specific percentage of shares;
- the works council no later than 10 days after the publication of the preliminary notice; or
- a duly qualified association of shareholders who have held their shares in registered form
  for at least two years and who together hold a minimum number of shares calculated on the
  basis of a formula relating to Tarkett’s share capital.

The Management Board must submit properly proposed resolutions to a vote of the
shareholders. It may make a recommendation thereon. When a shareholder sends to Tarkett a blank
proxy form without naming a representative, his vote is deemed to be in favor of the resolutions (or
amendments) proposed or recommended by the Management Board and against all others. Once the final notice is sent and no later than four business days preceding a shareholders’ meeting, any shareholder may submit written questions to the Management Board relating to the meeting agenda. The Management Board must respond to these questions during the meeting.

**Attendance and Voting at Shareholders’ Meetings**

In general, each shareholder is entitled to one vote per share at any shareholders’ meeting, subject to any double voting rights (see “—Double Voting Rights” below). Shareholders may attend ordinary shareholders’ meetings and extraordinary shareholders’ meetings and exercise their voting rights subject to the conditions specified in the French Commercial Code and Tarkett’s by-laws. Under French law, no shareholder may be required to hold a minimum number of shares in order to be allowed to attend or to be represented at an ordinary or extraordinary shareholders’ meeting.

In order to participate in any shareholders’ meeting, shareholders are required to have their shares registered three business days before such shareholders’ meeting in their name or in the name of an intermediary registered on their behalf, either in a registered shares shareholder account or in a bearer shares shareholder account maintained by an accredited financial intermediary.

**Proxies and Votes by Mail or Telecommunications**

In general, all shareholders who have properly registered their shares three days prior to the shareholders’ meeting may participate in such general meeting.

Shareholders may participate in shareholders’ meetings either in person or by proxy, or by any other means of telecommunications in accordance with current regulations if the Management Board provides for such possibility when convening the meeting.

To be counted, proxies must be received at Tarkett’s registered office, or at any other address indicated on the notice convening the meeting, prior to the date of the meeting. A shareholder may grant proxies to his or her spouse or to another shareholder. Alternatively, the shareholder may send a blank proxy form without nominating any representative. In this case, the chairman of the meeting will vote those blank proxies in favor of all resolutions (or amendments) proposed or recommended by the Management Board and against all others.

With respect to votes by mail, Tarkett may send voting forms to shareholders if it wishes and is required to do so upon the request of a shareholder, among other instances. The completed and signed form must be returned to Tarkett at least three days prior to the date of the shareholders’ meeting, unless it is electronic, in which case it must be returned to Tarkett prior to the date of the shareholders’ meeting at 3 p.m. at the latest.

**Quorum**

The French Commercial Code requires that shareholders together holding at least one-fifth of the shares entitled to vote must be present in person, or vote by mail or by proxy, at an ordinary meeting convened on the first notice.

The quorum requirement is one-fourth of the shares entitled to vote, for the extraordinary shareholders’ meeting on the first notice, and one-fifth on the second notice. Notwithstanding the foregoing, an extraordinary shareholders’ meeting where only an increase in Tarkett’s share capital is proposed through incorporation of reserves, profits or share premium requires only a quorum of one-fifth of the shares entitled to vote.

For a special meeting of holders of a certain class of shares, the quorum requirement is one-third of the shares entitled to vote in that class for the meeting convened on the first call, and one-fifth on the second call.
If a quorum is not met, the meeting is adjourned. When an adjourned meeting is resumed, there is no quorum requirement for an ordinary meeting or for an extraordinary shareholders’ meeting where an increase in Tarkett’s share capital is proposed through incorporation of reserves, profits or share premium. However, only questions that are on the agenda of the adjourned meeting may be discussed and voted upon. In the case of any other reconvened extraordinary shareholders’ meeting, shareholders representing at least 20% of outstanding voting rights must be present in person or vote through mail or proxy for a quorum. Any deliberation by the shareholders that takes place without a quorum is void.

**Majority Votes**

A simple majority of shareholder votes may pass any resolution on matters required to be considered at an ordinary shareholders’ meeting, or concerning a share capital increase by incorporation of reserves, profits or share premium at an extraordinary shareholders’ meeting. At any other extraordinary shareholders’ meeting, a minimum two-thirds majority of the shareholder votes cast is required.

A unanimous vote of shareholders is required to increase the liabilities of shareholders.

Abstention from voting by those present in person or by means of telecommunications or those represented by proxy or voting mail is counted as a vote against the resolution submitted to the shareholder vote.

In general, a shareholder is entitled to one vote per share at any shareholders’ meeting, subject to any double voting rights (see “—Double Voting Rights” below). Under the French Commercial Code, shares of a company held by entities controlled directly or indirectly by that company are not entitled to voting rights and are not counted for majority purposes.

**Double Voting Rights**

Pursuant to Tarkett’s by-laws, double voting rights are granted to any shareholder whose shares are fully paid up and have been held in registered form for at least two years. Double voting rights may be exercised at any shareholders’ meeting.

The duration of the shareholding prior to Tarkett’s proposed initial public offering will not be taken into account in determining whether the shares held by a shareholder carry double voting rights.

In the event of an increase in Tarkett’s share capital through incorporation of reserves, profits or share premium, the newly-issued shares will carry double voting rights if they are granted to a shareholder in relation to existing shares that already carry double voting rights.

Double voting rights terminate if the shares are no longer held in registered form or in the event they are transferred to another shareholder or a third party.

**Amendments Affecting Special Shareholder Rights**

Special shareholder rights can be amended by the extraordinary shareholders’ meeting of the ordinary shareholders only after an extraordinary shareholders’ meeting of the class of affected shareholders has taken place. 66 2/3% of the shares of the affected class voting either in person or by mail, proxy or by means of telecommunication must first approve any proposal to amend their rights. The voting and quorum requirements applicable to this type of special meeting are the same as those applicable to an extraordinary shareholders’ meeting, except that the quorum requirements for a special meeting are 33 2/3% of the voting shares, or 20% upon resumption of an adjourned meeting.
Financial Statements and Other Communication with Shareholders

In connection with the annual ordinary shareholders’ meeting, Tarkett must provide a set of documents to any shareholder, including its annual report, the Management Board’s report, the auditors’ reports and a draft of the meeting’s resolutions.

The Chairman of Tarkett’s Supervisory Board is required to deliver a special report to the annual ordinary shareholders’ meeting regarding the composition of the Supervisory Board, the status of the preparation and organization of its work, the status of the internal control and risk management procedures implemented by Tarkett, including those in connection with the treatment of the accounting and financial information for the financial statements as well as the consolidated financial statements, and principles and rules that it establishes to determine management compensation and benefits. If a company adheres to a corporate governance code, the report must indicate if any rules have been disregarded and, if so, provide an explanation. If a company does not adhere to a corporate governance code, it must indicate which rules, other than legal requirements, it follows and explain its reasons for not adhering to a corporate governance code. In connection with listing its shares on NYSE Euronext Paris, Tarkett has adhered to the corporate governance code of the Association Française des Entreprises Privées and the Mouvement des Entreprise Françaises.

Dividends

Tarkett may distribute dividends to its shareholders from net income in each fiscal year after deductions for depreciation and provisions, as increased or reduced by any profit or loss carried forward from prior years, and as reduced by the legal reserve fund allocation described below.

Legal Reserve

Under French law, Tarkett is required to allocate 5% of its net income in each fiscal year, after reduction for losses carried forward from previous years, if any, to a legal reserve fund until the amount in that fund equals 10% of the nominal amount of its share capital. At the date hereof, Tarkett’s legal reserve is €31.7 million. The legal reserve may be distributable upon Tarkett’s liquidation or in the event the share capital decreases because of a share buyback program. In that instance, the amount in the fund that exceeds 10% of the nominal amount of Tarkett’s share capital after the decrease may be distributable upon a decision by the ordinary shareholders’ meeting.

Approval of Dividends

Upon proposal by Tarkett’s Management Board, the shareholders of Tarkett may decide to allocate all or part of distributable profits to special or general reserves, to carry them forward to the next fiscal year as retained earnings, or to allocate them to the shareholders as dividends. If Tarkett has earned distributable income since the end of the previous fiscal year, as reflected in an interim income statement certified by its auditors, the Management Board may distribute interim dividends to the extent of the distributable income without shareholders’ approval in accordance with French law.

Under Tarkett’s by-laws, the annual shareholders’ meeting for approval of the annual financial statements may grant an option to the shareholders to receive all or part of their dividends or interim dividends in cash or shares, in accordance with French law.

Moreover, it may decide that for all or part of the dividends or interim dividends, reserves or premiums to be distributed, or for any share decrease, this distribution or decrease will be made in kind in the form of securities or assets of Tarkett or, if such is the case, by purchasing and cancelling, exchanging, converting securities, with or without an equalization payment, or by any other means, the shareholders having to, if necessary, join together in order to represent a round number of securities or assets or to exercise a right.
Distribution of Dividends

Dividends are distributed to shareholders on a pro rata basis according to their shareholding. Dividends are payable to holders of shares outstanding on the date of the shareholders’ meeting approving the distribution of dividends, or, in the case of interim dividends, on the date the Management Board approves the distribution of interim dividends.

Timing of Payment

Under French law, the dividend payment date is decided by the shareholders at an ordinary shareholders’ meeting or by Tarkett’s Management Board in the absence of such a decision by the shareholders. Tarkett must pay any dividends or interim dividends within nine months of the end of its fiscal year unless otherwise authorized by court order. Dividends not claimed within five years of the date of payment become the property of the French state.

Changes in Share Capital

Increases in Share Capital

Pursuant to French law and subject to the exceptions described below, Tarkett’s share capital may be increased only with the approval of two-thirds of the shareholders present or represented by proxy voting together as a single class at an extraordinary shareholders’ meeting.

Increases in Tarkett’s share capital may be conducted by the issuance of additional ordinary or preferred shares, which may be completed through one or a combination of the following:

• in consideration for cash (including in place of cash dividends);
• by set-off of debts incurred by Tarkett;
• through an exchange offer;
• in consideration for assets contributed to Tarkett in kind;
• by capitalization of existing reserves, profits or share premiums;
• by conversion, exchange or redemption of equity-linked securities previously issued by Tarkett; or
• upon the exercise of share warrants or other similar securities consisting of rights to subscribe for shares or stock options.

The increase in share capital conducted by capitalization of reserves, profits or share premium requires a simple majority of the votes cast at an extraordinary meeting of shareholders. In the case of an increase in share capital in connection with the payment of a stock dividend (instead of a cash dividend) the voting and quorum procedures of an ordinary shareholders’ meeting apply.

The shareholders, acting in an extraordinary shareholders’ meeting, may delegate to the Management Board the right to decide and/or the authorization to increase Tarkett’s share capital, provided that the shareholders have previously determined certain limits to such increase in share capital such as the maximum nominal amount of such increase. The Management Board may further sub-delegate this right and/or power to the Chairman of the Management Board or to another member of the Management Board with the Chairman’s consent. Pursuant to Tarkett’s by-laws, the decision of the Management Board (or the Chairman of the Management Board) to increase the share capital is subject to the prior approval of the Supervisory Board.

Decreases in Share Capital

As provided in the French Commercial Code, Tarkett’s share capital may generally be decreased only with the approval of two-thirds of shareholders present or represented by proxy voting together as a single class at an extraordinary shareholders’ meeting. The number of shares may be reduced if Tarkett either exchanges or repurchases and cancels shares. As a general matter, reductions of capital
occur pro rata among all shareholders, except (1) in the case of a share buyback program, or a public tender offer to repurchase shares (offre publique de rachat d’actions (OPRA)), where such a reduction occurs pro rata only among tendering shareholders; and (2) in the case where all shareholders unanimously consent to a non pro rata reduction. Tarkett may not repurchase more than 10% of its share capital within 18 months from the shareholders’ meeting authorizing the buy-back program. In addition, Tarkett may not cancel more than 10% of its outstanding share capital over any 24-month period.

**Preferential Subscription Rights**

According to the French Commercial Code, if Tarkett issues specific kinds of additional securities, current shareholders will have preferential subscription rights to these securities on a pro rata basis. These preferential rights require Tarkett to give priority treatment to these shareholders. The rights entitle the individual or entity that holds the shares to subscribe to an issuance of any securities that may increase the share capital of Tarkett by means of a cash payment or a set-off of cash debts. Preferential subscription rights are transferable during the subscription period relating to a particular offering. These rights may also be listed on Euronext Paris.

The affirmative vote of shareholders holding at least two-thirds of the shares entitled to vote at an extraordinary shareholders’ meeting may waive the preferential subscription rights of all shareholders with respect to any particular offering or a portion of that offering. French law requires that the Management Board and Tarkett’s statutory auditors present reports that specifically address any proposal to waive preferential subscription rights. In the event of a waiver, the issue of securities must be completed within the period prescribed by law. The shareholders may also decide at an extraordinary shareholders’ meeting to give the existing shareholders a nontransferable priority right to subscribe to the new securities, during a limited period of time (délai de priorité). Shareholders also may notify Tarkett that they wish to individually waive their own preferential subscription rights with respect to any particular offering if they so choose.

In the event of a share capital increase without preferential subscription rights to existing shareholders, French law requires that the capital increase be made at a price equal to or exceeding the weighted average market price of the shares in the three trading days preceding the setting of the price (such weighted average market price may be reduced by a maximum discount of 5%). However, within the limit of 10% of the share capital per year, the extraordinary shareholders’ meeting may authorize the Management Board to set the issuing price in accordance with terms set by the extraordinary shareholders’ meeting.

**Form, Holding and Transfer of Securities**

**Form of Shares**

Tarkett’s by-laws provide that the shares can be held as registered or bearer shares at the option of the holder.

**Holding of Shares**

In accordance with French law, shareholders’ ownership rights are represented by book entries instead of share certificates.

Any owner of shares of Tarkett may elect to have its shares held in registered form and registered in its name in an account currently maintained by an accredited financial intermediary, such as a French broker, bank or other authorized financial institution, for and on behalf of Tarkett or held in bearer form and recorded in its name in an account maintained by an accredited financial intermediary. Any shareholder may, at its expense, change from one form of holding to the other. Both methods are operated through Euroclear France (“Euroclear”), an organization which maintains share and other securities accounts of French publicly listed companies and a central depositary system through which transfers of shares and other securities in French publicly listed companies between accredited financial intermediaries are recorded.
When Tarkett’s shares are held in bearer form by a beneficial owner who is not a resident of France, Euroclear may agree to issue, upon request by Tarkett, a bearer depository receipt (certificat représentatif) with respect to such shares for use only outside France. In this case, the name of the holder is deleted from the accredited financial intermediary’s books. Title to the shares represented by a bearer depository receipt will pass upon delivery of the relevant receipt outside France.

Transfer of Shares

Registered shares must be converted into bearer shares before being traded on Euronext Paris and, accordingly, must be registered in an account maintained by an accredited intermediary. A shareholder may initiate a transfer by giving selling instructions to the relevant accredited intermediary. Ordinary shares held in bearer form may be transferred through accredited financial intermediaries and may be traded without further requirement. For dealings on Euronext Paris, a fee or commission is payable to the broker involved in the transaction, regardless of whether the transaction occurs within or outside France. Normally, no registration duty is payable in France, unless a transfer instrument has been executed.

Liquidation Rights

In the event that Tarkett is liquidated, any assets remaining following the repayments of its debt, liquidation expenses and all prior claims will first be used to repay Tarkett’s shareholders up to the amount of the paid-up and non-liquidated capital. Any surplus will be divided among all shareholders, subject to rights arising as among the different classes of shares.

Disclosure Requirements When Holdings Exceed Specified Thresholds

The French Commercial Code provides that any individual or entity, acting alone or in concert with others, that becomes the owner, directly or indirectly, of more than 5%, 10%, 15%, 20%, 25%, 30%, 33 1/3%, 50%, 66 2/3%, 90% or 95% of the outstanding shares or voting rights of a listed company in France, such as Tarkett, or that increases or decreases its shareholding or voting rights above or below any of those percentages, must notify that company and the AMF within four trading days of the date on which it crosses the threshold, of the total number of shares and voting rights it owns. In addition, it must declare:

- the number of financial instruments that grant access to Tarkett’s share capital and voting rights; and
- the shares already issued that may be granted pursuant to an agreement or a financial instrument mentioned in Article L. 211-1 of the French Monetary Code, without prejudice to Article L. 233-9, I, 4° of the French Commercial Code. The same applies to voting rights that may be granted under the same conditions.

In calculating the aforesaid thresholds, the denominator must take into account the total number of shares making up the share capital to which voting rights are attached, including shares that are disqualified for voting purposes, as published by Tarkett in accordance with applicable law (Tarkett must publish the total number of shares with voting rights and the number of such shares that have been disqualified for voting purposes).

The AMF makes the notice public. If any shareholder fails to comply with the legal notification requirement, shares in excess of the threshold will be denied voting rights at all shareholders’ meetings for a period of two years following the date on which the shareholder complies with the notification requirements. In addition, any shareholder who fails to comply with these requirements may have all or part of its voting rights (and not only with respect to the shares in excess of the relevant threshold) suspended for up to five years by the Commercial Court at the request of Tarkett’s Chairman, any shareholder or the AMF, and may be subject to criminal fines.

In addition, Tarkett’s by-laws provide that so long as Tarkett’s shares are traded on a regulated market and in addition to legal thresholds, any person or entity, acting alone or in concert with others,
who comes to own, directly or indirectly, 1% or more of the share capital or voting rights of Tarkett and thereafter increases or decreases its shareholding by an amount greater than or equal to 1% of the share capital or voting rights, including above the legal thresholds, must notify Tarkett thereof and give the information required by the AMF by registered mail with acknowledgement of receipt, within four trading days from the date on which any such threshold is met or crossed.

Any person or entity that fails to comply with such notification requirements, upon the request, recorded in the minutes of the shareholders’ meeting, of one or more shareholders holding together at least 1% of Tarkett’s share capital or voting rights, will be deprived of voting rights with respect to the shares in excess of the relevant threshold for all shareholders’ meetings until the end of a two-year period following the date on which such person or entity complies with the notification requirements.

French law and AMF regulations impose additional reporting requirements on persons who acquire more than 10%, 15%, 20% or 25% of the outstanding shares or voting rights of a listed company. These persons must file a report with such company and the AMF within five days of the date such threshold is met or crossed. In the report, the acquirer must specify whether it is acting alone or in concert with others and specify its intentions for the following six-month period, including whether or not it intends to continue its purchases, to acquire control of such company or to seek nominations to the Management Board or Supervisory Board. The AMF makes the report public. The acquirer must amend its stated intentions within six months of the publication of the report if his intentions change by filing a new report.

In order to allow holders to give the required notice, Tarkett must publish the total number of its voting rights on a monthly basis and the total number of shares forming its share capital if they have varied in relation to those previously published.

Under AMF regulations, and subject to limited exemptions granted by the AMF, any person acting alone or in concert with others who comes to own more than 30% of the share capital or voting rights of a French listed company must initiate a public tender offer for the outstanding share capital of such company. The tender offer must also cover all securities issued by Tarkett that are convertible into or exchangeable for equity securities.

Pursuant to French law and Tarkett’s by-laws, Tarkett may obtain from Euroclear, at its own cost and at any time, the name, nationality, year of birth or incorporation, address and number of shares held by each holder of shares and other equity-linked securities with the right to vote in shareholders’ meetings. Whenever these holders are not residents of France and hold such shares and other equity-linked securities through accredited financial intermediaries, Tarkett may obtain such information from the relevant accredited financial intermediaries (through Euroclear), at Tarkett’s own cost. Subject to certain limited exceptions provided by French law, holders who fail to comply with Tarkett’s request for information will not be permitted to exercise voting rights with respect to any such shares or other equity-linked securities and to receive dividends pertaining thereto (if any) until the date on which these holders comply with Tarkett’s request for information.

**Treasury Shares and Purchase by Tarkett of Its Own Shares**

As provided in the French Commercial Code, treasury shares must be fully paid up and held by Tarkett in registered form, unless the shares were repurchased in connection with a share buy-back program in order to increase the liquidity of Tarkett’s shares. In such case, the number of shares Tarkett repurchases minus the repurchased shares it sells during the program must be limited to 10% of its share capital.

Tarkett may not hold more than 10% of its share capital in treasury shares and shares owned by subsidiaries.

Treasury shares are deemed outstanding under French law but are not entitled to dividends, voting rights or preemptive rights.
Cross Shareholdings and Holding of Tarkett’s Shares by Tarkett’s Subsidiaries

With the exception of treasury shares that may be held by subsidiaries but which are non-voting, French law prohibits a company from holding Tarkett’s shares if Tarkett holds more than 10% of that company’s share capital. French law also prohibits Tarkett from owning any interest in a French company holding over 10% of Tarkett’s share capital. In the event of a cross-shareholding that violates this rule, the company owning the smaller percentage of shares in the other company must sell its interest. Until sold, these shares are not entitled to voting rights. Failure to sell these shares is a criminal offense under French law.

Trading by Tarkett of its Own Shares

Under the general regulations of the AMF, Tarkett may not trade its own shares if such trading would constitute market manipulation. The requirements for trades by a company in its own shares to be considered valid are set forth in Regulation No. 2273/2003 of the European Commission dated December 22, 2003. Specifically, in order to be valid, the following conditions must be met:

• the objective of the program, its duration and maximum consideration, and the number of shares to be acquired must be adequately disclosed to the public prior to the start of trading;
• each buy-back transaction must be recorded, trade reporting obligations of the relevant regulated market must be complied with and details of all buy-back transactions must be publicly disclosed within seven business days;
• under French law, Tarkett is required to disclose to the AMF on a monthly basis the number of shares purchased, sold or cancelled during the preceding month; and
• the issuer may not purchase shares at a price that is higher than the higher of the price of the last independent trade and the highest currently available independent bid, and may generally not purchase more than 25% of the average daily volume of the relevant shares on the relevant market.

There are two periods during which Tarkett is not permitted to trade its own securities: the 15-day period before the date on which it makes its consolidated or annual accounts public, and the period beginning on the date at which it becomes aware of information that, if disclosed, would have a significant impact on the market price of Tarkett’s securities and ending on the date this information is made public.

The requirements above do not apply to trades by Tarkett of its own shares that are executed on its behalf by an intermediary pursuant to a liquidity agreement; so long as the terms of the liquidity agreement comply with the ethics guidelines (charte de déontologie) approved by the AMF in its decision of March 22, 2005, they are deemed valid.

Ownership of Shares by Non-French Persons

Under French law, there is no limitation on the right of non-residents or non-French shareholders to own or, where applicable, to exercise their voting rights attached to, the securities of a French company.

Under the French Monetary and Financial Code, a person who is not a resident of the European Union is generally not required to obtain a prior approval (autorisation préalable) before acquiring a controlling interest in a French company (with exceptions regarding certain sensitive economic areas, such as defense, public health, etc.). However, both European Union and non-European Union residents must file an administrative notice (déclaration administrative) with French authorities in connection with the acquisition of a controlling interest in any French company. Under existing administrative rules, for example, ownership of 33 1/3% or more of a French company’s share capital or voting rights is regarded as a controlling interest, though a lower ownership percentage may be considered a controlling interest under certain circumstances.
INDEPENDENT STATUTORY AUDITORS

The Group’s consolidated financial statements as of and for the years ended December 31, 2012, 2011 and 2010, an English translation of which is included herein, have been audited by KPMG Audit, a department of KPMG SA and Praxor Audit, joint independent statutory auditors (commissaires aux comptes).
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Group Consolidated Annual Financial Statements

Group Consolidated Financial Statements as of and for the Year ended December 31, 2012 A-1
Translation of Statutory Auditors’ Report on Group Consolidated Financial Statements as of and for the Year ended December 31, 2012 B-1
Group Consolidated Financial Statements as of and for the Year ended December 31, 2011 C-1
Translation of Statutory Auditors’ Report on Group Consolidated Financial Statements as of and for the Year ended December 31, 2011 D-1
Group Consolidated Financial Statements as of and for the Year ended December 31, 2010 E-1
Translation of Statutory Auditors’ Report on Group Consolidated Financial Statements as of and for the Year ended December 31, 2010 F-1

Group Unaudited Consolidated Interim Financial Statements

Group Unaudited Consolidated Interim Financial Statements as of and for the Six Months Ended June 30, 2013 G-1
Translation of Statutory Auditors’ Report on Group Unaudited Consolidated Interim Financial Statements as of and for the Six Months Ended June 30, 2013 H-1

Supplemental Notes

Supplemental Note on Segment Information I-1
Translation of Statutory Auditors’ Report on Supplemental Note on Segment Information J-1
Supplemental Note on Pro Forma Condensed Consolidated Information K-1
Annex A
Annex C
Annex F