Q1 2016 results

Strong start to the year:
+4.2% organic growth and Adjusted EBITDA up by +41.5%

Paris, April 21st, 2016

Highlights

- Net Sales: €576m, +4.2% organic growth vs. Q1 2015
- Strong start to the year in North America (+11.4% organic growth), EMEA (+5.5%) and Sports (+14.1%)
- Adjusted EBITDA reached €45.0m vs. €31.8m in Q1 2015 (+41.5%)
- Adjusted EBITDA margin increased to 7.8% from 5.7% in Q1 2015 (+210 bps)

(1) Organic growth: At same perimeter and exchange rates (NB: In the CIS, price increases implemented to offset currency fluctuations are not included in the organic growth. Organic growth in the CIS therefore reflects volume and mix variances only. Including CIS price increases, the organic growth reached +4.8%).
(2) Adjusted EBITDA: Adjustments include expenses related to restructuring, acquisitions and certain other non-recurring items.

Net sales

Organically, sales grew by 4.2% vs. Q1 2015. EMEA and Sports continued on the good pace observed in 2015. North America posted a very good performance (+11.4%), confirming that the segment has fully recovered. On the opposite, the economic conditions in the CIS remained adverse, leading to a negative organic growth for the reporting segment CIS, APAC and LATAM.

Reported sales reached €576m vs. €561m in Q1 2015. There was no change in the scope of consolidation but exchange rates had a negative impact (-€8m), primarily the ruble which remained weak throughout the quarter.

Adjusted EBITDA

The Group delivered an adjusted EBITDA of €45.0m vs. €31.8m in Q1 2015, up by +41.5%. The adjusted EBITDA margin increased from 5.7% to 7.8%. The main contributor was North America that confirmed the profitability improvement seen in H2 2015, thanks to better volumes and efficiencies. Meanwhile, EMEA and Sports also reported higher margins than in Q1 2015. Margins in the CIS suffered from the slowdown in sales volumes and from the weakness of the ruble. All geographies benefited from favorable raw material prices.

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

“We are pleased with this very strong start to the year in three of our four segments. It was particularly true in North America where we are now clearly in a growth mode, with most product lines gaining steam. The increased EBITDA margin is driven by the sales growth and by the improvements made in our operations. These results demonstrate the very balanced profitability profile of the Group and the strength of our diversified portfolio of flooring and sports surfaces solutions.”
Tarkett Press Release – Q1 2016 Results – April 21, 2016

Net sales

<table>
<thead>
<tr>
<th></th>
<th>€ million</th>
<th>Q1 2016</th>
<th>Q1 2015</th>
<th>% Change</th>
<th>o/w organic(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>232.4</td>
<td>226.5</td>
<td>+2.6%</td>
<td>+5.5%</td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>187.2</td>
<td>162.8</td>
<td>+15.0%</td>
<td>+11.4%</td>
<td></td>
</tr>
<tr>
<td>CIS, APAC &amp; LATAM</td>
<td>103.5</td>
<td>126.4</td>
<td>-18.1%</td>
<td>-11.0%</td>
<td></td>
</tr>
<tr>
<td>Sports</td>
<td>53.2</td>
<td>45.5</td>
<td>+17.0%</td>
<td>+14.1%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Group</strong></td>
<td><strong>576.3</strong></td>
<td><strong>561.2</strong></td>
<td><strong>+2.7%</strong></td>
<td><strong>+4.2%</strong></td>
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</table>

Adjusted EBITDA(2)

<table>
<thead>
<tr>
<th></th>
<th>€ million</th>
<th>Q1 2016</th>
<th>Q1 2015</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>45.0</td>
<td>31.8</td>
<td>+41.5%</td>
<td></td>
</tr>
<tr>
<td>% of Net Sales</td>
<td>7.8%</td>
<td>5.7%</td>
<td>+210 bps</td>
<td></td>
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(2) Adjusted EBITDA: Adjustments include expenses related to restructuring, acquisitions and certain other non-recurring items.

Comments by segment

**Europe, Middle East, Africa (EMEA)**
In EMEA, Tarkett delivered a strong organic growth of 5.5%. Most countries contributed to this performance, in particular the Nordic countries, the UK and Germany. Spain slowed down compared to last year, in the midst of political uncertainties. France posted a slightly positive organic growth, a noticeable change from the past three years.

The reported sales grew by only 2.6% due to a reclassification of some Desso sales to other segments and a marginal negative impact of currencies.

The LVT category (luxury vinyl tiles) continued to be the main driver of growth across the region. The new production line in Poland, designed to meet this growing demand, is on track to be operational by the end of the year.

**North America**
Sales in North America increased organically by 11.4% in Q1 2016. Most product lines benefited from the growth, both in the residential and in the commercial sectors. The VCT product category, which had been negatively impacted in H1 2015 by production transfer issues (resolved in H2 2015), is recovering.

On a reported basis, sales grew by 15.0%, thanks to an exchange rate of the US dollar that was in average slightly higher against the Euro than in Q1 2015 and by the reclassification of some sales from Desso Europe.
CIS, APAC & LATAM

Net sales declined by -11.0% organically (excluding price increases in the CIS). The market conditions in Russia remained unfavorable, with consumer purchasing power still very much constrained. The “lag effect” between the ruble fluctuations and the price increases had a negative impact of €9m on net sales. The latest price increase was implemented in March 2016 by up to 10% depending on the products.

In APAC the year started fairly slowly, both in Australia and in China. In Latin America we posted another quarter of positive organic growth, despite a still depressed economic environment in Brazil.

Sports

The Sports activities started the year on a very good pace with organic growth of 14.1%. Sales of artificial turf and of running tracks both performed well. Our hybrid-turf technology GrassMaster® has been selected by the Stade de France, notably for the Euro 2016 football competition, including the Opening and Final games.

Outlook

North America and EMEA regions now represent more than 80% of Group sales and EBITDA and should continue on a growth mode, while we expect the year to be challenging in the CIS countries.

The recovery in North America initiated last year is being confirmed quarter after quarter. EMEA and Sports also achieved a very good start to the year, benefiting from the rise of modular products both in carpet and vinyl, as well as from a solid demand in sports surfaces.

With a very solid balance sheet, Tarkett will continue to play an active role in the consolidation of the industry.

An audio-conference will be held for the analysts on Friday April 22nd at 11:00 am CET and an audio webcast (live and replay) will also be available at www.tarkett.com.

Financial Calendar - Publications to be released after Paris market closing

- April 26, 2016: Annual General Meeting
- July 27, 2016: Half-year Financial Results
- October 26, 2016: Third quarter Financial Results

About Tarkett

With net sales of 2.7 billion euros in 2015, Tarkett is a global leader in innovative and sustainable solutions for flooring and sports surfaces. Offering a wide range of products including vinyl, linoleum, carpet, rubber, wood & laminate, synthetic turf and athletic tracks, the Group serves customers in more than 100 countries worldwide. With 12,000 employees and 34 industrial sites, Tarkett sells 1.3 million square meters of flooring every day, for hospitals, schools, housing, hotels, offices, stores and sports fields. Committed to sustainable development, the Group has implemented an eco-innovation strategy and promotes circular economy. Tarkett is listed on Euronext Paris (compartment A, ticker TKTT, ISIN: FR0004188670). www.tarkett.com.
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