The worldwide reference in integrated flooring solutions
Our mission

With over 120 years of experience in creating safe, sustainable and inspiring flooring and sports surface solutions, Tarkett enhances every day its customers’ quality of life and return on investment across the world.

Our vision

To be the global leader in innovative flooring and sports surface solutions that generate value for customers in a sustainable way.

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CHIEF EXECUTIVE OFFICER / CHAIRMAN OF THE MANAGEMENT BOARD

Looking back at 2009, how did Tarkett fare during the first full year after the economic crisis?

We took swift action very early on to adapt our cost structure to decreasing demand on the world market. We managed to reduce our costs by more than 100 million euro during the year, in addition to a favourable variation in the purchasing price of raw materials.

We succeeded in improving our EBITDA, despite an 18% drop in sales. Combined with very strong cash generation, this enabled us to make strategic acquisitions in countries such as Brazil, where we took over the market leader, and in Turkey in the flooring segment. We also consolidated our leadership position in the North American sports segment by acquiring a running track company and increased our market share in some of the Group’s key markets. In Eastern Europe, we now own 100% of the equity of our operations that were formerly listed on the Belgrade Stock Exchange.

Like every economic crisis, this one offers plenty of opportunities to strengthen key business drivers and position the company for the growth to come.

Will innovation play an important role in sustaining Tarkett growth?

We have made innovation a strategic priority by implementing innovative processes at every level in the company and fostering sustainable development in our production processes and product offer. Through the “Project Management@Tarkett” program, we restructured our entire R&D approach in 2009, with new management and new processes now firmly in place to reduce development lead times. In the meantime, we set up a new Design Center in Luxembourg – the largest in the flooring industry – where we have grouped all our Western European teams together in a single location for improved efficiency and communication.

The initial results of these strategic decisions are already visible in two important new products introduced on the market at the beginning of this year:
• Floor in a Box, a revolutionary vinyl flooring concept, easy to transport and install, primarily sold in DIY chains;
• IQ Natural, the first homogeneous vinyl flooring made with 75% natural and renewable raw materials, primarily installed in Healthcare applications.

We also plan to pursue three Group-wide initiatives:
• our “Sales & Marketing Excellence” program to improve our overall service to all our customers;
• our WCM (World Class Manufacturing) program, which is already well under way across the world to make Tarkett the manufacturing benchmark in the flooring industry. WCM will enable us to create value and improve customer satisfaction by focusing on operational efficiency and service,
• “Manager@Tarkett”, a major program in the field of people development, launched in 2009 and slated for further rollout in 2010.

What are Tarkett’s key strengths in this environment?

We have realigned our market positioning on being the best service provider and allowing us to fully leverage our product range, the widest and most varied in the world, against competitors. With this positioning, we can guarantee the best technical solution for every flooring need. It will also drive our innovation, marketing and sales processes. Satisfying customers is our top priority and we are committed to providing them the best experience. All these advantages are summarized by our new brand signature: Tarkett – the ultimate flooring experience.

Tarkett’s financials are sound, with a low debt level and enough cash available for strategic acquisitions to pursue the company’s geographical and market expansion. We are present in more than 100 countries, which gives us a competitive edge with international customers seeking a global partner and allows us to balance our product sales more effectively. We have strong positions in emerging countries including the BRIC markets, which account for 30% of total Group sales. Tarkett can rely on the loyalty of thousands of customers and the commitment, expertise and empowerment of our 8,000 employees. Finally, our genuine commitment to environmental protection has made Tarkett a benchmark in the flooring industry: we recycle 12% of all purchased vinyl, which positions us as the leader in the industry.

How do you view the prospects for 2010?

Overall, the market is likely to stay flat until 2011, when we anticipate a moderate economic upturn in our industry. We expect to recover to 2008 level by 2012-2013. Although 2010 will remain a challenging year, we will manage to accelerate our profitable growth.

Our very good performance in 2009 in terms of market share and cash will enable us to grow in 2010, continue our strategic acquisitions to further strengthen our market position, increase our geographical reach and become #1 in selected market segments.
2009 Highlights

JANUARY / Creation of a subsidiary in Kazakhstan
The subsidiary was set up to bolster Tarkett’s presence in Eastern Europe and take advantage of this promising new market.

MARCH / Fademac, the Brazilian leader in resilient flooring, joins the Tarkett Group
The acquisition strengthens Tarkett’s international presence with an industrial base near São Paulo and a distribution network across Brazil.

JULY / Tarkett acquires remaining shares in Sintelon
The acquisition confirms the Group’s ongoing development in Eastern Europe. Sintelon, the holding company for Tarkett activities in Eastern Europe, has subsidiaries in Serbia, Russia and Ukraine.

JUNE / Tarkett Linoleum xf wins 2009 Green Good Design™ Award
This linoleum is made from 95% natural raw materials and won awards from the European Centre for Architecture Art Design and the Chicago Athenaeum: Museum of Architecture and Design.

MAY / India’s largest stadium installs Tarkett artificial turf
Salt Lake Stadium in Kolkata, India, the world’s second biggest stadium with a seating capacity of 120,000, chose Fieldturf for its 9,500-square-meter football field.

AUGUST / Tarkett Sports acquires a new company in North America: Atlas Track & Tennis
Coupled with the purchase of Beynon Sports Surfaces and Defargo, the acquisition reinforces Tarkett Sports preeminence as the top running track installer in North America.

NOVEMBER / Start-up of the Mytischi plant
Located in the Moscow area, this brand new facility produces laminate floorings with state-of-the-art equipment.

NOVEMBER / Tarkett ASPEN – a strategic acquisition in Turkey
The new company was set up to strengthen Tarkett’s position in Turkey and take advantage of the growing domestic flooring market.

NOVEMBER / Tarkett & ENSAD: a partnership to design the floors of the future
Tarkett has entered into a three-year partnership with ENSAD, a famous French school of design, to develop new floor covering concepts suited to changing consumer trends and habits.

DECEMBER / Launch of Floor in a Box
Tarkett is revolutionizing floor decoration with an innovative package for easy transportation and quick installation.
2009 Key Figures

Sales in more than 100 countries

8,000 people

Sales in more than 1.7 billion euro

EBITDA 208 million euro

Debt/EBITDA ratio 1.3

90% of sales outside France

29 industrial sites

Tarkett product range

Vinyl & Linoleum 64%

Sports 13%

Rubber 7%

Wood 7%

Laminate 5%

Various 4%

% of sales by product type
Tarkett’s leadership position is rooted in our pioneering role in the history of the flooring industry and the innovative milestones we have achieved along the way. Today, the Group enjoys a worldwide geographical presence, distinctive brand positioning and the most diversified product offer of any manufacturer in the business. Our combined strengths make Tarkett a top brand across the globe and give us a real competitive edge in many of our local markets.

Consolidating our leadership
The destiny of a visionary

The story of Tarkett merges with the history of the flooring industry, incorporating more than 120 years of experience and many of the finest brands that have helped to shape flooring up to the present day.

Tarkett is grounded in its people – their values and beliefs, their expertise and ambition. From the early entrepreneurs who introduced parquet in Sweden, linoleum in Canada, vinyl felt with backing in France and textiles in Eastern Europe, the Group has grown to include many industry leaders. This diversity continues to be the source of ongoing innovation in materials, technologies, design, and services to make people's lives safer, more comfortable, more productive, and inspire them through colors, patterns and textures in the places where they work, live or play.
Corporate Governance

Headquartered in Nanterre, France, Tarkett SA, the holding entity of Tarkett worldwide operations, is a private company. Its shares are owned by a private holding company (Société d’Investissement Familial). The shareholders of SIF are the Deconinck family (50%) and Kohlberg Kravis Roberts and Co (50%).

The Supervisory Board consists of six members representing the Deconinck family and KKR. It meets once a month to review financial and operational results, approve budgets and examine strategic initiatives.

The Supervisory Board has also formed several ad-hoc committees:
- The Audit Committee, chaired by Silke Scheiber,
- The Selection and Compensation Committee, chaired by Jacques Garaïalde,
- The Strategic Committee, chaired by Jacques Garaïalde,
- The Marketing Committee, chaired by Eric Deconinck.

The Management Board of Tarkett SA is headed by Michel Giannuzzi. Its members include Fabrice Barthélémy, Chief Financial Officer, and Vincent Lecerf, EVP Human Resources.

The Group is run by an Executive Management Committee chaired by Michel Giannuzzi. It comprises four division presidents and four functional vice-presidents and the Secretary of the Board:
- Chief Financial Officer,
- Human Resources,
- Marketing and Environment,
- Operations (Purchasing, R&D, Industrial Operations),
- Secretary of the Board.
Leading the way in integrated flooring solutions worldwide

Building a powerful brand with worldwide recognition

Strong, successful brands have a distinct identity that makes them recognizable across the world, communicating the same values and ambitions everywhere. That is why Tarkett has adopted a new brand strategy to introduce a clearly defined brand hierarchy, unify visual codes across all brand logos and identify each individual brand as belonging to the Tarkett Group.

Marketing and Sales Excellence Program

To improve sales and marketing efficiencies across the Group, Tarkett launched an ambitious 50-step program to evaluate, measure and develop marketing and sales skills. The web-based self-assessment tool aligns marketing and sales methodologies (summarized in the "Toolbox Handbook"), benchmarks and shares best practices and helps to identify and correct sales and marketing weaknesses. Successfully implemented in Western Europe, this approach is to be rolled out across the whole Tarkett Group in 2010.

Market Segmentation Strategy

Tarkett has developed a new strategic modeling approach based on market segmentation by destination. The idea is to identify all potential flooring application areas, determine the corresponding end-user expectations, and match them to relevant Tarkett product solutions. The new strategy transforms the scope and depth of the Tarkett product portfolio into a structured, targeted sales approach, helps redirect the innovation process with tangible “out-of-market” input and emphasizes the best value for money for customers and end users. Implemented across all websites, catalogues, brochures as well as sales and sample books, it works in tandem with the Marketing and Sales Excellence Program.
Positioning Tarkett as a solution provider

More than just a manufacturer and marketer of flooring products, Tarkett has become a solution provider. We look at every aspect of a given building or renovation project to offer our customers not only a selection of different products and designs but fully integrated flooring and sports surface solutions. A key factor in our success lies in anticipating the complex variety of all their flooring needs and consistently responding to all requirements with the most technically advanced solutions.
Housing

DESIGN AND FUNCTION CHANGE THE WAY PEOPLE EXPERIENCE THEIR HOME

Good design and clever functionality can make a big difference in the way people experience quality of life in their homes, directly affecting their physical and emotional well-being. That is why Tarkett works with designers and architects to develop new flooring solutions that address the specific functional, sensorial and ecological needs of the end user.

We provide a wide selection of products, ranging from vinyl and 100% natural linoleum to laminate, high-end parquet, rubber and smart accessories, to meet every requirement and ensure that our customers find the right solution for every room. Our contemporary colors and patterns, available at all price levels, offer homeowners the opportunity to personalize their space.

Floor in a Box: Change your floor today!

Floor in a Box is a truly innovative concept that pushes new boundaries in today’s market. The magic of Floor in a Box lies in its unique concept: a cubic box that is both lightweight (3.5kg) and compact (dim. 20cm x 20cm). Each box contains a roll of vinyl flooring to cover an area of 2m², so customers can instantly calculate exactly how many boxes they need to decorate each room. The revolutionary packaging of Floor in a Box makes it quicker and easier to transport. For experienced DIYers and beginners alike, laying the floor is simple as child’s play thanks to its adhesive underside. The box itself also plays a part in helping to unroll and cut the strips. In a matter of minutes, the floor will be transformed and the room revived for the pleasure of the whole family.

Quick response to a crisis situation in the Russian market

Faced with the worldwide economic crisis and a drastic depreciation of the Ruble in late 2008, Russian consumers turned increasingly towards low- to mid-end flooring products. Tarkett, which holds strong positions in the mid- to high-end segment of the market, showed great flexibility and responsiveness by answering the shift in buying behavior and the aggressive price offers from local competitors. Within weeks, Tarkett succeeded in countering this market offensive by repositioning its Sinteros brand in the low- to mid-price market segment and adapting its product range to generate greater price flexibility, while maintaining a solid level of profitability. The new Sinteros products and Tarkett’s standard offerings proved to be complementary in the Russian market, allowing the Group to consolidate its market share.

Tarkett awarded by Europe’s Architecture professionals

Tarkett won the Architects’ Partner Silver Award during Contractworld 2010, the largest European forum dedicated to architecture and interior design, at Germany’s Domotex trade fair. The Architects’ Partner Award is based on an unprompted online survey of 1,017 architects and interior designers in Germany commissioned by two well-known trade magazines. The unprompted survey asked respondents to name spontaneously the 10 best companies in the flooring and commercial textiles category out of a total of 350 that had distinguished themselves through professional sales efforts and outstanding consulting competency.
PuTTing Our fLOOrs TO The TesT

Few flooring environments are more demanding than those in schools, where they are often called upon to fulfill contradictory requirements: being affordable yet long lasting, safe yet inviting, cost-effective yet maintenance-friendly. They have to be functional, inspired, durable and hygienic and withstand frequent bursts of energy from the children that walk, run and play on them every day.

Our curiosity and the ambition to constantly improve our flooring solutions have led us to spend time, year after year, researching the living conditions of our products in this very tough environment, working with children and students, teachers and facility managers, to learn how best to meet their needs.

PUTTING OUR FLOORS TO THE TEST

Education

Eyeüboglu College in Turkey

With the construction of the Eyeüboglu Kemerburgaz Preschool and Primary School, Eyeüboglu Education Institutes has expanded its educational network to include nine institutions. Tarkett IQ Series Grant, which is available in a wide array of colors, was chosen for the classrooms and corridors as it does not require polishing and will save the school 30% in maintenance costs. In main entrance areas with heavy traffic, ID Premier was preferred for its durability and the possible combinations of its 37 color options. Linear Spirit from Enia was selected for use in meeting rooms requiring resilient flooring, particularly for its unique line effect.

Tarkett IQ Granit flooring is part of the IQ range, offering the best life cycle costs on the market, together with outstanding quality, performance and design characteristics. Made from high-quality raw materials, Grant features third-generation PUR reinforcement that guarantees no wax or polish will ever be needed. The Unique Surface Restoration means it is possible to fully restore the flooring surface to its original appearance and properties with simple dry buffing, thereby ensuring extreme longevity and minimal maintenance costs.

University of Jussieu (Paris)

This university is currently the largest public works project in the Ile de France region, with a surface area of 100,000 m² and a renovation budget of €100m. The project is part of the national Campus Plan announced in January 2008 by the French Ministry of Education and Research. The buildings must be ready for delivery by 2015. Tarkett has been selected to supply vinyl floor covering. We are providing more than 60,000 m² of TX 164 composite vinyl flooring featuring a design specially developed for the project, which is scheduled for laying from May 2009 to May 2010.

30% reduction in cleaning and maintenance costs with the IQ product range

TARKETT intelligent flooring creates brighter learning at Milton Keynes Academy (UK)

The brand new Milton Keynes Academy opened its doors to pupils in September 2009. Complete with over 6,000 m² of Tarkett IQ flooring products, the £30m state-of-the-art building will accommodate over 1,500 pupils and 200 staff. The ground floor is home to specialist departments such as sciences, music, arts and design and technology, and Tarkett’s IQ Granit was installed throughout these areas. Tarkett’s IQ Granit flooring is part of the IQ range, offering the best life cycle costs on the market, together with outstanding quality, performance and design characteristics. Made from high-quality raw materials, Grant features third-generation PUR reinforcement that guarantees no wax or polish will ever be needed. The Unique Surface Restoration means it is possible to fully restore the flooring surface to its original appearance and properties with simple dry buffing, thereby ensuring extreme longevity and minimal maintenance costs.
Healthcare

TECHNICALLY SAVVY FLOORS
HAVE MADE US #1 IN HEALTH CARE

Our healthcare offer exemplifies the concept of integrated flooring solutions. We provide advice and assistance from the planning stage of a project through post-installation maintenance, weighing needs against constraints and guiding clients towards the most intelligent choice for a given area.

We have consulted healthcare experts in an effort to design specific products that will meet their requirements for hygiene, static control, water and chemical resistance, acoustics and heavy traffic.

In view of the strict hygiene, safety and health standards applied in this environment, vinyl is often the preferred flooring. Finally, we have studied the sensorial aspects of the healing process to learn which colors and patterns help people heal faster and alleviate anxiety in Alzheimer patients.

Womack Army Hospital

In Fort Bragg, North Carolina (US) originally specified nearly 200,000 square feet of a competitive rubber sheet product for its installation. Once again, Johnsonite’s relationship with key service providers played a decisive role in securing a major contract using our fully coordinated integrated flooring system. At the same time, Johnsonite demonstrated the value of our Balanced Choice approach and the project will move forward with a variety of coordinated Johnsonite solutions. Through its strong relationship with its Starnet partner, Bonitz, Johnsonite illustrated how our systems and capabilities would balance the functional and aesthetic objectives of each area within the hospital, optimizing performance and added value for each specific need of the end user.

Tarkett delivers intelligent flooring solutions for Manchester Royal Infirmary

As a solution provider, Tarkett demonstrated its ability to offer optimized responses and products for over 120,000 m² of flooring. About 90,000 m² of Eclipse Premium vinyl flooring, a PUR-reinforced product that never needs to be waxed or polished, was installed in the corridors and main circulation areas to reduce maintenance and ensure an excellent life cycle cost.

Because patients are less surefooted on slippery surfaces, over 7,000 m² of Safetred Universal was specified for toilets and other wet areas. This product features Safety Clean PUR surface treatment, reinforced with slip-resistant granules to make the Safetred range safer as well as easier and less expensive to clean and maintain.

Other specialist products included over 2,000 m² each of Safetred Aqua and Wallgard vinyl wall covering for watertight, hygienic shower rooms and 300 m² of IQ Toro SC static-conductive flooring for sensitive areas such as radiography and operation rooms.

Sud Francilien Hospital...

is the largest hospital building project in France. In late 2008, the project was certified as a “Service Sector Building using a High Environmental Quality approach”, the first time a hospital has qualified for this label. The project has already been awarded two prizes: a “Victories of State Modernization” prize and the “Public-Private Partnership Club” prize. Tarkett will be supplying nearly 100,000 m² of flooring out of a total surface area of 123,000 m².

In keeping with our “Solution Provider” approach, the Group’s bid proposed a multi-product solution to meet the requirements of each area in the hospital: homogeneous IQ Granit, non-slip Safetred and composite TX 164. Tarkett has also introduced a scrap recycling program called “Re-use”. Laying is planned from November 2009 to June 2010.
Offices

MEASURING FLOORS BY THEIR IMPACT ON PRODUCTIVITY RATHER THAN BY THE SQUARE METER

The right choice of flooring can make people feel more comfortable, safer and more inspired. Colors, patterns and floor functions all play a role in creating a more stimulating workplace environment, which directly impacts people’s motivation and productivity. There is a Tarkett product suited to each and every zone of high performance office space, from the boardroom to the kitchen area. All our applications are easy to install, clean and maintain. Offering excellent life cycle costs, they are a sure investment for customers who seek to maximize their returns.

80% natural and renewable materials for laminate floors

Our laminate floors are made from more than 80% natural and renewable materials and are PEFC labelled (Program for the Endorsement of Forest Certification), a recognition that the wood comes from managed sustainable resources. Our production processes have ISO 9001 and ISO 14001 certifications. They are designed to minimize the use of resources and whenever possible, to recycle and reuse water energy and waste material. Our laminate floors can be recycled at the end of their lives.

International partnership with Société Générale Bank

Target has signed a three-year partnership with Société Générale to modernize the bank’s branches in its European network. Société Générale chose Tarkett for its ability to offer suitable solutions to specific needs as well as its broad geographical presence. Indeed, the project encompasses France, Great Britain, Germany, Spain, Greece, Russia, Poland, Morocco, Tunisia, Algeria, Egypt and Czech Republic. Société Générale decided on ID Premier vinyl wood for its acoustic comfort, its reduced thickness allowing optimal installation and easy upkeep and Tarkett has developed special wood patterns for the project. Nearly 50 bank’s branches with a surface area of 150-300 m² have already been equipped in France and some 200 installations will take place each year after the international rollout begins in 2010.

Johnsonite equipped the offices of Ohio Desk, a Steelcase furniture dealer, with ID Premier, Johnsonite’s LVT program (Luxury Vinyl Tiles). Ohio Desk was seeking to show how their systems furniture can create a space that is motivating to staff, yet still works within the parameters and needs of office space within a healthcare environment. ID Premier was selected because it provided the durability and maintenance performance that were necessary for the space, and it also contributed to a warm, inviting and modern space. The project also included transitions and wall base in order to easily coordinate flooring elements and ensuring optimized performance and integrated aesthetics.

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Stores and hospitality

**Floors that put retail outlets into business**

The image a store or hotel projects through its sales, reception and hospitality areas helps to bring customers through the door. Wood, laminate or vinyl, all in a variety of contemporary designs and fashionable colors, create a visual effect expressing an individual style to give retail space the desired competitive advantage.

Patented surface treatments offer unique durability for heavy traffic areas and make our professional floors easy to clean and maintain. And when fashion trends change, quick, cost-efficient installation will provide a new cutting-edge look with a minimum of downtime and loss in revenues.

**Partnership in Latin America with Accor Hotels Group**

In 2009, Tarkett Fademac won a contract with Formule 1 hotels, part of the Accor Group, to supply 15,000 m² of vinyl flooring for ensuites, bedrooms and bathrooms. The three-year contract covers Accor hotels in Brazil, Peru, Venezuela and Mexico. Formule 1 hotels chose Absolute products: “Madero” (wood design) for the bedrooms and “Flakes” for the bathrooms. Prototype rooms were set up at a Formule 1 hotel to compare ceramic tile and vinyl performance. Tarkett Fademac’s “Absolute” solution outperformed ceramics in maintenance and acoustic properties. The architects’ decision was based on positive feedback from the hotel management as well as sustainability and sourcing criteria. The Absolute range, produced at the Jacareí plant near São Paulo, uses low-VOC adhesives, requires less water for cleaning and is recyclable. The results prompted the Accor Group to choose vinyl flooring for its Ibis hotels (estimated volume: 45,000 m²).

**Mini Mundi Leisure Park**

Mini Mundi is a leisure park located in Middleburg, Netherlands with attractions centered around the theme of the world in its macro and micro dimensions. Tarkett was chosen in 2009 to equip the huge indoor activity playground covering 1,850 m². The Acczent flooring range was selected for its creative, playful look featuring natural designs such as pebbles, grass, water and sand. The product range is also appealing from a practical standpoint, boasting high performance in terms of easy, low-cost maintenance and excellent resistance to scratches, abrasion, scuffing, soiling and stains.

**M-Video / Creating a distinctive retail environment**

A specialist in electronic goods, M-Video is the largest store chain in Russia. In a major effort to redesign the customer’s in-store retail environment, Tarkett specifically developed new colors for its high-end AcczentTerra range to meet M-Video’s corporate brand requirements. 45,000 m² of tailor-made flooring were installed throughout 15 stores in 2009, with an equivalent number of stores to follow in 2010.

**Football experience museum**

Located in the Netherlands, the Football Experience Museum presents the history of Dutch football teams with interactive attractions and football memorabilia. Tarkett installed linoleum and Acczent products in the entrance and corridors featuring multicolor schemes and grass design.

**Tech 3S technology**

Tech 3S technology provides high moisture resistance for laminate floors with 50% less swelling at the joins compared to competitors.
THE WORLDWIDE LEADER IN HIGH-PERFORMANCE SURFACES

With over 5,000 installations, Tarkett Sports is the world’s largest provider of sports surfaces including running track, turf fields and indoor flooring, delivering comfort, safety and maximum performance for athletes at all levels, from amateur sports to world-class standards for professional competitions.

Constant innovation and extensive research programs make FieldTurf’s 3rd Generation artificial turf the preferred choice for many prestigious stadium facilities worldwide. We also strive to make our sports surfaces environmentally friendly. Our indoor linoleum, for example, is produced entirely with renewable resources. FieldTurf’s artificial turf fields, designed for year-round playing in all weather conditions, help save tons of fertilizers and pesticides and millions of liters of water.

FieldTurf: Chosen by most famous European football teams

With its durable, high-performance artificial turf solutions, FieldTurf offers a unique experience to all its users. No wonder it has already been chosen by the most famous European teams for their training fields and increasingly for their official home fields. On October 9, 2009 the Russian and German national football teams met at Luzhniki Stadium in Moscow, Russia for a 2010 World Cup Qualifier. The FieldTurf system, which passed the third FIFA 2-Star test in July 2009, was designed especially for the playing characteristics of professional football and the stadium can host FIFA final round competitions as well as UEFA Champions League matches. This reflects the vote of confidence given to FieldTurf by the professional community, both in Europe at FC Volendam’s Kras Stadion and Telek Hungarian national training center and in South Africa, the 2010 World Cup host country, with Cape Town’s brand new Ajax training pitch.

FieldTurf & Penn State University launch new research center for sports surfaces

Penn State University (US) and FieldTurf partnered to develop the world’s first facility dedicated to sports surface research, with a five-year commitment to research and safety on turf, tracks and indoor surfaces.

Tarkett Sports signs partnership with Tony Parker’s basketball team in Europe

Tarkett Sports, technical partner of the French Basketball Federation for the last four years, has become the technical partner of ASVEL, one of Europe’s leading basketball teams, whose Vice-President is Tony Parker, the famous NBA (National Basketball Association) player.

Tarkett equips Paris Charles de Gaulle airport runway with synthetic turf

Tarkett FieldTurf has completed a successful six-month trial of synthetic turf at Charles de Gaulle Airport in France. The solution is designed to ensure improved safety, maintenance and durability. The synthetic turf solution, one of only two systems approved by US Federal Aviation Administration, is already in use at several US airports including Boston, San Francisco and New York LaGuardia. It helps to:

- Improve visibility by creating a visual contrast marking the edges of the runway to give pilots a better view in all types of weather, daylight and night conditions;
- Reduce foreign object debris and dust significantly to increase the safety of flights and service vehicles around runways;
- Reduce risk from wildlife by eliminating sources of food, water and shelter for wildlife in airside areas;
- Improve drainage to provide a stable, safe surface for heavy airport service vehicles.

FieldTurf Penn State University partnership

For the 4th year in a row, National Football League players in the United States voted FieldTurf the “Best Artificial Surface” in their 2009 ranking of NFL stadium fields. The results tabbed FieldTurf as the runaway leader among all artificial turf brands. 40% of the league’s top ten surfaces are FieldTurf. Four of the five top ranking artificial turf fields are FieldTurf. Eight out of the top ten turf fields are FieldTurf.
For years, Tarkett has worked to minimize the environmental impact of our production processes. With ISO 14001 and 9001 certification, we have put environmental concerns at the core of our activities and demonstrated our ability to deliver sustainable production performance through state-of-the-art management systems. Tarkett pioneered floor recycling and we continue to be a leader in this field: in 2009 over 77,000 tons of waste was diverted from landfill. But a sustainable business model involves more than limiting our industrial footprint. In 2009, Tarkett launched a major initiative to reduce accidents through training and reviewing safety procedures. We achieved a 38% reduction in Lost Time Accidents vs 2008. We also offer training programs to improve employee skills and develop close ties with the local communities where we operate.
Tarkett has long been a leader in environmentally friendly manufacturing and sustainable product development by systematically taking the full product life cycle into account. We promote the use of natural, renewable raw materials in sustainably sourced wooden floors, linoleum made of saw dust, linseed oil and jute and our latest innovation, IQ Natural, featuring a staggering 75% of natural or renewable raw materials. To save resources, we continuously monitor our energy and water consumption, waste generation and recycling rate. We create people-friendly spaces: our turf solutions allow customers to avoid millions of tons of pesticides per year. As for recycling our own products and those of our competitors – 77,000 tons in 2009 – no one in the industry contributes more in this area than Tarkett.

IQ Natural
IQ Natural is the first homogeneous vinyl flooring made with 75% natural and renewable raw materials. From raw materials to recycling, IQ Natural is environmentally friendly through and through. A new plasticizer based on oil extracted from a plant is added to raw materials such as salt and mineral fillers, bringing IQ Natural’s total natural and renewable content to 75% – a breakthrough for the flooring industry. Even IQ Natural welding rods benefit from this plasticizer, which enhances the natural finish. After installation, IQ Natural protects indoor air quality with VOC emissions 40 times below the required European standard, IQ Natural also boasts all the properties of the IQ range, including lower water, detergent and energy consumption for cleaning and a surface that never requires wax or polish. And after a long, productive life, IQ Natural is 100% recyclable.

Tarkett & Walmart partner in reclamation project
In 2009, Tarkett North America and Azrock launched a pilot program with Walmart to return installed flooring materials (including competitors’ products) to be recycled and shipped back to Walmart as new VCT tiles. As a result, Tarkett processed over 14 million pounds of flooring, the equivalent of 409 fully loaded, 28 ft. van trailers that would have been necessary to carry this amount of waste to a landfill. Overall, the partnership is a model in sustainability, helping to reduce greenhouse gas emissions and energy use, creating people-friendly spaces with non-slip, light-reflecting surfaces, contributing to Walmart’s zero landfill objective (2009 net savings on landfill totaled $500,000) and using friendlier raw materials with up to 30% post-consumer recycled content. The program is set to accelerate in 2010.

Energy Consumption (KWh/m²)

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.95</td>
<td>2.96</td>
<td>3.14</td>
</tr>
</tbody>
</table>

The Group’s energy consumption per square meter did not improve in 2009. Production volume dropped by 14% and overall consumption was reduced only by 10% compared with 2008 since not all energy consumption is variable.

Water Consumption (l/m²)

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.42</td>
<td>2.95</td>
<td>3.04</td>
</tr>
</tbody>
</table>

After significant improvement in 2008, water consumption rose slightly in 2009 from 2.9 /m² to 3.0 /m² due to technical issues in 3 plants. Actions plans and measures have been taken to put this indicator back on track.

Waste Generation (g/m²)

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>104</td>
<td>126</td>
<td>112</td>
</tr>
</tbody>
</table>

Following an increase in 2008 in waste generation, the Group achieved a turnaround in 2009 with a 31% reduction compared with 2008. The positive result can be attributed to several initiatives such as the start-up of a co-generation facility for used dust and scrap in Backa Palanka.

Recycling (g/m²)

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>246</td>
<td>254</td>
<td>285</td>
</tr>
</tbody>
</table>

In 2009, the Group’s recycling rate rose by 32% compared with 2008, reaching a record high. This result was due in large part to a refurbishment and floor recycling partnership between Tarkett and a major US retail stone chain.
Offering a sustainable experience

Innovating

DESIGNING THE FLOORING TRENDS OF TOMORROW

Design is at the heart of our business. Tarkett’s multi-cultural design teams are closely involved in product development, scouting for materials that offer new functions or more sustainable resource use and scrutinizing color, fashion and consumer lifestyle trends. Each new collection highlights these factors and translates them into exciting new designs. Attuned to our changing world, Tarkett’s design teams balance the requirements of each market segment with demands for comfort and well being.

If design is all about creativity, then identifying trends is about being connected. Our partnership with design agencies, architects, interior designers, colorists and consumer researchers and membership in the Color Marketing Group (CMG) help us forecast future trends. Thanks to Tarkett’s design vision and invaluable input from these outside resources, our collections set the style for tomorrow’s flooring.

Eco-Innovation

In line with our commitment to environmental protection, Tarkett R&D has taken steps to eco-innovate through the use of life cycle assessment (LCA) tools. Using the relevant indicators, the team identifies and activates the levers to develop sustainable solutions. The R&D division benefits from the input of world-class experts and plays an active role in technical committees to ensure compliance with standards. Its achievements includes the development of IQ Natural, made of 75% natural or mineral materials, TarkoSpray solvent-free adhesive and the elimination of all hazardous raw materials (REACH regulations).

Open innovation

Tarkett’s R&D Department is implementing open innovation. Strategic partnerships have been established with suppliers and universities such as Ecole des Mines in Paris. An “Innovation Director” position has been created to strengthen technology watch activities as well as to protect and enhance intellectual property rights (Tarkett has a portfolio of more than 100 patents and 9 major patents were filed in 2009). Tarkett’s R&D mission is to develop technological platforms, call upon outside expertise and develop a new technology search and acquisition unit.

Project management

Project management methodology has been deployed at all Tarkett R&D sites and horizontal, multidisciplinary teamwork is being promoted to reduce development lead time, speed up and secure the innovation market introduction. The plan has already borne fruit in the form of Floor in a Box, which took only 16 months from the original idea to reach the market.

Tarkett & ENSAD: a partnership to design the floors of the future

Tarkett has entered into a three-year partnership with a famous French school of Design ENSAD (Ecole Nationale Supérieure des Arts Décoratifs) to develop new floor covering concepts suited to changing consumer trends and habits. The partnership aims to give students free reign to imagine and suggest innovative floor coverings, which in turn will stimulate our innovation-oriented thinking and creativity. The program has been organized and the teams will meet regularly to discuss the working process. The partnership will also help Tarkett to attract young talents and promote our image as a modern, innovative and creative company among future architects, designers and potential employees by raising their awareness about the industry’s potential.

More than 100 patents in portfolio
2009 has been a challenging year for business, forcing Tarkett to adapt the organization to today’s economic realities. Through dialogue with local personnel representatives and team members, we reached agreements that respect our values and our people, whether by reorganizing working hours as in Canada, Poland and Russia or reducing staff at other Tarkett sites. Some of those agreements, for example in Luxembourg, were considered exemplary by local authorities. In every instance, we sought to balance social and personal constraints with business requirements. Measures were implemented to soften the impact of decisions and ease the transition of employees. None of these processes has resulted in any social conflict or disturbance. Tarkett has continued to dialogue with employees and local personnel representatives, promoting shared progress through local incentives and integration.

Communication and pride

Making our actions meaningful to our employees allows them to understand how they can best contribute to the company’s progress and gives added impetus to their motivation and talent. Tarkett has implemented a number of processes to ensure efficient sharing of our strategy as well as opportunities for team members to suggest improvements. Internal communication is conveyed through corporate newsletters, quarterly briefings to all managers by the CEO for dissemination to colleagues, local newsletters, numerous meetings and participation in training at every level in the organization. As a result, more than two-thirds of Tarkett employees declare they would recommend their company to others as a place to work, compared with 55% on average in the industry. And 75% of Tarkett employees are proud to work for the company, compared with the industry average of 58%.

(Source: Mercer Survey)
Tarkett supports young disabled athletes at French national sporting event

As an official partner of the French Federation of Disabled Athletes, Tarkett supported a three-day national disability sports competition bringing together over 650 young disabled athletes in Angers from the 20th to the 23rd of May. Tarkett has worked with the Federation to select and provide the flooring solutions best suited to the needs of these young athletes across fifteen disciplines from wheelchair basketball and football to table tennis and archery.

Tarkett supports young disabled athletes at French national sporting event

FieldTurf, Adidas, and MLS Works announced the creation of the “Footprint Fields Program”, a program launched by international soccer stars David Beckham and Zinedine Zidane. Both champions helped start up a new community soccer program in the US designed to bring football to communities in need. The program, known as “Footprint Fields”, has been set up by partners Adidas, MLS Works and FieldTurf to provide grants for organizations to ensure top quality, sustainable fields for youngsters to play year-round. Five grants were awarded in 2009 to support synthetic turf.

Beckham and Zidane kick off FieldTurf new community soccer program

The Pompidou Foundation

is a state-authorized association supporting two types of activities: providing home assistance to families and financing care for the elderly and for disabled children, involving 900 volunteers and 13 facilities across France.

The Tarkett France network has renewed its partnership commitment for three more years (2009-2011) to “…give time to those who need it……” We are committed to giving all Tarkett employees a half-day off to accompany the elderly on “minibus excursions” organized by the Foundation and supervised by experienced volunteers. Tarkett France also contributes to the Alzheimer Unit at Institut Claude Pompidou in Nice for screening, accommodation, treatment and research in support of a cause related to our business. By offering our flooring expertise to project actors, we hope to create interiors that make life easier for Alzheimer patients.

Partnering

Offering a sustainable experience

OUR COMMITMENT TO BUILDING STRONG RELATIONSHIPS WITH COMMUNITIES

Tarkett is careful to develop good relations in the all the countries where we operate, contributing to diverse communities by building strong relationships with local authorities and municipalities, sponsoring local sport teams and partnering with federations for professional athletes and for people with disabilities. We have opted for a long-term commitment in these partnerships, providing considerable funding as well as products and/or technical support to help our partners reach their goals or simply to make a dream come true.

Sponsorships

The Group is a long-term investor in sports through a number of strategic and local partnerships. The Group is one of the official partners of the French Olympic committee at the Vancouver and London Olympics in 2010 and 2012. We are a founding member of the US Soccer Foundation, which funds soccer facilities in disadvantaged neighborhoods. In basketball, we are a technical partner for the “Fédération Française de Basket” (FFBB) and International Basketball Federation (FIBA); we provide advice and a product offer designed to meet high standards of playing floor quality, safety and function. In handball, Tarkett Sports is a partner of the French Men’s League, a partnership that has allowed us to develop the innovative concept of portable wood sports system launched in late 2009. Most French national handball team players have already tried the system and appreciated its performance.

Tarkett France also supports young disabled athletes at French national sporting event

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Tarkett’s ultimate goal is zero workplace accidents. In 2009, we introduced strict measures to successfully reduce the number of lost time accidents with a view to achieving that goal. We are shifting from a reactive to a pro-active, preventive approach and closely monitoring workplace accidents using specific KPIS. Our aim in 2010 is to halve the total number of accidents throughout our 29 production sites across the world.

Regular audits on safety procedures, financial indicators and compliance with local laws are constant features of Tarkett operations, specifying concrete measures for improved safety and efficiency to meet the Supervisory Board’s demands for a high-performance organization.

MEASURING PREVENTIVE ACTION THROUGH KEY PERFORMANCE INDICATORS TO ENSURE DAY-TO-DAY EFFICACY THROUGHOUT OUR ORGANIZATION

In its Internal Audit capacity, the internal Audit and Control department deploys internal control standards and procedures, the reliability and integrity of financial information and reporting, the efficiency of business processes and activities.

Audit Committee
The main role of the Audit Committee is to assist the Supervisory Board in the following tasks:

- Review the Group’s financial information on a half-yearly basis.
- Review with the external auditors (KPMG and PwC) the nature and conclusions of the work they performed.
- Validate the internal audit plan as well as the internal control deployment plan.
- Examine the conclusions of the internal audits and the proposed corrective actions.

In 2009, the Audit Committee met twice.

Internal Audit and Control Department
Since 2008, an Internal Audit and Control Department has been created, reporting to the Group CFO. Its main role is to advise the Chief Financial Officer, the Chief Executive Officer and the Audit Committee on the adequacy and effectiveness of the internal control system.

1. In its Internal Audit capacity, the department evaluates controls that promote:
   - compliance with applicable laws and with internal policies and procedures,
   - the reliability and integrity of financial information and reporting,
   - the efficiency of business processes and activities.

2. After each internal audit, a report is issued detailing audit findings and recommendations. The Management must take adequate action to correct the deficiencies identified by the internal audit department. Internal audit reports are reviewed regularly by the Chief Executive Officer and the Chief Financial Officer.

The WCM Safety process consists of seven incremental steps building on Tarkett’s current baseline performance. The process moves rapidly from a reactive approach coping with the consequences of accidents to a preventative model by systematically applying Root Cause Analysis (RCA) techniques to fully grasp the issue and apply countermeasures to avoid recurrence. A further change in emphasis involves reporting and applying RCA to “near misses” along with pro-active reporting of unsafe conditions and actions across the workforce. By working together to resolve issues and discussing safety performance on a daily basis against a set of metrics, management and teams develop a broader understanding and new competencies. The step process culminates in widespread auditing of the workplace environment and the behaviors of colleagues by both management and teams, with a key focus on proactively identifying potential problems and resolving them before accidents can occur.

The preferred method of WCM implementation is to begin with a “Model Area” in order to learn the method before expanding to other areas. The results have already drastically improved with a 38% reduction in lost time due to accidents in 2009 within the group.

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1. In its Internal Control capacity, the Internal Audit and Control Department deploys internal control standards (Internal Control Handbook) as well as assessment tools (Internal Control Questionnaire).

In 2009, the Internal Control Handbook was defined for eight business processes. A first wave of self-assessment was achieved throughout the Group.

Code of Ethics
Tarkett is committed to complying with the highest standards of internal control and ethics. To that end, in late 2008 the Group disseminated a Code of Ethics covering worldwide business practices and procedures to ensure that Tarkett continues to work fairly and honestly with its customers, employees, suppliers and partners and the local communities in which it operates.

ThrOuGH OuR ORGAniZATiON

In late 2008, an Internal Audit and Control Department was set up in Tarkett’s north American divisions in 2010.

ThrOuGH KeY PerfOrmAnCe indiCATOrs
Tarkett’s ultimate goal is zero workplace accidents.

38% reduction in Lost Time Accidents in 2009

Offering a sustainable experience

Preventing
Tarkett succeeded in posting resilient financial results despite a depressed environment. The year 2009 was marked by a global slowdown that was experienced differently in our various markets. Tarkett reacted quickly to the global crisis by launching aggressive productivity plans. As a result, the Group’s results are strong, showing improved recurrent EBITDA and EBIT in spite of a decline in business. Tarkett maintained its flow of strategic investments throughout the year: first, from a geographical standpoint by acquiring the Brazilian market leader and the remaining shares of our Serbian subsidiary and secondly, by expanding our presence in new products and categories to strengthen the Group’s market position with the ambition to become #1 in selected market segments.
Achieving success

2009 Financial Comments

“RESILIENT FINANCIAL RESULTS IN A DEPRESSED ENVIRONMENT”

Environment and consolidation scope

At the same perimeter and exchange rates, net sales fell by -18% vs. 2008. European currencies such as the Swedish Crown, British Pound and Polish Zloty weakened against the euro, resulting in an overall negative impact of €235m. However this was totally offset by the relative strengthening of the US dollar compared with 2008.

The net evolution between 2009 acquisitions (Fademac in Brazil, Atlas Tracks in the USA) and divestitures (Clarion Laminate in the USA) has been fairly neutral, leading to an increase of €7m in net sales.

Global slowdown experienced differently depending on markets

In the Flooring segment, all regions have experienced a slowdown since the end of 2008, but the magnitude of that slowdown varied according to markets.

Tarkett sales took a sharp hit in Russia, where the residential market was deeply affected by the economic slowdown and the scarcity of credit. However, thanks to its strong industrial and commercial presence in the country, Tarkett confirmed its leadership position in that region. Russia’s potential remains unique due to the enormous need for renovation in private housing, estimated at 70% of the 3 billion square meters of housing.

Sales suffered more than anywhere else in Ukraine, where the economic crisis was compounded by a political one.

In Western Europe, Tarkett was diversely hit by the crisis. Spain, the Nordic countries and the UK (where the weakness of the pound sterling weakened our competitiveness) suffered the most. The economic crisis was compounded by a political one.

Sales suffered more than anywhere else in Spain, where artificial turf took a hit of -25% worldwide, a trend mainly driven by the situation in the USA.

Likewise, volumes progressed in Germany, in spite of a shrinking market.

The Sports segment was not immune to the crisis, as school boards and local communities also showed reluctance to invest during a recession. Consequently numerous orders were cancelled or postponed when possible. Sales of artificial turf followed 1 of -25% worldwide, a trend mainly driven by the situation in the USA.

Aggressive productivity plans were launched at the end of 2008

Tarkett reacted quickly to the global financial crisis. As early as September 2008, a worldwide productivity plan was deployed, aimed at saving more than €100m on a yearly basis, excluding the favorable impact of raw material purchase prices.

This plan included a workforce reduction of 1,300 people (-12.5%) between September 2008 and June 2009. Although no factories were closed, all production facilities contributed through a sharp reduction of temporary workforce, as well as temporary and permanent lay-offs in all functions.

The initial target of the plan was overachieved, thus allowing Tarkett to post strong financial results.

Recurrent EBITDA and EBIT margins improve despite lower activity

Recurrent EBITDA (before restructuring expenses or capital gains and losses) reached €208m, a reduction of only 10% compared with 2008. The EBITDA margin improved by 110 basis points to 12.2% of net sales.

Recurrent EBIT amounts to €132m or 7.7% of net sales, thus an increase of 70 basis points compared with the previous year.

Non-recurring items in EBIT amount to a €36 millions charge, mainly restructuring expenses (€12 millions) and impairment charges (€25 millions). This compares favorably with 2008 and enables the Group to report strong EBIT improvement vs. last year.

Strong net result

Net financial expenses (€26m i.e. -35% vs. 2008) benefit from lower average debt combined with lower market rates. At the same time, improving results in North America, added to the effect of some legal reorganization, enabled us to recognize deferred tax assets in that region.

As a consequence, net profit made a strong recovery at €70m.

Sustained cash-flow generation

Measured before the effect of strategic investments, consolidated operating cash-flow strongly progressed, at €270m. This result was achieved thanks to a massive reduction of working capital (€100m) and tight control of recurring investments.

Inventories have been closely managed to follow the slowdown of activity. All factories have adapted their output to lower demand and have avoided excessive inventories. Sales and production planning have been reinforced. Not only did Tarkett flex the level of stock: it also improved its inventory turns by 2 days compared to December 2008.

Thanks to a regular focus of all credit management teams, overdue receivables were also reduced noticeably: at €34m they have decreased by 27% vs. 2008. Despite the adverse economic environment, Tarkett did not suffer any losses on receivable during 2009.

Maintained flow of strategic acquisitions

Throughout the year, Tarkett pursued its selective acquisitions. In all, the Group achieved €175m in strategic investments, in line with its strategy of profitable growth.

In March, Tarkett acquired Fademac in Brazil, the local leader in resilient flooring surfaces. With €31m in annualized sales, Tarkett Fademac will establish the Group’s presence in South America and develop the resilient flooring market in that region.

In July, the Group acquired the remaining shares of its Sintelon subsidiary in Serbia. Formerly listed on the Belgrade stock exchange, Sintelon is the holding company of all Tarkett activities in Eastern Europe.

In November 2009, Tarkett started up production of Laminate flooring at its newly invested plant in Russia, near Moscow.

Robust balance sheet structure

Despite this strong level of strategic investment, Tarkett net indebtedness was reduced by €136m compared to December 2008. Tarkett benefits from a solid leverage ratio: net debt represents 1.3 times the last twelve months EBITDA.

During the year, Tarkett launched a €116m private placement maturing in 2014. Through this operation, the Group has secured its strong liquidity position and demonstrated its ability to extend its debt maturity at a time when credit markets were very tight.

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Achieving success

Income statement

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Million</td>
<td>Million</td>
<td>Million</td>
</tr>
<tr>
<td>Invoiced sales</td>
<td>1,760.9</td>
<td>2,151.2</td>
</tr>
<tr>
<td>Sales reductions</td>
<td>(53.1)</td>
<td>(81.9)</td>
</tr>
<tr>
<td>Net sales</td>
<td>1,707.8</td>
<td>2,069.3</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(1,307.6)</td>
<td>(1,651.2)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>400.2</td>
<td>418.1</td>
</tr>
<tr>
<td>Selling expenses</td>
<td>(187.1)</td>
<td>(216.7)</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>(13.0)</td>
<td>(13.0)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(103.9)</td>
<td>(124.0)</td>
</tr>
<tr>
<td>Other operating income &amp; expenses</td>
<td>(0.8)</td>
<td>(30.6)</td>
</tr>
<tr>
<td>Operating profit before financing costs (EBIT)</td>
<td>95.5</td>
<td>33.9</td>
</tr>
<tr>
<td>Unusual items</td>
<td>(36.2)</td>
<td>(115.9)</td>
</tr>
<tr>
<td>EBIT before unusual items</td>
<td>131.7</td>
<td>148.8</td>
</tr>
<tr>
<td>% of net sales</td>
<td>7.7%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Of which depreciation</td>
<td>(75.9)</td>
<td>(80.4)</td>
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<tr>
<td>EBITDA before unusual items</td>
<td>207.6</td>
<td>230.2</td>
</tr>
<tr>
<td>% of net sales</td>
<td>12.2%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Net financial costs</td>
<td>(26.3)</td>
<td>(40.4)</td>
</tr>
<tr>
<td>Share of Profit of Associates</td>
<td>0.4</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>69.6</td>
<td>(6.9)</td>
</tr>
<tr>
<td>Income tax expense (current and deferred)</td>
<td>0.6</td>
<td>(18.3)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>70.2</td>
<td>(25.2)</td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of the parent</td>
<td>68.6</td>
<td>(27.9)</td>
</tr>
<tr>
<td>Minority interests</td>
<td>1.7</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Balance sheet

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Million</td>
<td>Million</td>
<td>Million</td>
</tr>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>372.1</td>
<td>385.6</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>335.2</td>
<td>342.8</td>
</tr>
<tr>
<td>Investments in associates</td>
<td>2.9</td>
<td>2.6</td>
</tr>
<tr>
<td>Financial assets</td>
<td>29.7</td>
<td>37.4</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>52.7</td>
<td>35.7</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>0.5</td>
<td>2.4</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>793.2</td>
<td>806.6</td>
</tr>
<tr>
<td>Inventories</td>
<td>205.1</td>
<td>261.8</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>234.6</td>
<td>251.0</td>
</tr>
<tr>
<td>Other receivables</td>
<td>58.4</td>
<td>74.2</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>75.2</td>
<td>115.9</td>
</tr>
<tr>
<td>Assets classified as held for sale</td>
<td>-</td>
<td>30.3</td>
</tr>
<tr>
<td>Current assets</td>
<td>573.2</td>
<td>733.2</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>1,366.4</td>
<td>1,539.8</td>
</tr>
</tbody>
</table>

| EQUITY AND LIABILITIES  |        |        |
| Share capital | 316.2 | 316.1 | 318.1 |
| Share premium and reserves | 119.6 | 119.2 | 120.2 |
| Retained earnings | 63.6 | 95.3 | 67.6 |
| Net result for the year | 68.6 | (27.9) | 68.5 |
| Equity attributable to equity holders of the parent | 568.0 | 502.7 | 574.4 |
| Minority interests | 4.3 | 29.7 | 21.3 |
| Total Equity | 572.2 | 532.4 | 595.7 |
| Interest-bearing loans and borrowings | 290.8 | 296.0 | 399.2 |
| Other financial Liabilities | 3.4 | 94.6 | 102.4 |
| Deferred Tax Liabilities | 2.5 | 20.7 | 35.1 |
| Provisions and other non-current liabilities | 118.4 | 120.3 | 100.5 |
| Non-Current Liabilities | 415.1 | 531.6 | 637.1 |
| Trade Payables | 144.3 | 148.8 | 215.5 |
| Other Liabilities | 143.4 | 135.2 | 149.0 |
| Interest-bearing loans and borrowings | 55.3 | 136.7 | 57.8 |
| Other Financial Liabilities | 7.8 | 4.8 | 0.8 |
| Provisions and other current liabilities | 28.4 | 23.4 | 23.3 |
| Liabilities classified as held for sale | - | 26.9 | 2.1 |
| Current Liabilities | 379.1 | 475.8 | 448.5 |
| TOTAL EQUITY AND LIABILITIES | 1,366.4 | 1,539.8 | 1,681.4 |
Operating cash flow

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Million</td>
<td>Million</td>
<td>Million</td>
</tr>
<tr>
<td>EBITDA before unusual items</td>
<td>207.6</td>
<td>230.2</td>
<td>226.9</td>
</tr>
<tr>
<td>Variation in operating working capital</td>
<td>99.5</td>
<td>26.0</td>
<td>(8.5)</td>
</tr>
<tr>
<td>On-going Capex</td>
<td>(37.0)</td>
<td>(65.4)</td>
<td>(73.4)</td>
</tr>
<tr>
<td>Operating cash flow - before unusual items</td>
<td>270.2</td>
<td>190.7</td>
<td>145.0</td>
</tr>
</tbody>
</table>

Debt analysis

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Million</td>
<td>Million</td>
<td>Million</td>
</tr>
<tr>
<td>NET DEBT - Opening</td>
<td>(317)</td>
<td>(350)</td>
<td>(383)</td>
</tr>
<tr>
<td>Operating cash flow - before unusual items</td>
<td>270</td>
<td>191</td>
<td>145</td>
</tr>
<tr>
<td>Unusual items in EBITDA</td>
<td>(16)</td>
<td>(16)</td>
<td>21</td>
</tr>
<tr>
<td>Unusual items in operating working capital</td>
<td>-</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Non cash flow items</td>
<td>(3)</td>
<td>(12)</td>
<td>(63)</td>
</tr>
<tr>
<td>Net Operating cash flow</td>
<td>254</td>
<td>170</td>
<td>103</td>
</tr>
<tr>
<td>Net cash used in strategic investments</td>
<td>(175)</td>
<td>(64)</td>
<td>17</td>
</tr>
<tr>
<td>Net cash used in financial and non operating activities</td>
<td>(37)</td>
<td>(68)</td>
<td>(101)</td>
</tr>
<tr>
<td>Non Operating cash flow</td>
<td>(212)</td>
<td>(132)</td>
<td>(85)</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>42</td>
<td>38</td>
<td>18</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>(5)</td>
<td>15</td>
</tr>
<tr>
<td>NET DEBT</td>
<td>(271)</td>
<td>(317)</td>
<td>(350)</td>
</tr>
</tbody>
</table>