Q1 - 2014 Financial Results

April 2014
Tarkett is a global leader in flooring solutions

Tarkett is a global company providing integrated flooring and sports surface solutions.

Tarkett offers one of the broadest product ranges and the most diversified geographic exposure amongst its peers.

Tarkett is the third largest flooring player globally with leading positions in its core segments and sales in more than 100 countries.

Net sales of €2.5 billion and adjusted EBITDA of €310 million (12.3% margin) in 2013.

Net sales evenly split between commercial and residential end uses with c. 80% in renovation.

2013 Net sales breakdown by product:
- Vinyl & Linoleum: 60%
- Carpet: 12%
- Wood & Laminate: 10%
- Sports: 11%
- Rubber & Various: 7%

2013 Net sales breakdown by destination:
- North America: 36%
- EMEA: 29%
- CIS & Others: 35%
Q1 -2014 Highlights

Net sales: €492.9m, -5.4% vs 2013. Stable organic growth\(^{(1)}\) (-0.2%) despite adverse situation in the CIS

Adjusted EBITDA\(^{(2)}\) of €35.8m vs. €45.1m last year, -140 bps vs.2013

Sharp currency devaluations penalize sales by -€26.9m (of which -€11.9m of lag effect in the CIS) and adjusted EBITDA by -€12.4m (of which -€8.5m in the CIS)

Price increases swiftly implemented in the CIS

Net sales in EMEA grow by 3.6% organically

Acquisition of Gamrat should be finalized in Q2 2014

Note:  
\(^{(1)}\) 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). No perimeter change in Q1-14.

\(^{(2)}\) Adjusted EBITDA: adjustments include expenses related to restructuring, acquisitions and non-recurring items
Organic growth\(^{(1)}\) (same perimeter and exchange rates): -0.2% vs. Q1 2013

**Note:** (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). No perimeter change in Q1-14.
An unfavorable currency environment

<table>
<thead>
<tr>
<th>1 euro =</th>
<th>Average Q1-2014</th>
<th>Average Q1-2013</th>
<th>% Change (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>US dollar (USD)</td>
<td>1.37</td>
<td>1.32</td>
<td>-3.6%</td>
</tr>
<tr>
<td>Canadian dollar (CAD)</td>
<td>1.51</td>
<td>1.33</td>
<td>-11.9%</td>
</tr>
<tr>
<td>Brazilian real (BRL)</td>
<td>3.22</td>
<td>2.64</td>
<td>-18.0%</td>
</tr>
<tr>
<td>Australian dollar (AUD)</td>
<td>1.53</td>
<td>1.27</td>
<td>-17.0%</td>
</tr>
<tr>
<td>Norwegian crown (NOK)</td>
<td>8.35</td>
<td>7.45</td>
<td>-10.8%</td>
</tr>
<tr>
<td>British pound (GBP)</td>
<td>0.83</td>
<td>0.85</td>
<td>+2.4%</td>
</tr>
<tr>
<td>Russian ruble (RUR)</td>
<td>47.9</td>
<td>40.1</td>
<td>-16.3%</td>
</tr>
<tr>
<td>Ukrainain hryvnia (UAH)</td>
<td>12.7</td>
<td>10.5</td>
<td>-17.3%</td>
</tr>
<tr>
<td>Kazakh tenge (KZT)</td>
<td>231</td>
<td>198</td>
<td>-14.3%</td>
</tr>
</tbody>
</table>

(1) % change = (Q1-13 / Q1-14) -1

Impact on Sales

- €15.0m
- €11.9m
### Stable organic growth despite adverse situation in the CIS

<table>
<thead>
<tr>
<th>€m</th>
<th>EMEA</th>
<th>North America</th>
<th>CIS &amp; Others</th>
<th>Sports</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1-2013</td>
<td>169.4</td>
<td>166.4</td>
<td>179.9</td>
<td>25.7</td>
<td>492.9</td>
</tr>
<tr>
<td>Q1-2013</td>
<td>166.4</td>
<td>149.0</td>
<td>179.9</td>
<td>25.7</td>
<td>521.1</td>
</tr>
<tr>
<td>% growth</td>
<td>+1.8%</td>
<td>-5.5%</td>
<td>-12.3%</td>
<td>-3.6%</td>
<td>-5.4%</td>
</tr>
<tr>
<td>Organic</td>
<td>+3.6%</td>
<td>-0.7%</td>
<td>-3.4%</td>
<td>-0.5%</td>
<td>-0.2%</td>
</tr>
</tbody>
</table>

**EMEA**
- **Positive performance in Scandinavia and Central Europe, positive signs in Italy**
- **On-going weak demand in France**

**North America**
- **Good performance in Commercial**
- **Weak demand in Residential**

**CIS & Others**
- **Sales affected by the situation in Ukraine, Russia and Kazakhstan and currency devaluation**
- **Selling price increases implemented in these countries**

**Sports**
- **Low season does not reflect the full-year trend**
- **Particularly unfavourable weather in NA this year**

<table>
<thead>
<tr>
<th>Adjusted EBITDA</th>
<th>Q1-2014</th>
<th>Q1-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>% sales</td>
<td>7.3%</td>
<td>8.7%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>35.8</td>
<td>45.1</td>
</tr>
</tbody>
</table>
Currencies explain most of the performance vs. 2013

Note: (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). No perimeter change in Q1-14.
Adjusted EBITDA¹ Q1 2014 vs. Q1 2013

Note: ¹ Adjusted EBITDA : adjustments include expenses related to restructuring, acquisitions and non-recurring items
Quick reaction to the devaluation of CIS currencies

- Ukraine
  - Price increase +10%, effective February 24, 2014
  - Subsequently, additional prices increases or prices fixed in euros

- Russia
  - Price increase: +5.0%, effective April 1, 2014

- Kazakhstan
  - Prices fixed in euros, effective February 17, 2014

• Our local teams are used to managing their business in a volatile environment
Innovation, a driver for sustainable growth

**Eco-innovation**

New generation of vinyl flooring based on phthalate-free technology and low VOC, combining performance, design and improved indoor environment and air quality.

**Performance**

Launch of CoolPlay, breakthrough artificial turf for sport fields, reducing heat surface and combining performance and safety.
Innovation, a driver for sustainable growth

Modularity

Increased demand for the new modular vinyl ranges (LVT) from all regions, both for commercial and consumer markets: easy-to-install, easy-to-customize spaces.

Materials

Narrative, new ‘out-of-the-box’ hybrid resilient flooring, combining the softness and design benefits of textile and the technical performance of hard surface: result of the combination of Tandus and Tarkett expertise.
Potential acquisition – Gamrat Flooring

- Leading player in Commercial resilient Flooring in Central Europe
- Polish company headquartered in Jaslo (South Eastern Poland)
- Transaction perimeter: Gamrat Flooring, one of the two business activities of Gamrat (i.e. approx. 35% of total sales)
- Main geographies: Poland, Germany, Sweden

**Main Transaction Rationale**

- Marketing & sales reinforcement in resilient flooring for Commercial applications in Central Europe
- Cost optimization (production site dedicated to Homogeneous flooring located in a low-cost country)

- Net sales: €19 million
- Headcount: 220 employees

- Non-Binding term sheet signed on Jan 22, 2014
- Negotiations and due diligence are making good progress. Signing and closing expected in Q2 2014.
Conclusion
Take-aways

Organic Growth
- Stable organic growth demonstrates the strength of our balanced business model (geographies, end-markets)

Profitability
- Currency devaluations impacted the profitability

CIS
- We remain cautious regarding the economic outlook in the region
- We will continue to adapt quickly to a challenging environment

Acquisitions
- Gamrat acquisition to be finalized
- We continue to pursue acquisition targets
Q1 - 2014 Financial Results
Q&A session
April 2014
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