

A photograph of a modern interior space, likely a lounge or office area, featuring light-colored wood flooring, a large television, and contemporary furniture. A semi-transparent blue overlay is positioned on the left side of the image, containing white text.

Q3 2019 Financial Results

October 24, 2019

Q3 2019 highlights

▪ Achievements

- Positive organic growth⁽¹⁾ : +2.6% driven by success of Sports and stable sales in EMEA and CIS, APAC & Latam
- Adjusted EBITDA⁽²⁾ at €107.5m incl. a positive amount of €5.4m related to litigation settlements in Sports
- Slight margin improvement (11.8% vs. 11.6%)
- Selling price increases offset purchasing costs and wage inflation
- Cost savings at €12.1 million, significant acceleration vs. Q1 and Q2
- Industrial footprint restructuring on schedule

▪ Challenge

- Profitability penalized by a weak performance in North America, where a dedicated action plan is being rolled-out

(1) Organic growth: at constant scope of consolidation and exchange rates (note that in the CIS segment, price increases implemented to offset currency fluctuations are not included in organic growth, which only reflects changes in volumes and the product mix).

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

Q3 2018: Change to Win highlights

Status on 4 strategic pillars

1.

Revenue Growth

- Organic growth: +2.6%
- EMEA, CIS, APAC & LATAM: stable
- North America: -2.2%
- Sports: + 10.5%

2.

One Tarkett for our Customers

- US sales force organization
- Branding simplification in the US
- Completion of SAP implementation

3.

People & Planet

- Safety campaign (“Think twice before acting”)
- Circular Economy: Vinyl ReStart program in EMEA +74% over last twelve months

4.

Cost and financial discipline

- Productivity gains at sustained level
- Industrial footprint restructuring on schedule
- SG&A savings plan launched
- Leverage at around 2.5x at end 2019

Status of dedicated action plans in North America

Dedicated plan to resume growth and improve cost structure

Top line dedicated action plan

Completed

- New sales force organization
- Simplified branding - One Tarkett
- Action plans by key regions

Ongoing

- **New product introductions (LVT, carpet tiles)**

Manufacturing Productivity

- North American sites recovering progressively
- Improvement mitigated by lower utilization of capacity

- **Ongoing roll-out of automation plan**

Industrial footprint reorganization

- 2 sites closures in Canada (310 people)
- Transfers to US facilities completed
- Sites closed

- **Review of warehouse footprint**

SG&A rationalization plan

- General and Administrative cost reduction
- SAP implementation for commercial carpet

- **Ongoing review of SG&A costs**

Key successes in strategic end-user segments

Workplace

Workington
Coworking spaces
Turkey

Vinyl rolls (Excellence)



Workplace

Hologic Zaventem
Belgium

Carpet (Fields and Fuse)



Hospitality

MGM, Las Vegas

LVT
(Contour and Victory)



Healthcare

UHS, Universal Health Services
USA

LVT, Vinyl sheets, sports flooring



Key successes in Sports

Sports

**University of
Nebraska's
Memorial Stadium**
USA

*Celebrating 20 years of
FieldTurf success*



Sports

Detroit Lions (NFL)
USA

Football
FieldTurf Classic HD



Sports

**Texas A&M
University**
USA

Tracks
Beynon (BSS 2000 RE)



Sports

Stade Toulousain
France

Rugby
GrassMaster



Selective investments to support growth and strategic initiatives



New LVT line in Clervaux
(Luxembourg)



New product lines of accessories
in Chagrin Falls (USA)



Wood Automatic inspection system
in Hanaskog (Sweden)



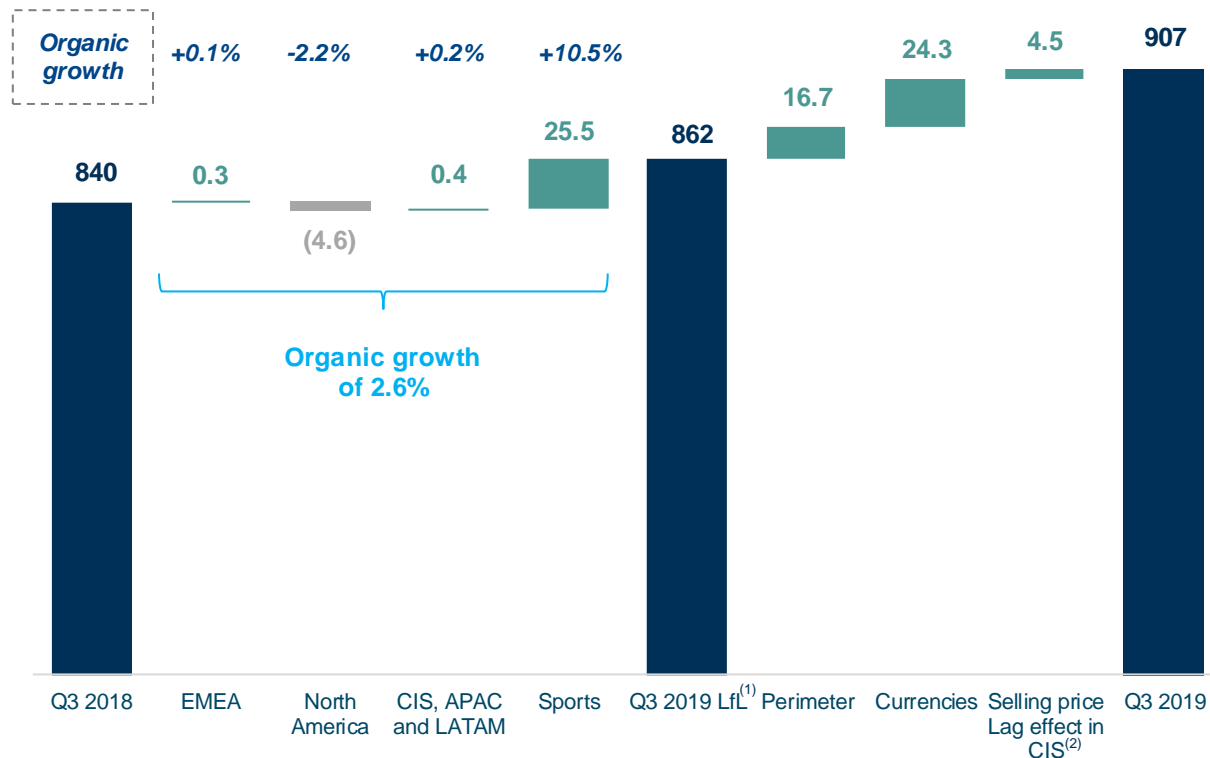
Activity & Financials

Raphaël Bauer
CFO

Solid organic growth in Q3 2019: +2.6%

In €m

- **Positive organic growth:**
 - +10.5% organic growth in Sports
 - Stable sales in EMEA and CIS, APAC & Latam
 - Negative organic growth in North America
- **Reported revenue growth uplifted by currency & lag effect**
- **Lower perimeter effect than in previous quarters**



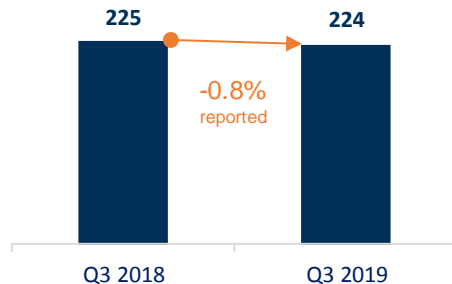
(1) Like for Like: At same perimeter and exchange rates. (NB: In the CIS, price increases implemented to offset currency fluctuations are not included in the organic growth. Organic growth in the CIS therefore reflects volume and mix variances only).

(2) Lag effect : Net of currency impact and selling prices adjustments in the CIS countries

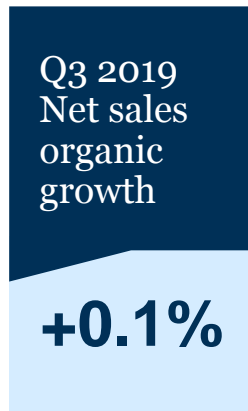
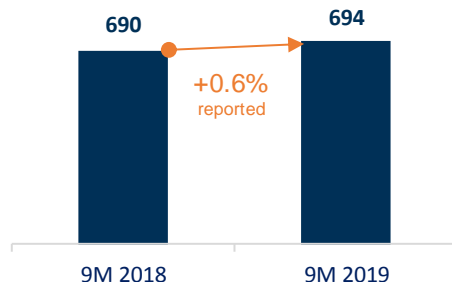
EMEA Q3 2019

In €m

Net Sales



Net Sales 9M

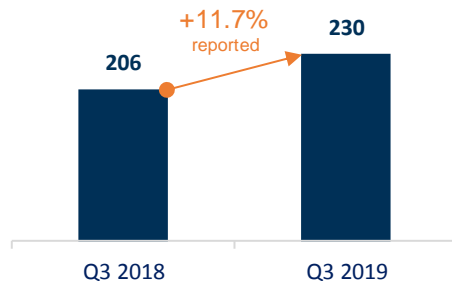


- **Organic growth** affected by ongoing exit of Laminate production
- **Stabilization in France**
- **Significant decline in Germany**
- **UK** activity still affected by Brexit uncertainties
- **Solid growth in Southern Europe and in the Nordic region**
- **Strong growth in Healthcare & Education** thanks to the success of the commercial vinyl range

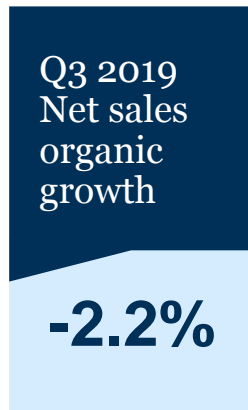
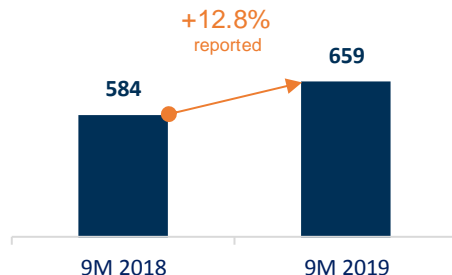
North America Q3 2019

In €m

Net Sales



Net Sales 9M

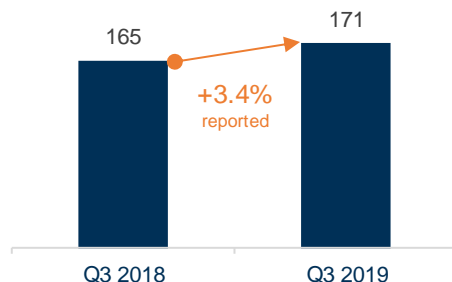


- **Organic growth down** versus solid 2018 comps
- **Residential activity down** in a tough environment
- **Volume decrease in all commercial categories** outside Accessories
- **Anticipated deliveries of commercial carpet** in September ahead of SAP implementation
- **Mix erosion** due to lower commercial carpet weight and increased LVT weight

CIS, APAC & Latin America Q3 2019

In €m

Net Sales

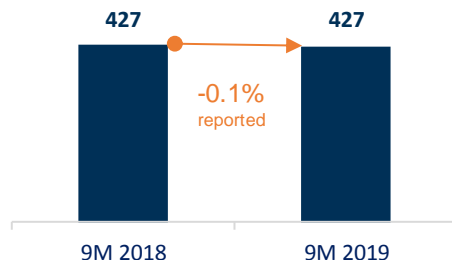


Q3 2018
Net sales
organic
growth

+0.2%

- Positive lag effect and stable organic growth
- Stable activity in the CIS region despite challenging environment
- Solid level of organic growth in Latin America driven by Brazil
- Slight improvement in APAC organic growth driven by China

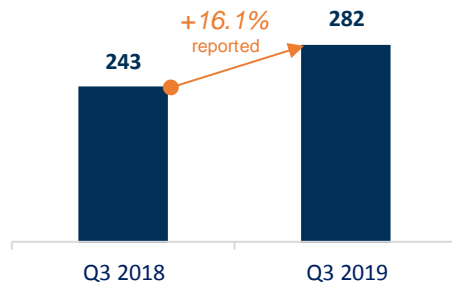
Net Sales 9M



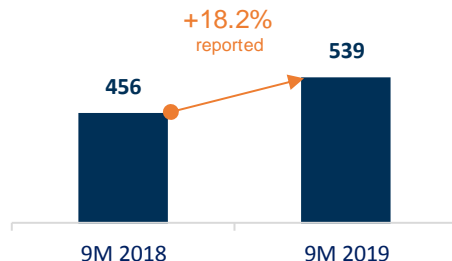
Sports Q3 2019

In €m

Net Sales



Net Sales 9M



- Increase in reported revenues resulting from **strong organic growth and positive forex**
- **Strong growth in artificial turf**
- **Tracks activity less dynamic** with several projects postponed to 2020
- **Integration of recent acquisitions fully completed** and generating synergies

Q3 Adjusted EBITDA

In €m

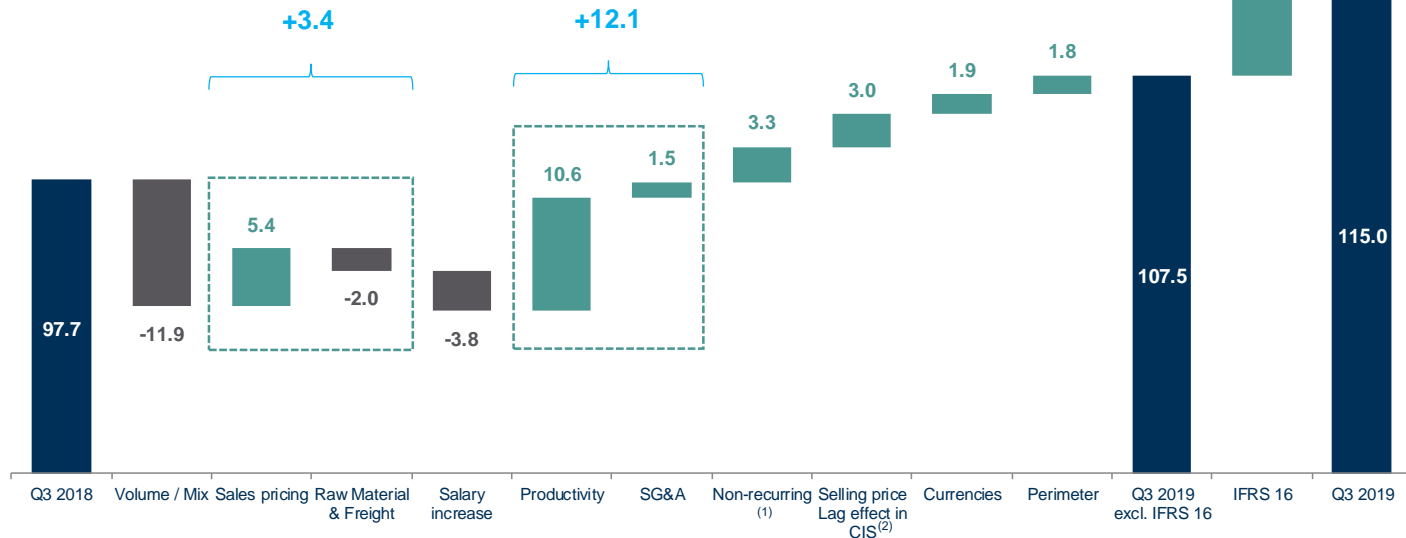
Adj. EBITDA margin

11.6%

11.8%

12.7%

- Negative volume and mix effect largely driven by North America
- Selling prices increases offset purchasing cost and wage inflation
- Acceleration of cost savings
- Sports litigation settlements (+€5.4m)



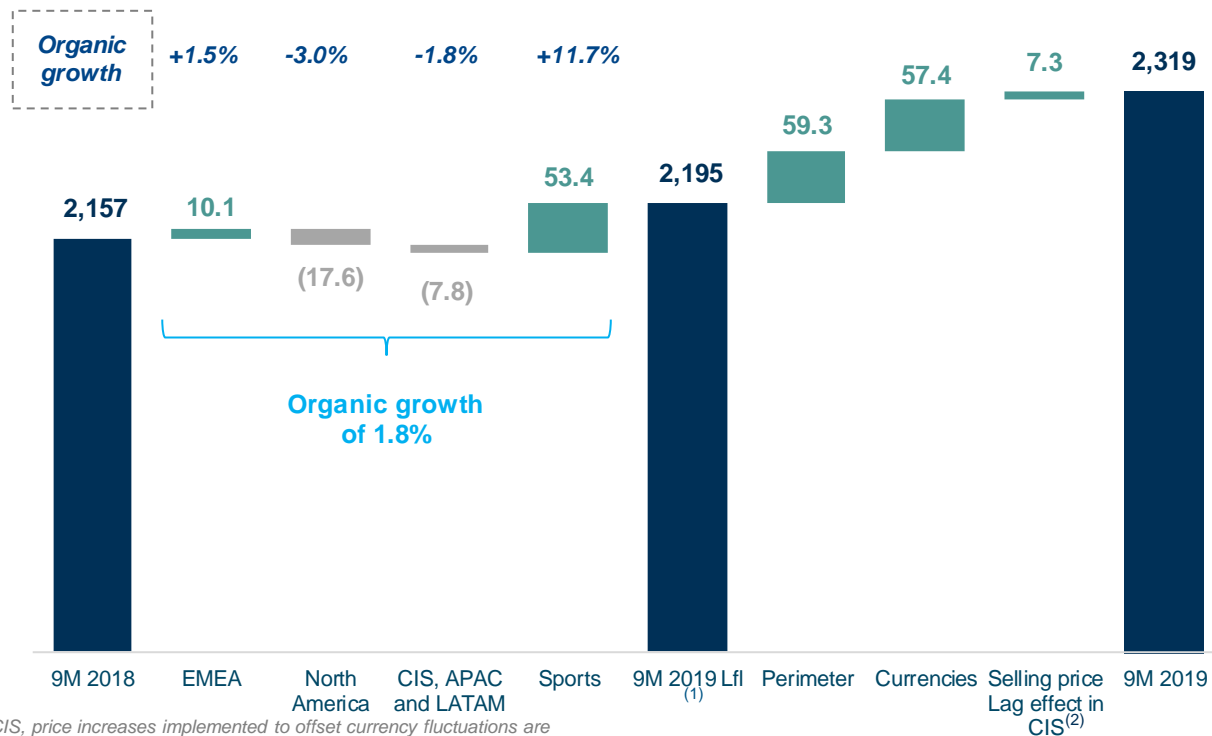
(1) Non recurring includes Sports settlements (€5.4m)

(2) Lag effect : Net of currency impact and selling prices adjustments in the CIS countries

9M Net Sales: organic growth +1.8%

In €m

- Organic growth driven by Sports and EMEA
- Weak performance in North America penalizing overall revenue growth
- CIS, APAC & Latam down penalized by H1 performance

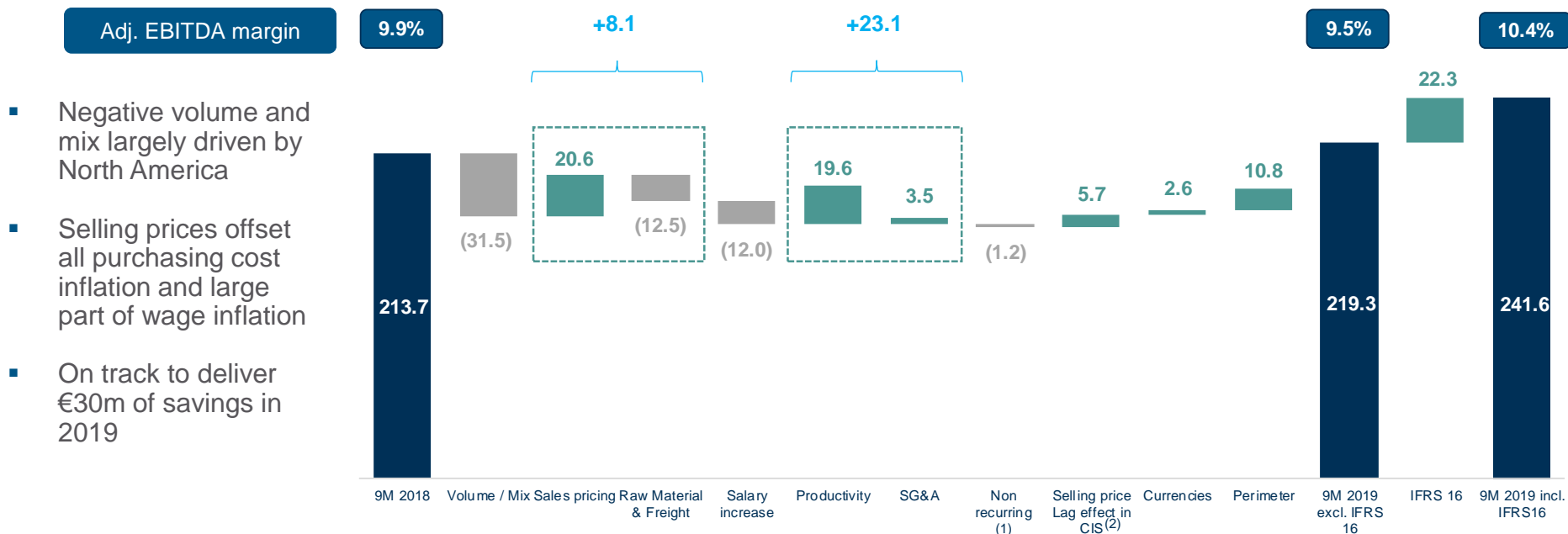


(1) Like for Like: At same perimeter and exchange rates. (NB: In the CIS, price increases implemented to offset currency fluctuations are not included in the organic growth. Organic growth in the CIS therefore reflects volume and mix variances only).

(2) Lag effect : Net of currency impact and selling prices adjustments in the CIS countries

9M Adjusted EBITDA

In €m



(1) Non recurring: including Q2 inventory write-off & Q3 Sports settlements

(2) Lag effect : Net of currency impact and selling prices adjustments in the CIS countries

IFRS 16 EBITDA impact by segment

In €m

- New norm IFRS 16 on leases is effective since 1st of January, 2019
 - **Assets leased are now recognized as fixed asset financed by financial debt**
- Estimated impact at 2019 year end:
 - **+€90m in Net Financial Debt**
 - **+€29m in Adjusted EBITDA**
- Estimated impact of IFRS 16 application on the adjusted EBITDA by segment in 2019:

| € million | Estimated 2019 IFRS 16 impact on Adj. EBITDA by segment |
|--|---|
| EMEA | 9 |
| North America | 8 |
| CIS, APAC & Latin America | 6 |
| Sports | 3 |
| Central | 3 |
| Group's estimated IFRS 16 impact for 2019 | 29 |

A modern, multi-level interior space with a vibrant, multi-colored geometric carpet in shades of yellow, orange, pink, and grey. Large, metallic, dome-shaped pendant lights hang from the ceiling. In the background, a curved reception desk and a large glass wall are visible. The overall atmosphere is bright and contemporary.

2019 Outlook and Mid-term objectives

Outlook

- **2019 Business Outlook**

- Overall trading conditions more challenging than in 2018 in EMEA and North America
- No short term rebound in CIS
- Healthy backlog in Sports

- **Q4 2019 specific:**

- North America: negative impact of SAP implementation in commercial carpet & slowdown in hospitality
- Selling price increases more than offset purchasing costs inflation
- On track to achieve €30m cost reduction
- Accelerating SG&A cost reduction plan

- **Full year 2019**

- Adjusted EBITDA slightly up with margin around last year level
- Net debt to Adjusted EBITDA at around 2.5x at end December

A wide-angle photograph of a modern school hallway. In the foreground, two students are seated at a light-colored wooden table, focused on their work. They are using purple ergonomic chairs with black bases and casters. The floor is covered in a grey carpet with a complex, multi-colored geometric pattern. In the background, other students are visible, some sitting at tables and others standing near a set of lockers. A large window on the left side of the hallway provides a view of a green outdoor area. A semi-transparent blue rectangle with the word 'Appendices' is overlaid on the left side of the image.

Appendices

Change to Win strategic plan announced in June

4 strategic pillars

1.

Sustainable Growth

- Grow faster in commercial end-user segments
- Innovative designs and solutions
- Pricing power
- Digital channels opportunities

2.

One Tarkett for our Customers

- Customer-centric organization and mindset
- Simplicity
- Agility
- Speed

3.

People & Planet

- Safety focus
- Talent and diversity
- Circular Economy
- Climate Change

4.

Cost and financial discipline

- Footprint review
- Productivity plans
- Review under-performing businesses
- SG&A efficiency
- Deleveraging in 2019
- Selective M&A

Sustainable Growth

Organic
CAGR⁽¹⁾
2018-2022

**> GDP
growth⁽²⁾
in key regions**

Profitability Improvement

Adj. EBITDA
Margin⁽³⁾

**> 12.0%
by 2022**

Leverage

Net Debt to
Adj. EBITDA⁽³⁾

**1.6x to 2.6x
at each year
end over the
period**

(1) CAGR : Compounded annual growth rate

(2) GDP growth for Europe, North America and CIS, as measured by IMF

(3) Post IFRS 16 application, new accounting norm on leases

Sales and adjusted EBITDA performance Q1

Sales performance by quarter

| €m | Q1 2019 | Q1 2018 | % growth | Organic Growth ⁽¹⁾ |
|-------------------|--------------|--------------|---------------|-------------------------------|
| EMEA | 239.0 | 228.3 | +4.7% | +5.8% |
| North America | 195.8 | 163.5 | +19.7% | -0.6% |
| CIS, APAC & LATAM | 112.5 | 116.3 | -3.2% | -2.2% |
| Sports | 77.2 | 59.8 | +29.1% | +19.4% |
| TOTAL | 624.5 | 567.9 | +10.0% | +3.7% |

| €m | Q1 2019 | Q1 2018 | Q1 2019 Margin | Q1 2018 Margin |
|---|-------------|-------------|----------------|----------------|
| Reported Adjusted EBITDA⁽²⁾ | 43.1 | 29.8 | +6.9% | +5.2% |
| Adjusted EBITDA excluding IFRS 16 | 35.8 | | 5.7% | |

(1) Organic growth: At same perimeter and exchange rates (NB: In the CIS, price increases implemented to offset currency fluctuations are not included in the organic growth. Organic growth in the CIS therefore reflects volume and mix variances only).

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

Sales and adjusted EBITDA performance Q2

Sales performance by quarter

| €m | Q2 2019 | Q2 2018 | % growth | Organic Growth ⁽¹⁾ |
|---|--------------|--------------|----------------|-------------------------------|
| EMEA | 231.5 | 236.0 | -1.9% | -1.4% |
| North America | 233.4 | 214.8 | +8.7% | -5.6% |
| CIS, APAC & LATAM | 143.1 | 145.4 | -1.6% | -3.8% |
| Sports | 179.8 | 153.2 | +17.4% | +10.5% |
| TOTAL | 787.8 | 749.4 | +5.1% | -0.6% |
| €m | Q2 2019 | Q2 2018 | Q2 2019 Margin | Q2 2018 Margin |
| Reported Adjusted EBITDA ⁽²⁾ | 83.6 | 86.3 | +10.6% | +11.5% |
| Adjusted EBITDA excluding IFRS 16 | 76.1 | | 9.7% | |

(1) Organic growth: At same perimeter and exchange rates (NB: In the CIS, price increases implemented to offset currency fluctuations are not included in the organic growth. Organic growth in the CIS therefore reflects volume and mix variances only).

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

Sales and adjusted EBITDA performance Q3

Sales performance by quarter

| €m | Q3 2019 | Q3 2018 | % growth | Organic Growth ⁽¹⁾ |
|-------------------|--------------|--------------|--------------|-------------------------------|
| EMEA | 223.5 | 225.2 | -0.8% | +0.1% |
| North America | 230.1 | 206.0 | +11.7% | -2.2% |
| CIS, APAC & LATAM | 171.0 | 165.4 | +3.4% | +0.2% |
| Sports | 282.4 | 243.3 | +16.1% | +10.5% |
| TOTAL | 907.1 | 839.9 | +8.0% | +2.6% |

| €m | Q3 2019 | Q3 2018 | Q3 2019 Margin | Q3 2018 Margin |
|---|---------|---------|----------------|----------------|
| Reported Adjusted EBITDA ⁽²⁾ | 115.0 | 97.7 | 12.7% | 11.6% |
| Adjusted EBITDA excl. IFRS16 | 107.5 | | 11.8% | |

(1) Organic growth: At same perimeter and exchange rates (NB: In the CIS, price increases implemented to offset currency fluctuations are not included in the organic growth. Organic growth in the CIS therefore reflects volume and mix variances only).

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

Sales and adjusted EBITDA performance 9M

Sales performance by quarter

| €m | 9M 2019 | 9M 2018 | % growth | Organic Growth ⁽¹⁾ |
|-------------------|----------------|----------------|--------------|-------------------------------|
| EMEA | 694.0 | 689.6 | +0.6% | +1.5% |
| North America | 659.3 | 584.4 | +12.8% | -3.0% |
| CIS, APAC & LATAM | 426.7 | 427.1 | -0.1% | -1.8% |
| Sports | 539.4 | 456.3 | +18.2% | +11.7% |
| TOTAL | 2,319.4 | 2,157.3 | +7.5% | +1.8% |

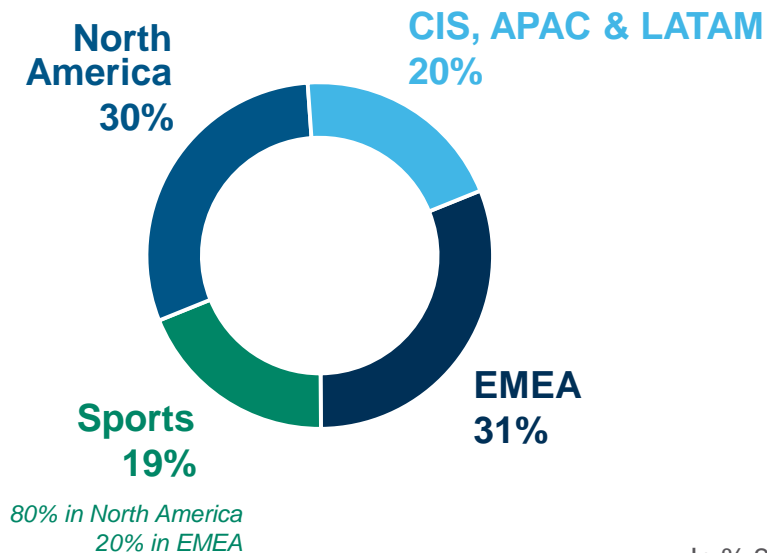
| €m | 9M 2019 | 9M 2018 | 9M 2019 Margin | 9M 2018 Margin |
|---|--------------|--------------|----------------|----------------|
| Reported Adjusted EBITDA⁽²⁾ | 241.6 | 213.7 | 10.4% | 9.9% |
| Adjusted EBITDA excl. IFRS16 | 219.3 | | 9.5% | |

(1) Organic growth: At same perimeter and exchange rates (NB: In the CIS, price increases implemented to offset currency fluctuations are not included in the organic growth. Organic growth in the CIS therefore reflects volume and mix variances only).

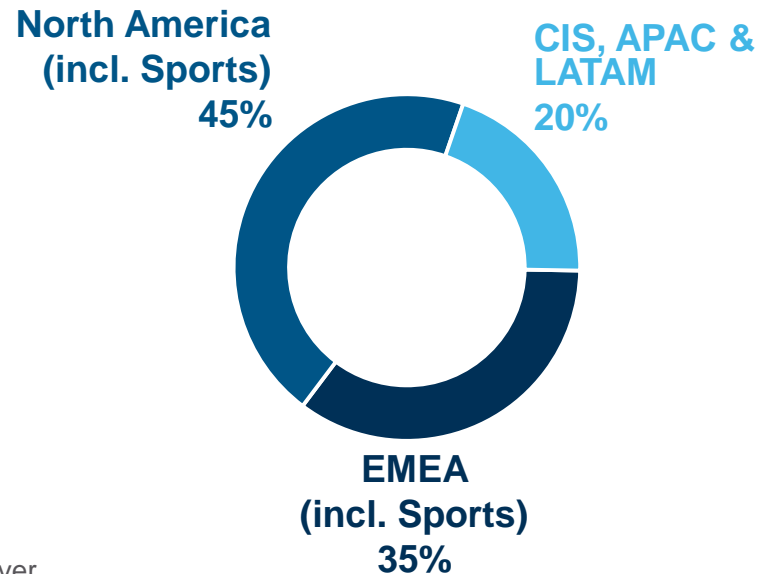
(2) Adjusted EBITDA: Adjustments include expenses such as restructuring, acquisitions and share-based payment expenses.

Tarkett benefits from balanced exposures

Net sales
by reporting segments

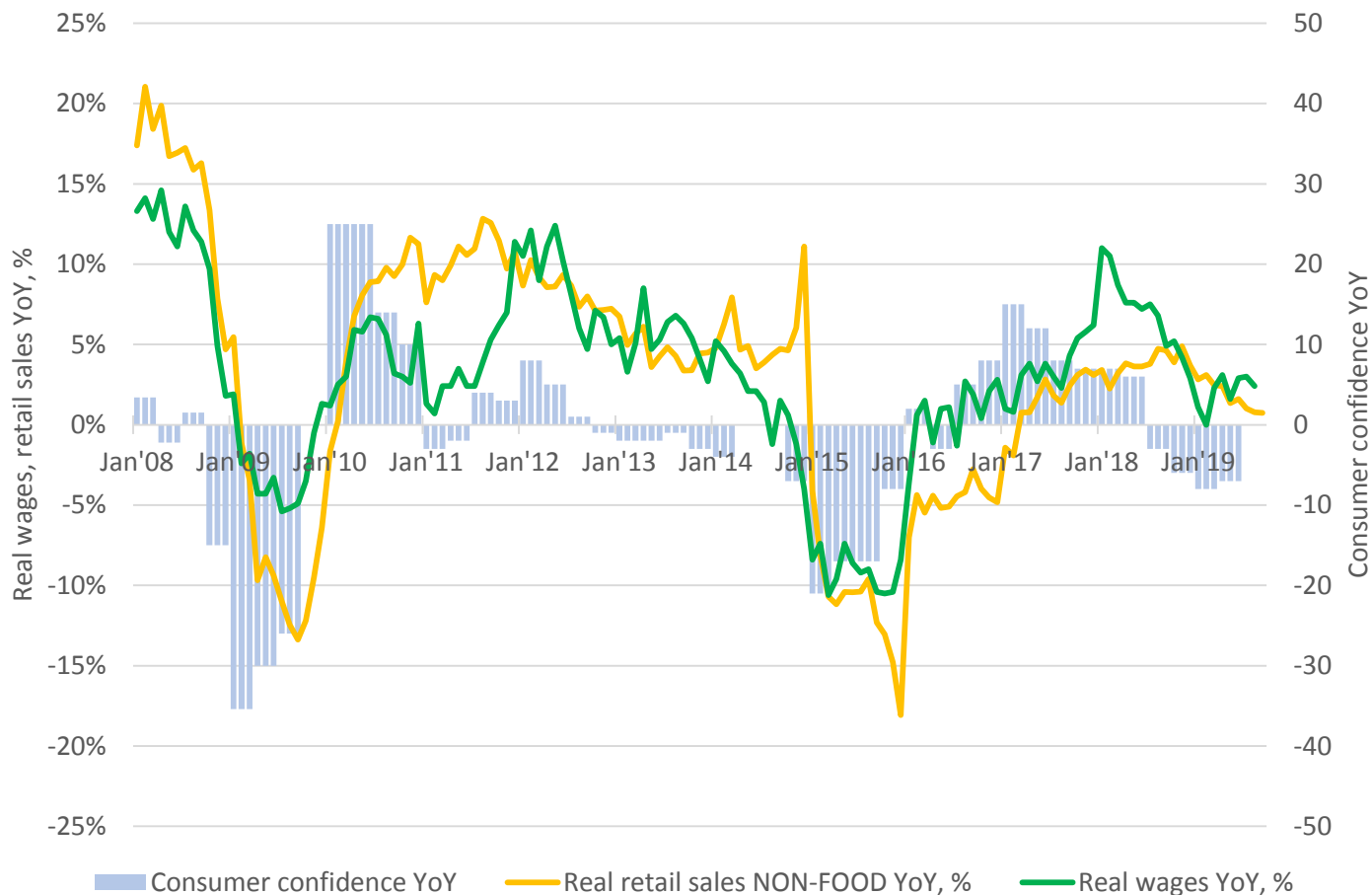


Net sales
by geographies



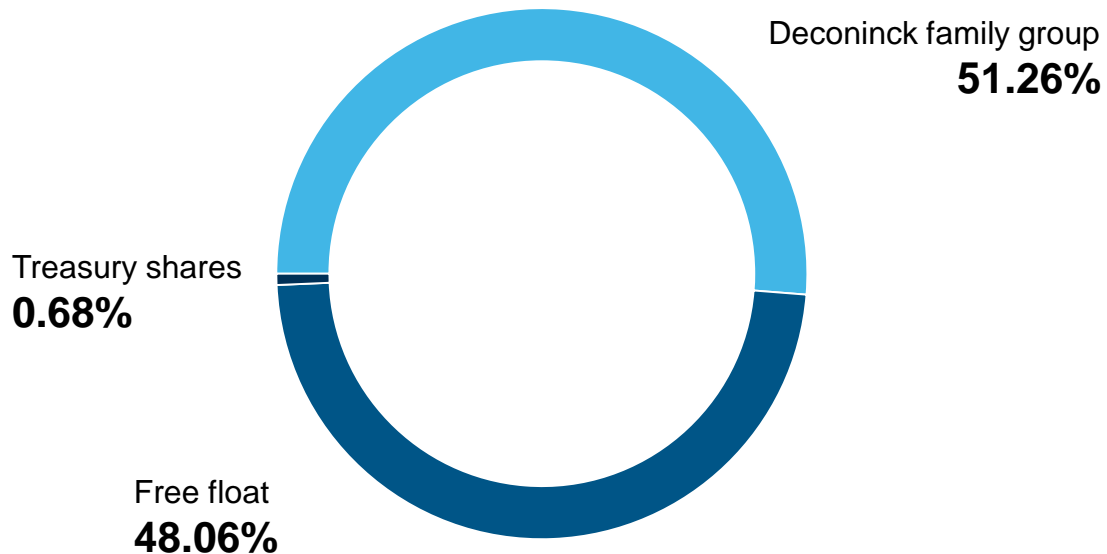
In % 2018 turn over

Russia: consumer confidence, real retail sales and real wages



Shareholder composition

As of September 30, 2019



Executive Committee

An international, diverse & entrepreneurial leadership team



Fabrice Barthélemy
CEO and President of
the Management Board



Eric Dalier
Tarkett Sports
President



Pierre Barrard
EVP Strategic
Marketing, Digital &
Innovation



Gilles Lebre
VP Customer
Operations Group CIO



Jeff Fenwick
North America
President



Raphaël Bauer
Chief Financial Officer



Antoine Prevost
EVP Research &
Development and
Operations



Slavoljub Martinovic
Eastern Europe
President



Séverine Grosjean
EVP Group Human
Resources



Francesco Penne
EMEA & LATAM
President



Wendy Kool-Foulon
Group General Counsel

- Customer-driven culture
- Operational agility thanks to a decentralized and aligned organization



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