

2011 ANNUAL REPORT

TARKETT,
A COMMITMENT
TO SUSTAINABLE,
PROFITABLE GROWTH



Contents

10 The vision of a global leader in design

- Continuing sustainable growth
- Group Governance
- The world's leading designer of integrated flooring solutions

22 Flooring solutions that make a difference

- Improved home living through better design and functionality
- School flooring: an ongoing education
- Global focus on integrated flooring solutions for healthcare
- Enhancing productivity through stimulating work environments
- Tarkett floors mean business for retailers
- Continuous cutting edge in sports advanced technology

36 A pledge of sustainable performance for all our stakeholders

- A driver for progress and innovation
- Listening to stakeholders
- Improving environmental performance
- People first
- Corporate governance
- Sustainability dashboard

54 Achieving Success

- 2011 Financial results

World Leader in Flooring & Sports Surfaces

Vision

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

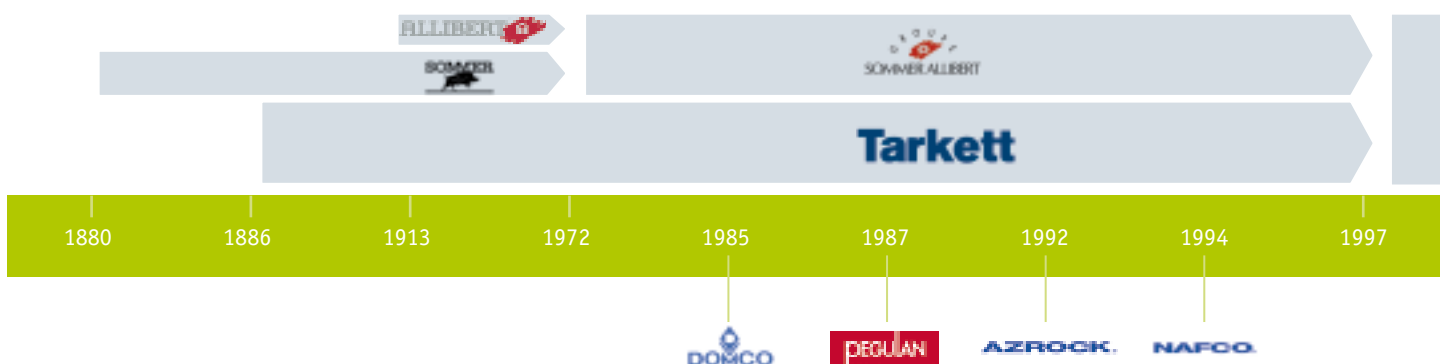
Mission

With 130 years of experience in creating safe, sustainable and inspiring flooring and sports surface solutions, Tarkett enhances its customers' return on investment and quality of life every day across the world.



Wall to wall performance

Today's world leader in flooring and sports surfaces, Tarkett grew from humble beginnings, initially known as Allibert and Sommer. The rich legacy of people, values, expertise and ambitions that have made Tarkett the group it is today reflects the early efforts of entrepreneurs launching hardwood flooring in Sweden, linoleum in Canada, vinyl felt and backing in France and textiles in Serbia. The group has grown and strengthened by integrating industry leaders such as Sintelon, Johnsonite and FieldTurf and, more recently, Beynon, Fadamac, Aspen, Centiva, MET and Marty. Tarkett today benefits from the diversity of its teams, as an important source of the creativity that drives its industry-leading innovation; innovation to constantly improve the ecological characteristics and safety of its products, the environmental performance of its processes, and the quality of life of its customers. United through a common vision, mission and way of working – “The Tarkett Way” – Tarkett and its employees continue to set new standards for the environmental qualities, design and performance of flooring and sports surfaces that make peoples' lives safer, more comfortable and more productive and to inspire them through colors, patterns and textures in the places where they work, live or play.





2.1 billion euros in revenues in 2011

9,200 employees

Operations in over 100 countries

1.2 million m² sold per day

32 production site

Sales by zone:

Emerging countries: 38%

European Union*: 35%

North America: 25%

Other OECD countries: 2%

* including Switzerland and Norway





The market's broadest range of products

From vinyl to rubber to laminate, from wood to carpet to tiles...Tarkett offers the world's broadest array of solutions and accessories for indoor and outdoor flooring and sports surfaces. Tarkett's high-performing solutions feature a wide variety of materials and styles that can be customized to blend seamlessly into every environment. Available in hundreds of alternative colors, shades, patterns and designs, Tarkett's broad product range provides full flexibility to tailor integrated solutions to meet every customer's specific needs.

Main Group brands





Tarkett product lines (% overall sales):

Vinyl and Linoleum:

66%

Wood and Laminate:

12%

Rubber & Diverse materials:

11%

Sports:

11%



BEYNON
A Tarkett Sports Company

FieldTurf POLIGRAS
A Tarkett Sports Company

FieldTurf®
A Tarkett Sports Company

ЛИНОЛЕУМ
СИНТЕРОС

EASYTURF
SYNTHETIC LAWNS & PUTTING GREENS

POLY
STYL

Tarkett ASPEN

MARTY
PARQUET FLOORING

sintelon carpets

Solid positions around the globe

The global flooring and sports surface group.
Sales in over 100 countries | 90% of revenues generated outside France | 48 sales/marketing offices | 32 production sites | 4 recycling centers
10 international training centers

- THE GLOBAL LEADER FOR VINYL PRODUCTS
- THE GLOBAL LEADER FOR ARTIFICIAL TURF
- NORTH AMERICAN LEADER FOR RUNNING TRACKS
- NUMBER ONE FOR WOOD FLOORING IN WESTERN AND EASTERN EUROPE
- NUMBER ONE FOR FLOORING ACCESSORIES IN NORTH AMERICA



Belgium
_Carrefour Planet



Mexico
_CRIT Cancun



USA
_Durham University



USA
_H DeVos Hospital



Brazil
_Hotel Pullman



Russia_Medical Center
for Orphans, Moscow



Israel
_Kika Shop



Poland_Medcover Clinic
in Warsaw



Abu Dhabi
_Zayed University



USA_Jeld-Wen-Field
Portland, Oregon



2011 Highlights

01 JANUARY

- › Tarkett presents new eco-innovation products at Domotex, including low VOC emissions products contributing to better indoor air quality
- › Johnsonite's Ecolibrium wall base earns first Platinum NSF certification

02 FEBRUARY

- › Tarkett commits to becoming a Cradle to Cradle® company
- › Latest innovations unveiled at Surfaces, North America's largest flooring trade show
- › FieldTurf selected as the official turf supplier for the NFL Experience in Dallas
- › NFL players rank FieldTurf as best artificial surface for 10th year in a row

03 MARCH

- › Launch of Live Campus new product training for Tarkett employees

04 APRIL

- › Tarkett signs JV to create a distribution company in Shanghai, accelerating development in China

05 MAY

- › Johnsonite wins *Floor Covering* magazine's Award of Excellence in the resilient category
- › Tarkett academy training opens in China
- › Opening of Tarkett Service Center in Kiev, Ukraine

- › Celebration of 1,000 days without an accident at Calhoun, Georgia, plant in the USA

06 JUNE

- › Tarkett earns Cradle to Cradle® certification for its Linoleum product range
- › Tarkett wins "Best Supplier of the Year 2011" award in Russia
- › 3D-effect LINOLEUM FANTASY line launched in Russia
- › Centiva launches iPhone and iPad applications at NeoCon in Chicago, Illinois

07 JULY

- › Tarkett acquires Parquets Marty, the leading French wood floor manufacturer
- › Opening of Tarkett Service Center in Yekaterinburg, Russia

08 SEPTEMBER

- › Opening of Tarkett Service Center in Mytishchi, Russia
- › Tarkett provides flooring for Qatar's newest and largest hospital
- › Opening of new FieldTurf production line in Bačka Palanka, Serbia
- › Tarkett provides flooring for Nationwide Children's Hospital in Columbus, Ohio, one of the largest and most comprehensive pediatric hospitals and research institutes in the USA

09 OCTOBER

- › Opening of the Tarkett studio in Paris, the flooring industry's new showcase reference
- › Tarkett recognized with the strategic development trophy at France's 2011 Green Business Awards
- › FieldTurf awarded "Preferred Producer" status by FIFA
- › Tarkett Sports participates in the EDF Handisport event in Paris for athletes with disabilities
- › Johnsonite named Best Business Experience for resilient flooring in *Floor Focus* magazine

10 NOVEMBER

- › Third year of Tarkett Sports' partnership with Asvel Basketball team begins

11 DECEMBER

- › Tarkett wins 2011 Exporter of the Year award in Serbia
- › Tarkett earns Cradle to Cradle® certification for its Wood product range
- › Tarkett iQ line is the first PVC flooring recommended by Swedish environmental evaluator of building materials, Byggarbetsdömningen (BVB)



07



07



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THE VISION
OF A GLOBAL
LEADER IN DESIGN



As a global solutions provider in the flooring industry, Tarkett intends that the products it provides to society should contribute to a better quality of life. Its integrated, high performance and sustainable solutions are customized to meet the diverse, complex needs of customers around the world. Tarkett places particular emphasis on continuously improving the design of products to make them better for the environment and the health of people. As the group continues to grow and expand into new markets, this commitment is embedded within its operations and processes and reinforced with employees on a daily basis.

Continuing sustainable growth

How would you characterize Tarkett's performance for 2011?

Despite the continued global economic turbulence and raw material price increases, revenues improved over previous years with 8.8% net sales growth. While growth was reaching 5% in Western Europe and 2% in North America, it was 21% in emerging economies. For the first time, these countries are the leading source of our revenues, representing 38% of the total. This evolution reflects our anticipation and strong presence in these high potential growth markets, a position we are continuing to reinforce. Today, Tarkett is the market leader in CIS countries and in Latin America while in China, our recently formed joint venture positions us to take advantage of future growth.

In terms of "Customers," the first pillar of your 5 C's strategy, what were some of the year's highlights?

We opened four new logistical platforms in Kiev (Ukraine), Yekaterinburg (Russia), Mytishchi (Russia) and Almaty (Kazakhstan), to bring unparalleled service quality, reflecting the maturity of our business model that has helped propel us to a leadership position in the CIS countries. Our continuing work to improve our processes and infrastructure and implement best practices has allowed us to make major strides in supply chain management, resulting in better service, lower inventory levels and improved customer satisfaction scores in our external 14-country benchmark survey. In 2011, we opened our tenth "Tarkett Academy" training center in China, part of the major emphasis we place on training in our ongoing commitment to continuously improve the quality of our customer service.

We also launched our highly successful new artificial turf product, "FieldTurf Revolution," created through our state of the art fiber production facility. It provides Tarkett with vertical integration and enables us to control supply chain costs and yarn innovation. The launch of the Tarkett Studio in Paris, a unique 4,000 m² space dedicated to customer satisfaction is a major step to offer improved service and demonstrates our vision as a true solution provider.

What about in terms of the "Cash" and "Cost" pillars and the impact of WCM implementation?

We continued to deploy our World Class Manufacturing program at sites around the world. Already rolled out in Western Europe, WCM was deployed during 2011 in main Tarkett plants in North America and Eastern Europe. We are seeing tangible results in terms of performance and cost savings. More than €40 million in productivity savings achieved last year were important in offsetting the impact on profitability of record-high raw material price rises, which increased 12% year on year at a Group level.

“WE CONTINUE TO PROGRESS TOWARD OUR STRATEGIC OBJECTIVE OF GROWING FASTER THAN THE MARKET, PROFITABLY AND SUSTAINABLY.”



Michel Giannuzzi,
Chief Executive Officer
Chairman of the Management Board

How does Tarkett keep its “Commitment” to people?

In 2011, we implemented systematic talent development review for all company managers, including setting of action plans such as training and coaching. Of the more than 1,900 individual reviews conducted, more than 75% of the follow-up actions have already been achieved.

We introduced project management training to provide a common vocabulary and methodology to more than 400 participants. Also, shop floor Employees training is a significant component of our WCM approach; training in problem-solving methodology is one example of how we are helping employees develop their talents. During 2011, 41% of our employees worldwide received at least one day of training. Recognizing the contributions of our employees to Tarkett's success and promoting entrepreneurial efforts is another key element of our philosophy. The annual Tarkett awards recognize special projects from throughout the world that have had an impact on our business, customer relationships or brand image. In 2011, more than 100 applications were received.

What about “Commitment” to the environment?

We continued our longstanding focus on environmental protection and natural resource preservation in 2011 in becoming the first French company to adopt Cradle to Cradle® principles. Our commitment to eco-innovation and developing flooring that maximizes use of natural and renewable raw materials was reflected in the Silver level certification of our linoleum and wood products. Tarkett also introduced a new generation of phthalate-free plasticizers used to produce all homogeneous vinyl floorings. We are a forerunner in Europe contributing to better indoor air quality with all of our floor coverings sold in Europe having TVOC (Total Volatile Organic Compounds) emissions 10 times lower than current European standards. In 2011, 10% of flooring production was at non-detectable levels of TVOC as defined by local standards. Tarkett's environmental strategy was recognized in 2011 when we were honored with the Green Business Award, presented each year to one of France's leading manufacturers.

And, “Creativity?”

In addition to improving the environmental performance of our products and processes, innovation enables us to continue offering customers high added value solutions and services. Partnering with prestigious universities worldwide allows us to reinforce our knowledge and expertise and is a source of competitive advantage. We are actively working in the field of modular solutions in order to better take into account changing decoration and design trends and the more frequent replacement of floorings by customers. Additionally, we are constantly improving our industrial processes to maintain our leadership.

What's the outlook for 2012?

The persistent high level of uncertainty regarding market growth appears likely to continue making visibility difficult. However, in an unpredictable year, we are well prepared. Our 5C strategy, launched four years ago, is unchanged and its effectiveness has been demonstrated during both difficult and good times. We have a strong balance sheet and were able to distribute a dividend of €100 million and refinance a €450 million syndicated loan prior to the deterioration of the debt market. We continue to leverage our strengths, including the speed and agility of our entrepreneurial, decentralized culture that allows us to take advantage of opportunities and respond quickly to crisis. In 2012, we are strongly focusing on improving our profitability through further selling price increases and continued productivity gains. We also are leveraging our strong presence in emerging countries to reinforce our growth. We continue to progress toward our strategic objective of growing faster than the market, profitably and sustainably.

Group Governance



From left to right:
Fabrice Barthélemy, Chief Financial Officer - Antoine Prévost, EVP Operations - Jeff Buttitta, President North America
Eric Daliere, President Tarkett Sports - Michel Giannuzzi, Chief Executive Officer - Anne-Christine Ayed, EVP Research, Innovation & Environment Vincent Lecerf, EVP Human Resources - Dragan Zarkovic, President Eastern Europe - Patrick Mathieu, President Western Europe

Strong support and commitment of our shareholders

Since January 2007, Tarkett SA has been owned through a holding company by the Deconinck family (50%) and funds affiliated with “Kohlberg Kravis and Roberts” (KKR) (50%). The Group enjoys a stable financial base and involved shareholders that support its profitable growth strategy.

Tarkett SA is legally structured with a Management Board and a Supervisory Board.

Supervisory Board

The Supervisory Board (“Conseil de Surveillance”) is composed of seven members: three members of the Deconinck family, three representatives of KKR and one independent member. It is presided by Didier Deconinck; its vice –president is Jacques Garaïalde. The board members meet once a month to review in detail with management the group’s financial performance as well as operating and strategic initiatives.

In line with standard governance practices, the Supervisory Board also has three dedicated Committees: the Audit Committee, chaired by Sonia Bonnet-Bernard, independent member of the Board, the Strategy and Marketing Committee, chaired by Eric Deconinck and the Selection and Remuneration Committee chaired by Jacques Garaïalde (KKR).

Management Board

The Management Board (“Directoire”) is chaired by Michel Giannuzzi, Chief Executive Officer and includes Fabrice Barthélemy, Group Chief Financial Officer, and Vincent Lecerf, Human Resources EVP.



Executive Board

The Executive Board is the Group's steering body. It includes:

- The Chief Executive Officer,
- The four Division Presidents: Western Europe, Eastern Europe, North America and Sports,
- Four functional Vice-Presidents: Finance, Human Resources, Operations, Research Innovation & Environment.

Audit Committee

Its purpose is to assist the Supervisory Board with the following duties:

- Ensuring the reliability and quality of the financial data in Tarkett Group accounts every six months.
- Validating the quality of financial data with external auditors (KPMG and Praxor) as well as making sure the external auditors' recommendations are addressed.

- Validating the in-house audit plan and ensuring that in-house control processes are performed.
- Examining the conclusions of the in-house audits and implementing corrective measures.

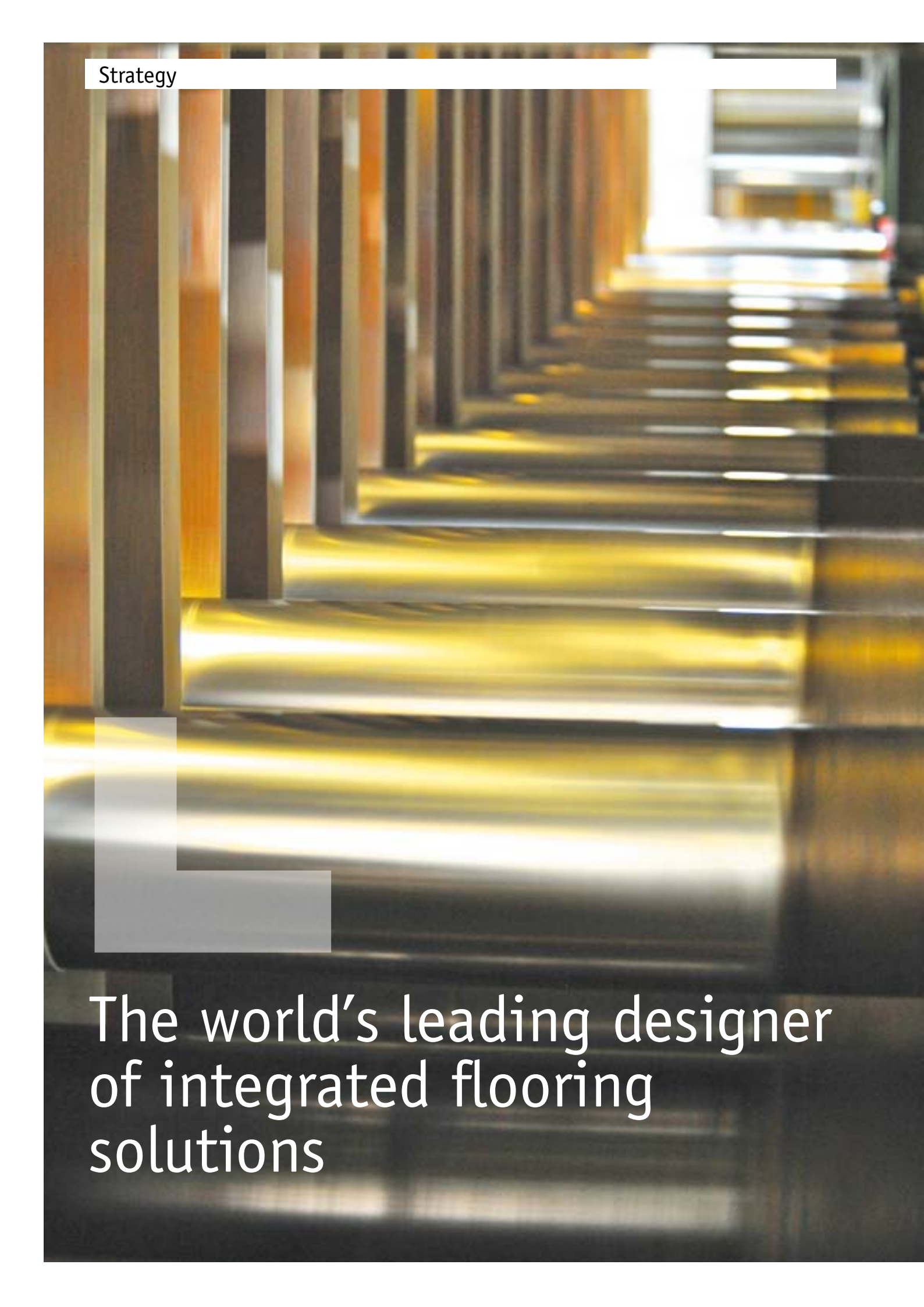
The Audit Committee met three times in 2011.

In 2011, Tarkett continued to implement the 10 action plans that followed its 2010 risk mapping of all its operations in order to identify and prioritize the main risks to which the company may be exposed.

A Code of Ethics involving all employees

Tarkett has enacted a Code of Ethics distributed to all Group employees. It requires all employees to actively adopt common practices and commit to adhere to exemplary working practices. This requirement helps to guarantee the Group's reputation on the world markets.

In 2011, a competition policy was implemented and in person trainings were initiated to support the competitive principles of the Code of Ethics.



Strategy

The world's leading designer
of integrated flooring
solutions



As an international flooring and sports surfaces solutions group, Tarkett's strategy is based on accelerating profitable growth and expanding faster than the market.

A global player in both commercial and residential segments, Tarkett provides integrated flooring solutions to six market segments: Housing, Offices, Education, Stores and Hospitality, Healthcare and Sports. Tarkett is a truly international group, with 90% of its revenues generated outside France.

Businesses organized in three geographic zones

Tarkett's customers are local and there are enormous differences between regions and countries in culture, taste and design and with regard to ecological concerns. This model is consistent with Tarkett's decentralized organization and its emphasis on empowerment, responsibility and proximity to the customer. It aims at better serving and understanding our customers' needs.

The Sports segment, is organized on a global basis in recognition of the concentration of its markets in North America and Europe and the importance of its brands.

Tarkett seeks to outgrow the market by focusing on organic growth, leveraging its vision in innovation and service and through selected acquisitions. These acquisitions reinforce geographical expansion and allow a broader product portfolio offer.



Tarkett drives its strategy through plans structured around its "5 C's":

- Customer: offering a unique customer experience and identifying new opportunities for organic growth
- Cash: optimization of working capital and investments
- Cost: improve cost structures and implementing World Class Manufacturing
- Commitment: both to developing employee talents in a safe working environment and improving the sustainability of products and operations
- Creativity: launch strong innovations in products, services and business solutions and involve the active participation of all employees in a continuous search for improvement

Tarkett implements its strategy through a roadmap known as "The Tarkett Way", which defines the fundamental principles under which the group operates, including best practices, culture and interaction with the customer. It is an essential part of Tarkett's continuous development as a globally high-performing, aligned and agile company.

Tarkett is strongly committed to environmental and social responsibility: It strives to accelerate its profitable growth by being well-positioned in emerging high-growth markets, supported by strong human resources and leveraging solid financial resources.



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Innovation is a core element of Tarkett's profitable growth strategy. It is embodied as one of the Tarkett five fundamental strategic pillars, Creativity.

It is through its capacity to innovate that Tarkett is able to offer customers high added value solutions and to constantly improve the environmental performance of its products and processes. Tarkett's innovation capabilities are a source of technological advantage, providing important differentiation from competitors and helping Tarkett drive improvement of industry performance standards.

The group's approach to innovation is based on principles of openness and collaboration, to maximize the delivery of environmental and other quality of life benefits to consumers.

Eco-design

Central to Tarkett's innovation is the constant search for materials and manufacturing processes that are safer for people and the environment. The results are reflected in the industry-leading environmental accomplishments Tarkett has achieved:

- Certification at the Silver level of linoleum and wood products under the Cradle to Cradle® program based on the chemical composition of materials used in product manufacture, effects on health and the environment and material recycling potential.
- Phthalate-free vinyl products. Tarkett introduced a new generation of phthalate-free plasticizers in the production of its homogeneous vinyl flooring in Europe and North America and has set an objective to become the first phthalate-free vinyl flooring manufacturer.
- Floor covering that have low TVOC emissions or TVOC emissions below quantifiable levels to improve indoor air quality: all Tarkett floor coverings sold in Europe have TVOC emissions 10 times lower than current European standards*, with some 100 times lower, as is also true for certain ranges of products sold in North America.

.....
*(TVOC emissions after 28 days. Emissions lower than 100 micro grams per m³, 10 times lower than the EU standard of 1,000 micro grams per m³.)

Our Innovation drivers are:

- Eco-Design:
 - › New products designed for reuse according to Cradle to Cradle® principles and to minimize environmental impacts, setting the trends and style for tomorrow's flooring and creating solutions that respond to new consumer needs and lifestyles.
 - › We constantly strive to increase the share of natural or renewable materials in our products. Tarkett's "Balanced Choice" tags are one of the ways we communicate with consumers about product content, indicating the share of natural or renewable materials in our products such as wood, linseed oil, cork, mineral fillers and sand.
 - › To go still further, Tarkett is fully engaged in efforts to measure the environmental impacts of products throughout their life cycles. Tarkett works with trade association partners in Europe and North America on establishing industry standards for Life Cycle Assessment (LCA) programs.
 - Modular solutions: for customers who are changing their floorings more often, and addressing changing decoration and design trends.
 - Process leadership: for competitive positioning, constantly improving processes to maintain industrial leadership and drive operational excellence, capitalizing on and acquiring missing knowledge and building partnerships with universities.
- To create and offer innovative and sustainable solutions, we leverage:
- Our customer and market intimacy with market trends, competition and customers' needs analysis.
 - Our knowledge in products, materials and industrial processes.
 - Advanced research (standard properties like acoustics or new fields of investigation).



03



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- 01_Rheological analysis of liquid, pastes & solids
- 02_Quantitative & qualitative assessment of VOC emitted from products
- 03_characterization of solids & liquids for assessment of surface properties
- 04_Chemical analysis at a molecular level
- 05_Product design - Clervaux, Luxembourg
- 06_3D view of "FieldTurf Revolution" yarn

Organized to innovate

Consistent with Tarkett's decentralized organization, alignment in innovation is achieved through internal networks and structured processes. Tarkett technologies are formally mapped with areas for improvement identified and knowledge shared and advanced through international knowledge expertise networks and collaborative tools.

The Research & Innovation network, composed of each division's R&I head, meets regularly to review product development, best practices and the overall product portfolio. New product development also is managed through a structured approach, with resources managed and allocated by a portfolio management officer.

Recognizing that improving processes upfront produces better, less costly results later, a new concept process has been formalized, including creativity sessions for generation of new ideas and solving problems. The importance of new ideas is reflected in Tarkett's portfolio of 130 patents.

Expertise also is advanced through external partnership networks and cooperative efforts with prestigious university partners in priority areas, such as PVC's. A scientific council brings together the company's senior R&D managers with external scientists, professors and other experts to review and challenge Tarkett's technology map. The company also works with suppliers through formalized innovative partnering agreements in areas such as odor control or the environmental qualities of flooring adhesives.

Tarkett is exploring flooring of the future through its partnership with French design school ENSAD, examining subjects such as the impact of light on flooring and the capabilities of "smart flooring," which interacts with its environment and the user to produce beneficial effects.

Tarkett also takes an active role in standard setting deliberations around the world that involve its products, both to ensure position alignment in countries where it operates as well as to continue to lead pro-actively in improving industry performance.

2011 innovation highlights

- Cradle to Cradle® certification for Tarkett's linoleum and wood product ranges
- Award of the first Platinum NSF certification for Johnsonite's Ecolibrium wall base
- Launch in Russia of LINOLEUM FANTASY, whose Real 3D effect design drew wide interest
- Launch by Centiva of the iPhone and iPad applications at NeoCon trade show in the U.S.
- Tarkett's iQ range became the first vinyl floorings recommended by Swedish building materials environmental evaluator, BVB
- Development of a layer barrier to protect product from the bleeding through of ink marks by installers and customers in installing flooring
- Tekstone product range with new industrialization processes



06



Implementation of World Class Manufacturing (WCM), now in its third year, continues Tarkett's drive to improve competitiveness by achieving operational excellence throughout its worldwide industrial structure.

Already deployed in Western Europe, WCM was rolled out during 2011 in main Tarkett plants in North America and Eastern Europe. In 2012, 80% of the 32 plants will have adopted the WCM methodology.

WCM implementation already is delivering visible, substantive improvement results for Tarkett, including:

- Reduction of 15% of our Total Accident Frequency Rate (accident with and without Lost Time)
- €40 million in savings last year through productivity improvements
- Significant improvement in customer satisfaction according to the company's 14-country benchmarking survey
- Improved supply chain management
- Extremely low inventory levels
- Improved environmental performance on industrial sites

Safety remains the first priority of Tarkett management: leaders must demonstrate a strong, continuous and personal commitment to safety. WCM combines a reactive and preventive approach to safety: all Tarkett plants use tools and methods such as systematic incident investigation, risk assessments, employee education and training and 5 S.

In 2011, a strong focus was put on behaviors with the deployment of workplace observations and audits resulting in the identification and correction of unsafe acts and conditions. As a result, the Total Accident Frequency Rate measuring accidents with and without lost time dropped from 17.6 in 2010 to 14.9 per million hours worked in 2011. Tarkett has extended WCM operational excellence objectives beyond manufacturing to apply its principals to all components of operations and customer service, including innovation, supply chain and purchasing.

To confirm its leadership in CIS countries and accelerate growth, Tarkett revised its supply chain strategy for the Eastern Europe Division. Planning processes were entirely reengineered; distribution strategy was updated which resulted in the decision to open four new Service Centers in Kiev (Ukraine), Yekaterinburg (Russia), Mytishchi (Russia) and Almaty (Kazakhstan). Further to this new organization, which enhances proximity and intimacy with customers, service has drastically improved in key growth areas for the Group.

Mitigating the effects of strong raw materials price increases was in 2011 a key challenge for Purchasing in 2011. Significant cost savings were obtained through productivity initiatives. The Group is focusing on the development of long term partnerships with a reduced number of suppliers. It is jointly cooperating with them on innovative projects with Health & Environment objectives in line with its product strategy. Furthermore, in 2011, Tarkett started to work with its supplier base on action plans to enhance environmental, safety and social responsibility.

Optimizing manufacturing through WCM

WCM is a continuous improvement program based on the manufacturing philosophy and methods pioneered by automobile manufacturer Toyota, which targets such ultimate objectives as zero accidents, zero customer claims and zero quality defects. As WCM is deployed at a site, coordinators are appointed for each of the program's 10 pillars*, trained in WCM methodology and become part of a network for sharing best practices between Tarkett sites around the world. WCM is tracked through performance indicators monitoring and industrial performance audits.

*The 10 fundamental pillars of WCM: Safety & working environment; Cost deployment; Focus improvement; Autonomous activities; Professional maintenance; Quality control; Supply chain and customer service; Early product & equipment management; People development; Environment.





01_1,000 days without an accident in FieldTurf's Calhoun, Georgia, plant, USA
 02_Clervaux plant, Luxembourg
 03_Sedan plant, France

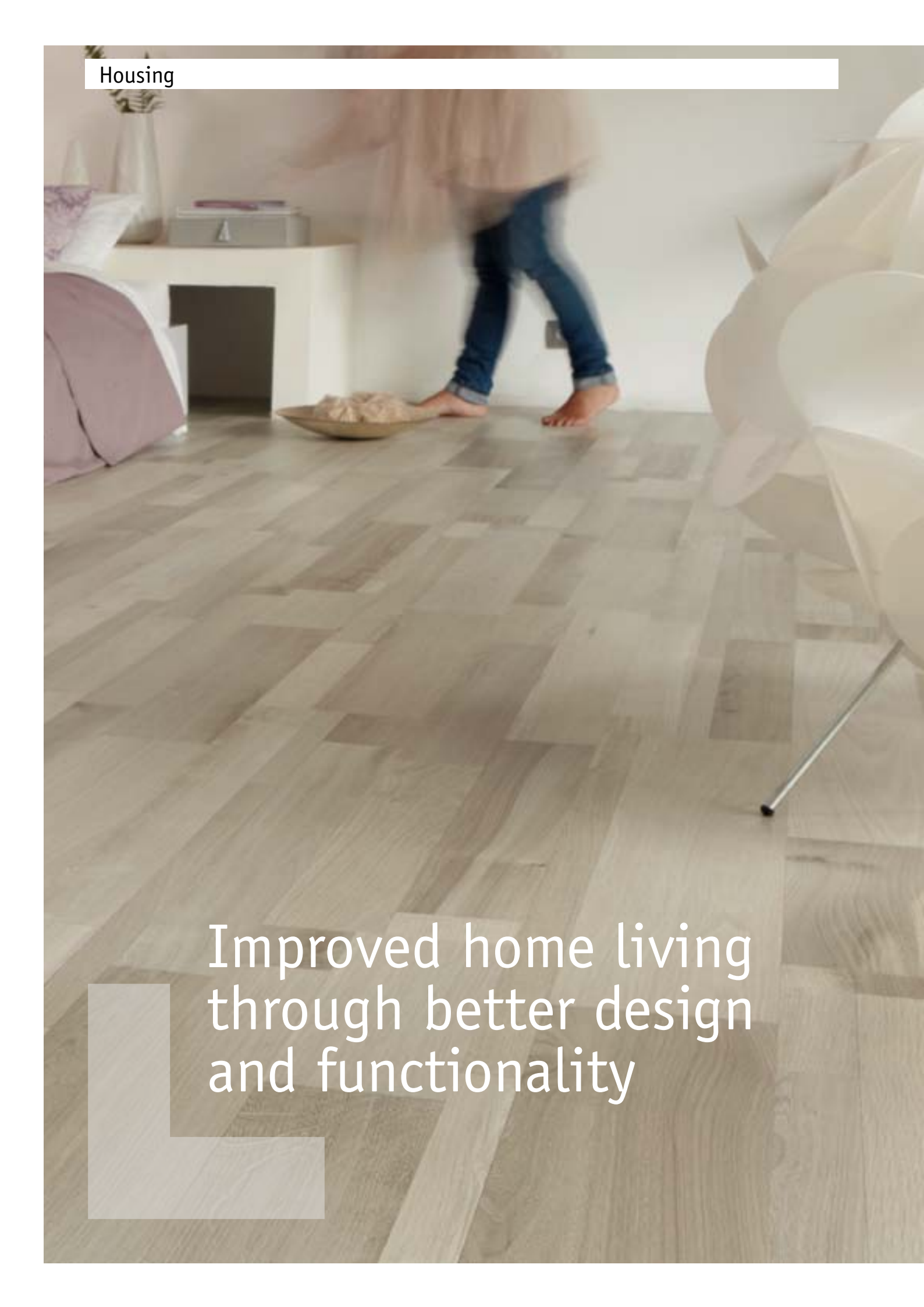




FLOORING
SOLUTIONS THAT
MAKE A DIFFERENCE



No other flooring manufacturer in the world offers as large a range of different flooring types in as many countries as Tarkett. This broad scope enables us to recommend the perfectly adapted product to each customer as well as to offer fully integrated flooring solutions. By always thinking in terms of solutions, Tarkett is able to anticipate future customer needs and respond with the innovative flooring products of tomorrow. Staying a step ahead, matching styles and tastes to different building types and needs, maximizing performance and savings: that's the Tarkett difference.



Improved home living
through better design
and functionality



Style, comfort and safety

All play an important role in the physical and emotional well being that people feel in their homes.

For more than 130 years, Tarkett has been helping to optimize living environments to turn houses into homes. Through constant dialogue with customers and end users, designers and architects, Tarkett creates unique flooring solutions that respond to the wide diversity of tastes, needs and requirements of contemporary housing. The company's wide offering of trendy colors, patterns and styles for vinyl, linoleum, laminate or wood floorings have the capacity to transform a simple room into an inspired space while catering to individual preferences and expectations. Our solutions optimize economics and return on investment, particularly important for today's housing projects. Tarkett also works closely with public authorities to meet all regulatory requirements, paying close attention to functional benefits such as slip safety, air quality and noise reduction. Constant attention to all of the elements important to people's living space has made Tarkett the #1 flooring reference in markets around the world.

2011 Best Supplier of the Year Award in Russia

For the second consecutive year, Tarkett won the "Best Supplier of the Year" award in recognition of the company's high level of customer service. The award was presented at the Annual Business Forum that gathers 375 participants representing manufacturers and suppliers from Russia, Latvia, Germany, the UK, France, Italy and Poland.



High ratings for Tarkett's "Floor in a Box"

Tarkett's "Floor in a Box" product was recognized at France's "Trophées de la Maison" in the home interior products category. The award recognizes product performance attributes under real use conditions according to criteria that include aesthetics, ergonomics, surface texture, ease of use and effectiveness.

"The success of our network is a result of our constant search for new solutions and the introduction of advanced technologies to ensure customer comfort in our stores. Doing this requires strong partners like Tarkett. Through their new technologies, solutions and products, they help us to advance and grow. The opening of the Tarkett Service Center in Yekaterinburg is an important step in helping us respond to the logistics and supply problems we have faced in the past."

Rinat Muhametvaleev, Executive Director of StrojArsenal (Network building hypermarkets, Yekaterinburg, Russia)

School flooring: an ongoing education

School in Leeuwarden, Netherlands



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02



03

01_Zayed University, Abu Dhabi
02_Collège Mandela, Bordeaux, France
03_School in Leeuwarden, Netherlands
04_Academy Sports, USA
05_World of Knowledge School, Russia

Contributing to a better learning environment

Schools present some of the toughest environments for flooring. Meeting the sometimes contradictory needs for flooring that is safe, cost-effective, durable and resistant to stains and impact while contributing to a stimulating, less noisy learning environment is the kind of challenge at which Tarkett excels. Our experts have spent years talking with teachers, students and facility managers to understand these diverse needs and design integrated solutions in response. As our clients can testify, an ongoing learning process is the best guarantee of improvement.

World of Knowledge School, Russia

To enhance the learning environment for its 500 foreign language students, Moscow's "World of Knowledge" school chose Tarkett's new Acczent Terra vinyl as the covering for the school's 30,000 m² of floor space. Its aesthetic qualities and unique characteristics, including durability and high wear and denting resistance, fire safety and ease of cleaning made it the perfect choice for the school's bright, spacious classrooms and studios.

"Flooring solutions for schools need to be designed to stand up to a lot of wear and tear. Students moving between classes throughout the day are active, fast-moving and, sometimes, rambunctious. When the corridors are not full of children, we need floor surfaces that can be cleaned and washed quickly and easily. Most important is that it protects the safety and health of children and teachers and we know that Tarkett products are fully certified to meet Russia's strict regulatory requirements. In terms of design, we sought an interior in full harmony with the walls, furniture and equipment. The Acczent Terra Linoleum line, with colors that visually increase the sense of space, was the first choice of the school and its staff. The collection's design is universal, suitable for virtually any room."

Bocharov Igor Nikolaevich, Director, "World of Knowledge" School - Petrovo-Dalnee, Moscow region




04

Zayed University campus in Abu Dhabi

Tarkett is equipping several facilities of the new Zayed University campus in Abu Dhabi. Once completed, the campus will provide facilities for 6,000 students, as well as related faculty and support staff. The total area covered in administrative and academic buildings, recreational facilities and residential accommodations totals 213,000 m².



05

A modern, brightly lit hospital room with a large window, a hospital bed, a red and blue sofa, and a yellow dog toy. The room features a curved ceiling with a large circular light fixture and a curved wall with a large window. The floor is a light blue color. The room is furnished with a hospital bed, a red and blue sofa, and a yellow dog toy. The room is clean and modern, with a curved ceiling and a curved wall. The floor is a light blue color. The room is furnished with a hospital bed, a red and blue sofa, and a yellow dog toy. The room is clean and modern, with a curved ceiling and a curved wall. The floor is a light blue color. The room is furnished with a hospital bed, a red and blue sofa, and a yellow dog toy.

Global focus on integrated flooring solutions for healthcare



01_Klinikum Salzgitter, Germany
 02_Helen DeVos Hospital, USA
 03_Polyclinique Deauville, France
 04_Medicover Clinic, Warsaw, Poland

Fully integrated solutions

Healthcare institutions present one of the most challenging and complex environments for flooring. Floors must match the specific, varied needs of each building section and achieve a harmonious transition between them in terms of functionality and design features. Strict compliance with hygiene and air quality standards, static control and resistance to heavy traffic, water and chemicals must be reconciled with acoustic characteristics, work comfort and ease of maintenance. Flooring designs also must provide stimulating environments that promote healing. Tarkett offers the most extensive healthcare flooring offer on the market. Combined with its expertise, we advise and support healthcare professionals every step of the way with fully integrated flooring solutions, designed to perform – and keeping Tarkett as the uncontested #1.

Länsi-Uusimaa Hospital in Raasepori, Finland

The 10,000 m² homogeneous iQ-floors installed by Tarkett in Finland's Länsi-Uusimaa Hospital in Raasepori represented an important investment in quality and performance. A Life Cycle Cost analysis conducted by Tarkett demonstrated that the investment paid off in less than three years, due to lower maintenance costs and a longer life span. Together with the hospital, Tarkett provided a 25% savings (more than €1 million) as a result of the choice of iQ-floors, instead of traditional vinyl floors, which require waxing or polishing. Savings of 58,000 liters in water consumption, 17,000 liters of cleaning chemicals and 16,900 kWh in electricity consumption also were recorded over the study period.



Improving comfort and usability, aesthetically

The newly constructed Helen DeVos Children's Hospital in Grand Rapids, Michigan, USA, is a stand out among the region's many surrounding hospitals and medical facilities. To create a space that would make children feel like they were at home, over 1,500 pieces of art, designed by children from all over the state, were incorporated into the new construction, along with a vibrant mural. The hospital's highly integrated design combines functionality with aesthetics to create a colorful and artistic representation of nature. With its innovative color matching technology as well as its ergonomic and environmental benefits, Johnsonite Solutions' resilient flooring was selected for over 90 percent of the hospital's floor covering needs. Hospital maintenance employees, already familiar with Johnsonite's System of Solutions, liked the ease of maintenance and their shock absorbing and acoustical qualities, which increase comfort for patients, visitors, and employees while also providing a higher ROI (return on investment) for the hospital owners.

"We wanted to think outside the box and create a unique children's space that wasn't done in the past. Having unique materials and textures was important and using Johnsonite's speckled patterns in our custom colors was a subtle way to make a big impact."

Carly Visser, URS Corporation, designer for Helen DeVos Children's Hospital, Grand Rapids, Michigan, USA

Offices

Enhancing productivity
through stimulating
work environments

Archimede Solar Energy Headquarters, Italy



01_Roscommon Government offices, Ireland
02_National Library, Cheboksary, Chuvash Republic

Higher-performing workspace

In today's results oriented business world, making the right choice in flooring can contribute significantly to productivity by creating a more stimulating workplace environment that improves employee quality of life. Through their design, colors, styles and functional characteristics, flooring can make people feel more comfortable, safer and more inspired. Tarkett's wide array of flooring options offer the right high performance solution for any type of business or office space, while delivering excellent life cycle costs and maximizing return on investment.

Archimede Solar Energy headquarters, Italy

On September 14, in Massa Martana, in Italy's Umbria region, the new headquarters and manufacturing plant of Archimede Solar Energy (ASE), a Siemens Group partner, was inaugurated. The new office was designed and built using the most advanced green building technologies, with high priority placed on the thermal and acoustic insulation of the whole building.

A Tarkett linoleum, Silencio Etrusco, was selected as the flooring of choice for all the offices because of its full compliance with strict requirements in terms of natural content, sustainability, energy efficiency and acoustic comfort.

This building is now a benchmark in Italy for green building technologies with its Silencio flooring now a leading reference for the numerous architects and 'green' building contractors visiting the headquarters.



02



01

National Library of the Chuvash Republic, Cheboksary

Founded in 1871, the national Cheboksary public library today features automated reading rooms, computers and other modern information resources. The 10,000 m² library holds more than two million books; its 40,000 books in the Chuvash language is the biggest collection in the Republic. During the recent renovation of the library, the government sought a floor covering that could contribute to a modern interior, withstand heavy traffic and be easily maintained for an impeccable appearance. Tarkett's iQ Melodia, iQ Optima line with its array of colors allowed customized solutions for each of the library's different surface areas. The easy to maintain iQ product also offers significant savings in time and money and its high resistant coatings inhibits bacterial reproduction.

"The library is a cultural center, a true temple of knowledge. The interior of the building's spacious and bright rooms, each one dedicated to a different theme, is unique. The flooring provides a unifying balance, bringing together all of the rooms into a coherent whole. The rich colors of the linoleum enhance each room's distinctive character, charm and originality. The modern, comfortable ambience it provides has delighted our visitors, who find the building 'cozy'."

Starikova Svetlana Mihailovna, Director of the "National Library of the Chuvash Republic," Ministry of culture

Tarkett floors mean business for retailers





01



02



03

01_Carrefour Planet shop, Belgium
02_The Big Mall, Istanbul, Turkey
03_Hotel Pullman, São Paulo, Brazil

Enhancing image and efficiency

A store outlet, boutique or hotel reception area is the predominant showcase for any retailer. Whether vibrant and energetic or relaxed and comfortable, the choice of flooring is a powerful means of reinforcing the desired brand image... and helps bring customers through the door. With its offerings in wood, laminate, linoleum, vinyl or rubber, Tarkett provides the market's largest selection of flooring types, an unlimited toolbox of colors, styles and surface treatments to provide the right customized solution for every retailer, matching desired visual effects with specific durability requirements. To keep up with constantly evolving fashions, the easy installation of Tarkett floorings can quickly provide a new cutting-edge look while minimizing downtime and lost revenue.

Porto Montenegro – Montenegro Republic – a world-class marina that will satisfy the growing shortage of berths around the Mediterranean.

Porto Montenegro is the new world-class marina in Montenegro Republic built to meet the increasing shortage of berths around the Mediterranean. Its 45 luxury apartments, designed by world-renowned Tino Zervudachi of Milinarc, Henry & Zervudachi, and with landscaping by Martin Lane Fox, Vice Chairman of the Royal Horticultural Society, blend traditional architecture with contemporary lines using soft colors, elegant stone and Tarkett Tango single plank wood floors. Each Tango Oak Seashell plank is unique, providing versatility and illustrating the character of the wood type selected. Differences in wood structure are further enhanced through coloring and brushing to create a luxurious appearance of pearls and shells.

"Thanks to Tarkett, we were able to respond to the significant challenges we faced for a sophisticated, high quality product on a very short deadline. Tarkett's Tango Oak Seashell has indeed brought the ambience of the sea to Porto Montenegro's apartments."

Mr. Dejan Kekovic, General Manager of Good Commerce

Big mall, Istanbul Turkey

About 5,000 m² of vinyl flooring were installed in "the Big Mall", the latest mall in Istanbul. Atmosphere, design and color coordination were key in the selection process. Tarkett Aspen products were Acczent Compact Concrete, Optic Compact Glass and Optic Acoustic Spice/Candy.

Improving indoor air

For the extension of the Scandic Sydhanven hotel in Copenhagen, Denmark, the developers sought attractive, quality materials that also would ensure a good indoor environment. They turned to Tarkett, whose wooden floors all are approved under the Danish "indoor environment labeling" code. Oak Natural 2-strip and Oak Design Grey Contrast Plank floorings were installed in over 200 rooms and penthouse apartments.

Quickly installed vinyl floor brings beauty and comfort to hotels

The 350-room Pullman Hotel, in São Paulo, Brazil, was completely refurbished while continuing to operate over a five-month period. The hotel sought a flooring solution with good acoustic and maintenance qualities but that also could be simply and quickly installed. Tarkett's Ambianta LVT responded to the requirements both in terms of aesthetics and ease of application. 10,000 m² of vinyl flooring were installed on schedule, while generating no odors or noise bothersome to hotel guests and with minimal generation of waste.

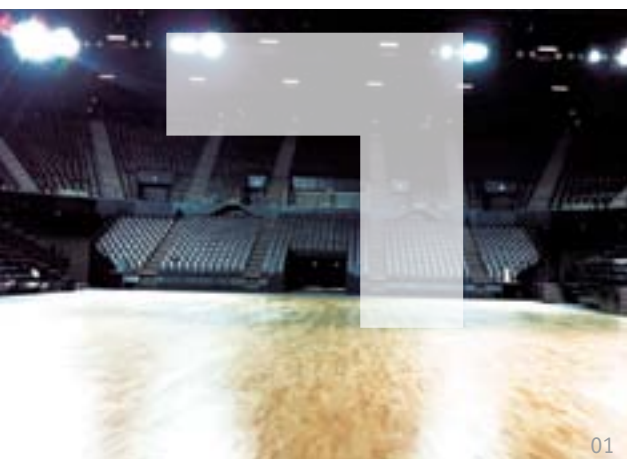
"Without Ambianta, we would surely have needed to reprogram the renovation schedule. No other material offers the same agility in installation as vinyl floor, in addition to avoiding noise generation or unpleasant smells that would have disturbed our guests and staff."

Bianca Setim, architect, Bisi Architect and Decor, manager of Pullman Hotel project

Carrefour Planet, new hypermarket concept

As part of its initiative to re-position its offer, French hypermarket chain, Carrefour, entrusted Tarkett to install the flooring in its new concept centers, "Carrefour Planet." A special production in two colors of ID Premier in tile format and IQ Natural in dark gray and medium gray set the tone for the centers' Sound and Image, Beauty, Day Care, Perfumes and Bookstore sections. Tarkett's ID Premier Wood lends comfort and elegance to administrative office spaces. All of the floor coverings chosen offer design appeal, durability, easy cleaning and maintenance. Since 2010, Tarkett has installed 33,000 m² in 35 centers throughout Spain and 30 more centers are scheduled for 2012.

Continuous cutting edge in sports advanced technology



01



02



03

01_Montpellier Arena, France equipped with Sportable flooring
02_The world soccer federation, FIFA, awarded "Preferred Producer" status to FieldTurf in October in recognition of the importance of the quality, performance and safety of synthetic turf for players worldwide. FieldTurf is already the most widely installed surface for soccer fields worldwide with 193 certified one- or two-star by FIFA (as of March 31st, 2012)
03_Jeld-Wen Field, Portland, Oregon, USA

Delivering the optimal experience in sports surfaces

The pace setter for several years in high performance sports surfaces, Tarkett delivers products recognized by the world's leading athletic organizations for their playing comfort, safety and authentic sensations. Many of the world's leading football, baseball and soccer teams play on our third generation FieldTurf artificial turf. Elsewhere, portable wood floorings accompany Champion's League Basketball teams while new records are set on our athletic tracks. Many Tarkett installations have become the new standard in environmental performance, saving millions of gallons of water and thousands of tons in pesticides and fertilizers for outdoor fields or conserving natural resources through their use of renewable raw materials such as for wooden or linoleum based indoor fields. A championship performance... for every level of sports competition.

"FieldTurf Revolution"

Less than a year after its launch, FieldTurf's flagship Revolution fiber is already performing on hundreds of pitches worldwide. Together with its partner Morton Extrusionstechnik GmbH, FieldTurf, has indeed created the world's most innovative artificial turf fiber, combining the very best in polymer technology with the strongest UV inhibitors and a state-of-the-art extrusion process. With its exclusive, industry-best fiber manufacturing technology, FieldTurf has become one of the most vertically integrated companies in the industry and the clear leader in artificial turf innovation. In 2011, over 180 fields have been installed worldwide.

Third year of the Asvel and Tarkett Sports partnership

On October 14, Tarkett Sports launched the third year of its partnership with ASVEL sports club following the outfitting of the arena with Proflex M, an engineered area-elastic wood sports flooring which provides excellent playing characteristics for any facility requiring a surface with superior shock absorption and consistent ball bounce. The Proflex M system is ideal for professional level play, providing the perfect solution to support frequent training with reduced risk of injuries.

ARENA SOFIA

Bulgaria's largest, most modern sports arena, the new Arena Sofia, has been equipped with Tarkett Sportable. The removable wood flooring solution was applied on a total surface area of 1,069 m², including the multi-purpose main arena and several smaller venues and training locations.

"We are extremely pleased with the quality of their product and the overall assistance and support rendered by Tarkett throughout the process - from order to delivery and completion of installation to after-installation maintenance - as well as their readiness to respond rapidly to any questions on the project. We look forward to continuing to work together with Tarkett on upcoming sports projects in Bulgaria."

Mr. Stiliyan Zorov/General Manager of Azimut Group Inc.

"When playing at the elite level, the sports surface is extremely important. We are very satisfied with the Tarkett Multiflex sports floor which contributes to our success."

Anders Jansson, General Manager of the Sundsvall's Dragons, Swedish basketball champions



"Our highest priority is player safety, injury prevention, athletic performance and field longevity. The FieldTurf Revolution product is the very best in turf technology and has been designed to outperform and outlast any other alternatives in the marketplace."

John Schneider, General Manager, Seattle Seahawks, Washington, USA

"They are an industry leader in technology. It is cutting edge stuff. It is a very, very fast track and we are excited to get going on it. The playability is outstanding. I just don't see anyone, industry-wide, being able to surpass what FieldTurf is able to do."

Ed Hottle, Men's Head Football Coach, Stevenson University, Michigan, USA



A PLEDGE OF SUSTAINABLE
PERFORMANCE FOR ALL
OUR STAKEHOLDERS



Tarkett has set ambitious sustainability goals for a broad range of social, environmental and economic priorities.

A driver for progress and innovation

Tarkett has set ambitious sustainability goals for a broad range of social, environmental and economic priorities. Its corporate sustainability strategy provides the roadmap for achieving progress.

For Tarkett, corporate sustainability is about achieving a long-term balance between people, planet and profit:

- Responding to the needs and expectations of employees and society regarding health, education, housing, employment, equity;
- Preserving biodiversity as well as natural and energy resources;
- Creating value through sustainable growth and providing a return on investment to our shareholders.

Tarkett has set ambitious sustainability goals for a broad range of social, environmental and economic priorities. Our roadmap is not about where we are today; it is about where we want to go.

Through a structured approach to manage our progress, we have defined corporate sustainability objectives across three dimensions:

- Design products for reuse according to Cradle to Cradle® principles and with a minimized impact on the environment;
- Be a great place to work and a company well integrated in local communities;
- Have a strongly established governance to manage risks and ensure long-term profitability.

“Tarkett’s commitment to people and to the environment is fully embedded in our values, through which we recognize the important responsibility that we have as a company to take care of our environmental and social impacts. But, beyond being a business constraint, corporate sustainability at Tarkett is an opportunity to continuously improve our operations, and to develop our capacity to innovate and differentiate ourselves.

We continue in our strong commitment to the United Nations Global Compact, following its essential principles and working to promote this commitment with all our stakeholders. To achieve its objectives and monitor our progress, we formally structured our corporate sustainability strategy in 2011, making it a true management tool as well as an innovation driver to build Tarkett’s future.”

Michel Giannuzzi, CEO



**WITHIN EACH AREA, WE ARE TAKING CONCRETE ACTIONS
AND COMMITMENTS, ORGANIZED AROUND CLEAR STRATEGIC INITIATIVES.**

	OBJECTIVES	STRATEGY
Environmental Responsibility	Products designed for reuse according to Cradle to Cradle® and with a minimized impact on the environment	<ul style="list-style-type: none"> » GOOD MATERIALS » RESOURCE STEWARDSHIP » PEOPLE-FRIENDLY SPACES » REUSE
Social Responsibility	A great place to work and a company well integrated in local communities	<ul style="list-style-type: none"> » SAFETY, RESPECT AND INTEGRITY » TALENT DEVELOPMENT, EMPOWERMENT AND DIVERSITY » PROACTIVE COMMUNICATION AND SOCIAL DIALOGUE » INVOLVEMENT WITH LOCAL COMMUNITIES
Corporate Governance	A strongly established governance to manage risks and ensure long-term profitability	<ul style="list-style-type: none"> » UNCOMPROMISED BUSINESS ETHICS » ROBUST AND TRANSPARENT CORPORATE SUPERVISION » RISK MANAGEMENT

To ensure implementation of our corporate sustainability policy, a new Group position was created at the beginning of 2011, with responsibilities encompassing coordination of corporate sustainability strategy in all three dimensions and support for related initiatives and reporting. This function is directly attached to the CEO and highlights the importance given to corporate sustainability by the Executive Management Committee and the shareholders.

Sustainability of Tarkett's performance in managing its business and its relationships with stakeholders is a recurring subject reviewed during Executive Management Committee meetings as well as Tarkett Monthly Meetings with shareholders. Environmental and Norms & Environment committees also meet on a regular basis.

We track our progress through a series of qualitative and quantitative indicators (see Sustainability Dashboard section, page 53). In 2011, Tarkett made significant progress in formalizing and prioritizing its corporate sustainability strategy and it is structuring its teams to work effectively on implementation and improving sustainability communications with stakeholders.

Listening to stakeholders

Active exchange with all of Tarkett's key stakeholders is crucial to defining the right sustainability priorities and measuring progress.

Commitment to our employees and to the environment is fully embedded in the group's vision, values and strategy. Tarkett's corporate sustainability policy and objectives have been defined, taking into account the expectations of our stakeholders. We recognize the importance of acting as a responsible corporate citizen on behalf of our stakeholders, including our clients, suppliers, employees, host communities, shareholders and society as a whole. We pay close attention to the specific needs and opinions of all our customer groups who expect us to operate our business in a responsible, sustainable manner, including architects, real estate developers, flooring contractors and installers, retailers and distributors, homeowners and end-users.



We firmly believe that listening to our stakeholders is crucial to defining the right sustainability priorities. In addition to maintaining active dialogue in our daily operations, we also establish formal processes for exchange and input. Examples include:

- Customer satisfaction survey: conducted every two years across main countries and customer segments, the survey is a rich source of feedback on customer satisfaction and perceptions;
- Employee survey: conducted every two years worldwide, it is a means of identifying areas for priority attention as well as measuring our progress;
- Monthly shareholder meetings: complementing and going beyond the regular meetings of our Board and its governance committees, these exchanges provide an opportunity for in-depth discussion with shareholders on every topic pertaining to the company's operations;
- Tarkett "Balanced Choice" labels: created to communicate directly with the end-user, the labels indicate the share of both natural and renewable materials in the product, a means of informing and educating consumers on product content and choices;
- Labels informing customers on level of TVOC (Total Volatile Organic Compounds) emissions, recycled content and phthalate free products;
- Supplier agreements: we invest considerable resources in working with suppliers to ensure they understand and are capable of complying with our sustainable procurement and purchasing standards; currently, we are rolling out agreements incorporating the Global Compact agreements with raw material suppliers.



Tarkett has signed the United Nations Global Compact, and is promoting the 10 Principles through its commitments and actions and its stakeholder relationships. The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment and anti-corruption:

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;
- Principle 2: Make sure that they are not complicit in human rights abuses.

Labor

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: The elimination of all forms of forced and compulsory labor;
- Principle 5: The effective abolition of child labor;
- Principle 6: The elimination of discrimination in respect of employment and occupation.



Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: Undertake initiatives to promote greater environmental responsibility;
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Improving environmental performance

As an industry leader, Tarkett works to develop products that are good for people and the environment and to minimize its environmental footprint.

Tarkett's commitment to the environment is woven throughout its business and articulated around two perspectives:

- Long-term: through the Cradle to Cradle® design approach applied to our product development, we are building the future of Tarkett and the industry.
- Short and medium term: through continuous improvements along the life cycle of our products from production to end of life, we are working to minimize our environmental footprint.

A product design approach at the heart of our Sustainability strategy

Tarkett's commitment to the Cradle to Cradle® principles marked a change in how our flooring is designed and manufactured. The approach aims at choosing product materials that can be reused in technological or biological cycles.

Cradle to Cradle® certification is based on 5 criteria:

- material content;
- material re-utilization/design for the environment;
- share of renewable energy;
- water stewardship during the production process;
- social responsibility principles.

In June 2011, Tarkett's Linoleum product range received Cradle to Cradle® Silver certification. Linoleum is made from natural and renewable materials such as linseed oil, pine resin, jute, wood and cork.



In December, 2011, Tarkett earned Cradle to Cradle® Silver certification for its multilayer parquet flooring ranges Epoque, Tango, Salsa, Rumba and Professional manufactured in Sweden and Poland. Tarkett is the first linoleum and wood flooring producer in Europe with Cradle to Cradle® certified products.

To go still further, Tarkett is fully engaged in efforts to measure the environmental impacts of products throughout their life cycles. Tarkett works with trade association partners in Europe and North America on establishing industry standards for Life Cycle Assessment (LCA) programs such as NSF 332, a third party performance multi-attribute certification. Tarkett teams also apply LCA methodologies in working to further optimize products. Tarkett also has partnered with respected external institutions to develop its capabilities to calculate life cycle assessments, including with Luxembourg's Henri Tudor Institute.

From product design through to end-of-life treatment, Tarkett devotes considerable time and effort to reducing the environmental footprint of its products, while improving production processes and logistics. Tarkett's environmental responsibility efforts are focused on four areas:

- Choose materials that become safe reusable nutrients;
- Use resources effectively;
- Contribute to create safer, healthier spaces;
- Implement reclamation and recycling of our products.



01_Bačka Palanka plant, Serbia
02_Recycled granules of post production products
03_Eco-Naturals collection from Johnsonite



Good materials

Our objective is not just about incrementally improving materials; as an industry leader, our objective is to develop products that are safe for people and the environment and that are composed of reusable nutrients, which are capable of re-entering industrial or biological cycles. This starts by using safe materials to design our products, meeting or exceeding all regulatory standards, such as no substances of very high concern listed by REACH in Europe, phthalate-free vinyl products, or with our floor coverings that have TVOC emission levels that are low or below quantifiable level. Our linoleum and wood products are already certified at the Silver level under the Cradle to Cradle® program.

Eco-conception of products to take into account their complete life cycle has long been part of Tarkett's environmental responsibility commitment. Flooring is designed to maximize the use of natural and renewable raw materials and we continuously review existing products to determine the possibility of increasing natural or renewable resources composition.

We constantly strive to increase the share of natural or renewable materials in our products. Tarkett's "Balanced Choice" labels in Europe and "Environmental Fact Boxes" in the USA, illustrate the ways we communicate with consumers about product content, indicating the share of natural or renewable materials in our products such as castor oil based plasticizers, wood linseed oil, cork, mineral fillers, nut shells, oyster shells and sand.

Gold Level sustainability

Tarkett's Azrock Vinyl Composition Tile was awarded NSF/ASNI 332 Gold Level certification by UL Environment, Inc., an Underwriter's Laboratory company. The certification is based on an assessment of the environmental performance and sustainability attributes of Resilient Floor Coverings and provides a method of tracking incremental changes to product sustainability profiles.

Environmental responsibility



01_Recyled products - Sweden
02_Cogeneration facility, Bačka Palanka - Serbia
03_Hanaskog Plant, Sweden

In August 2011, Johnsonite further expanded their innovative and sustainable product portfolio with the introduction of the ECO-NATURALS collection, including Eco-Shell containing walnut shells as a filler and enhanced with Cork and Corktones, two new lines of rubber tiles and treads which use significant levels of rapidly renewable and pre-consumer waste stream materials.



Swedish environmental recommendation for iQ

In December, the iQ range of products became the first vinyl floorings to be recommended by BVB, (Byggarubedömningen), an independent Swedish organization that is one of the leading authorities on environmental standards for building materials. BVB evaluates both product content and production process, based on seven criteria. Additional iQ products earned BVB recommendations in January 2012. The products are part of Tarkett's line of phthalate-free homogeneous vinyl floorings produced in Ronneby, Sweden.

In parallel, iQ products received the NSF Platinum certification in the USA. With this iQ Optima collection, Tarkett achieves an unequalled improvement in indoor air quality through a vinyl flooring without phthalates and with TVOC (Total volatile organic compounds) emissions below quantifiable level.



Resource stewardship

From production through to end of use, we are committed to using natural resources more effectively.

Aligned with our Cradle to Cradle® principles, water consumption reduction is a key Tarkett priority, tracked at all industrial sites and reported quarterly. Efforts to reduce potable water consumption through the implementation of closed water circuits within plants have proven highly successful. In 2011, Tarkett reduced the amount of fresh and potable water consumed in flooring production by 14%. Decreasing energy consumption and greenhouse gas emissions also is a major focus area. We closely monitor our energy consumption and have set a requirement that all manufacturing sites develop plans to reduce energy consumption by 5% annually through local initiatives. Examples include using cogeneration facilities in Wiltz (Luxembourg) and Eiweiler (Germany) to installing new generation UV lamps or oven temperature control systems. Tarkett is also working to reduce greenhouse gases emissions throughout its supply chain.

As an example, the Mytishchi site in Russia succeeded in reducing CO₂ emissions by 1,200 tons by using ferry transportation instead of trucks for shipments to Germany. In addition, we actively look for opportunities to use renewable energy sources, wherever possible, such as using sawdust as an energy source in our plants as already implemented in Bačka Palanka in Serbia and Hanaskog in Sweden. The Mytishchi plant reduced CO₂ emissions by an additional 429 tons by replacing fuel energy with sawdust energy.

Tarkett monitors environmental indicators at each of its production facilities on a quarterly basis:

- energy consumption;
- waste generation;
- water consumption;

See dashboard page 53

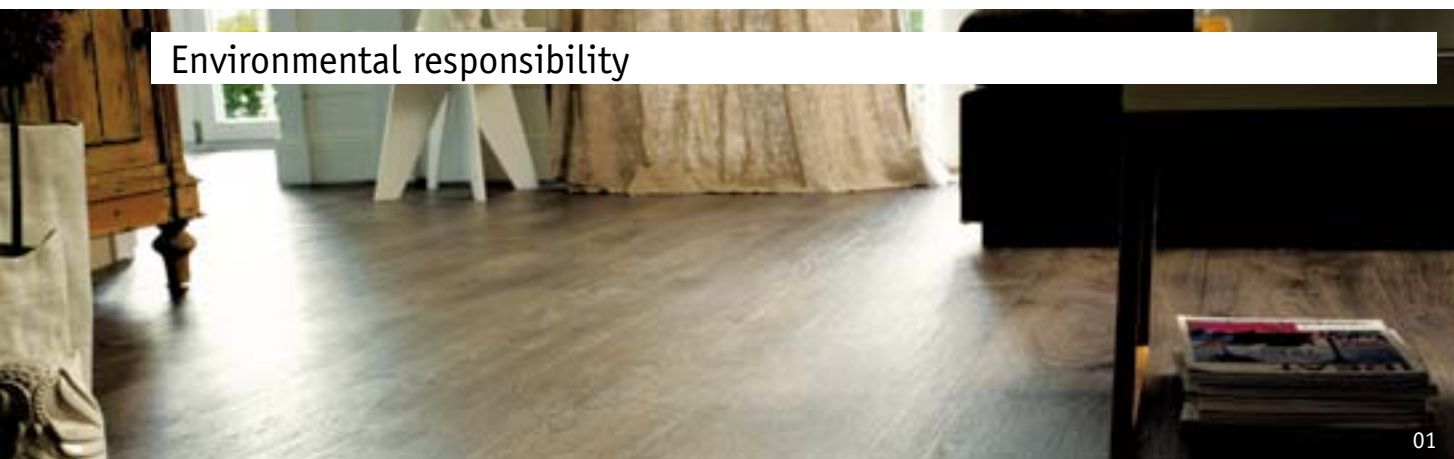
Quantitative goals are set for each indicator and the results are monitored through annual reporting.



Since February 2010, Tarkett has been a member of the KKR Green Portfolio. Designed in partnership with the non-governmental organization Environmental Defense Fund (EDF), the program requires Tarkett to commit to improving environmental performance, including in the areas of greenhouse gas emissions, waste, water, forest stewardship and chemical product use.

At the Orzechowo plant in Poland, biological water pre-treatment has been put in place in order to treat the effluent from glue rollers washing operation, allowing the water to be discharged to the local community wastewater treatment without harming the environment. The Houston plant in the USA uses 1% wind energy while the plant in Farnham, Canada, had a major drop in water use by switching the A/C system to process water from municipal water.

In Narni, Italy, several initiatives have been taken in order to reduce the energy consumption by optimizing the industrial processes for the linoleum production. In parallel, waste generation has been substantially reduced by transforming linoleum scraps into linoleum granules sold to an external third party.



01

02

01, 03_Creating people friendly spaces
02_Reuse Program, France
04_Nationwide Children's Hospital, USA



People-friendly spaces

Contributing to the well being of people and society means ensuring our products are safe and protective of human health. A leader in low-VOC and vinyl flooring with VOC emissions below quantifiable level, Tarkett is continuously working to replace TVOC emitting materials to protect indoor air quality and the health and well being of consumers. Globally, most products have low TVOC emissions. In 2011, 9% of flooring production was at non-detectable levels of TVOC as defined by local standards.

Five plants in Western Europe are in the process of being certified by Eurofins, the independent testing organization, to ensure that proper control plans are in place to guarantee the extremely low emission levels of our products. Tarkett also works with third party certifiers such as SCS to certify products under FloorScore, an indoor air quality certification program in North America.

Tarkett also focuses innovation to design flooring solutions that are eco-effective to install and maintain, reducing the product's life cycle environmental impact. Examples include surface treatments that require less frequent heavy maintenance. We also develop cleaning technologies and unique surface treatments such as Topclean XP that reduce the use of chemical detergents and consumption of water and energy as well as creating installation techniques that lower the usage of adhesives.



Tarkett Environmental Initiative
REUSE

Reuse

Tarkett strives constantly to increase the portion of recycled content used as raw material at the start of its production processes. Tarkett has a strong history of recycling: it has operated the industry's largest recycling operation since 1957. Vinyl post-manufacturing waste (scrap coming from installation, for example) is very efficiently reused in our products or externally. In 2011, Tarkett reduced by 5% the amount of waste going to landfill.

Tarkett also pursues its product recycling efforts through the development of post-installation take-back programs, aiming at collecting post-installation flooring scrap that can be processed for reuse in our facilities. Through communities and networks of local reclamation partners, Tarkett's ReUse/ReStart™ program, launched in 2003, is the industry's largest recycling program and operates in the U.S., Sweden and France.

In the UK, working in partnership with a local waste management company, Tarkett has recently revised its waste management policies at its manufacturing plant in Lenham, Kent, and has successfully reduced its landfill rates down to almost zero. This has been achieved with the introduction of clear waste streams in a designated waste handling area. All tipping skip equipment is painted in color code to align with the waste streams using six different designs to denote each one.

New reduction of TVOC emissions

As of September 2011, all Tarkett's homogenous vinyl flooring have TVOC emissions below quantifiable levels around 100 times lower than the most stringent regulation (1000 µg/m³) existing in the EU. This makes Tarkett an industry reference for TVOC emissions reduction. Tarkett will continue to provide safer, healthier flooring products, including reducing emissions levels for all its wood, laminate, linoleum and heterogeneous vinyl product ranges (current value less than 100 µg/m³*).

As of fall 2011, in line with local testing methodology, Vinyl Composition tile, Vinyl Enhanced tile and solid vinyl tiles were certified as under the limit of quantification (LQ).

* (Total Volatile Organic Compounds emissions after 28 days. Emissions lower than 10 micrograms per m³, 100 times lower than the EU standard of 1,000 micrograms per m³.)



03

In the U.S., 80 million pounds of post-consumer waste were collected and recycled through the ReStart program from 2009-2011 (20 million pounds in 2011).



ISO certified manufacturing

All Tarkett flooring is manufactured following the strictest environmental standards. Worldwide, 97% of Tarkett manufacturing sites are certified ISO 9001 and 90% are certified ISO 14001. Independent auditors inspect plants regularly to evaluate their level of environmental risk. Tarkett has the objective to have 100% of sites certified by end of 2012.

Promoting health, minimizing waste

At Nationwide Children's Hospital in Columbus, Ohio, USA, project designers selected Tarkett's Johnsonite flooring to create an intricate and creative interior design that promotes a healing environment and appeals to children. Tarkett's ReStart™ Recycling and Reclamation program allowed project scrap and unused flooring material to be collected and reused, repurposed or recycled, minimizing waste disposal.



04

People first

Tarkett's commitment to social responsibility is an expression of the company's relationship with people: to be a great place for its employees to work and to be a contributing corporate citizen in its host communities.

Tarkett's focus on people, internally and externally, is reflected in formalized policies and processes aimed at ensuring employee safety and good working conditions, fostering dialogue and communication, developing individual potential and maintaining strong, positive relationships with our local neighbors.

Tarkett's ability to deliver on its commitments to its customers depends on the skills and engagement of its employees. To leverage the full potential of our human resources, we recognize the importance of investing time and resources to build a common culture and establish clear management systems.

Safety, respect and integrity

There is no greater responsibility for an employer than providing a safe workplace for its people. Safety is without question Tarkett's highest priority. Safety training throughout our organization is required for every employee, adapted to the workplace environment in which they operate.

Systematic implementation of safe practices is driven through our World Class Manufacturing methodology, which continues to be deployed throughout our plants worldwide and is reinforced through internal auditing. When accidents occur, they are investigated through a rigorous root cause analysis, with learnings translated into new safety guidance, training or action plans. Each accident report is sent to the Executive Committee and the CEO, to demonstrate the commitment to safety of the top management.

Talent development, empowerment and diversity

Our commitment to being a responsible employer includes providing opportunities for our employees to develop and grow professionally with Tarkett. Formalized systems ensure a regular and recurring focus on each employee's career situation and aspirations, including:

- An annual review between each employee and their manager, at which a career discussion is a structural component;
- Development reviews between a representative of the Human Resources department and the employee;
- Discussion of each individual employee by their manager with Human Resources.

Last year, we implemented systematic talent development reviews for all company managers, including setting of action plans such as training and coaching. Of the more than 1,900 reviews conducted, more than 75% of the follow-up actions have already been achieved. As part of our career planning processes, we also encourage internal and international mobility. To remain close to the customer, Tarkett consciously chose to build a decentralized organization. An important means of reinforcing empowerment through our decentralized organization is ensuring that our employees have the skills and confidence needed to make decisions. Our training programs include development of the skills to continue to drive operational excellence throughout our organization.

More than 700 people have participated in the four-day Manager@Tarkett training over the past three years. In 2011, we introduced project management training to provide a common vocabulary and methodology to more than 400 participants over the two-day course. Employee training also is a significant component of our WCM approach; training in problem-solving methodology is one example of how we are helping employees develop their talents. During 2011, 37% of our employees worldwide received at least one cumulative day of training.

To improve skills and further the employability of our team members, Tarkett created the Tarkett Academy as a means of promoting lifelong learning.



Five key values

Tarkett today reflects the merging of international cultures that occurred as the company grew through a series of acquisitions. These values form the basis of our corporate culture shared by our employees throughout the world:

- Positive customer attitude
- Team spirit
- Empowerment and accountability
- Respect and integrity
- Commitment to the environment

These values are integrated as part of our daily practices in how we work together, implement our strategy and reinforce our customer-focused approach – what we refer to as “The Tarkett Way”. To achieve the optimum mix between our decentralized, close-to-the-client organization and delivering consistent, industry-best performance, we maintain alignment through key management processes focused on selected strategic areas.

Providing early career opportunities

Our decentralized organization emphasizes development of talent locally, including offering opportunities for young people to join our company. An example is a program implemented in Serbia to identify and grow talent locally, in which recent graduates are invited to work for Tarkett for one year, gaining early professional experience as they begin their careers. The program also provides Tarkett with a source of trained and motivated new entrants to its team: 20 people were hired through the program in 2011.

Tarkett Awards

Recognizing the contributions of our employees to Tarkett’s success and promoting entrepreneurial efforts is another key element of our philosophy. The annual Tarkett awards recognize special projects from throughout the world that have had an impact on our business, customer relationships or brand image. In 2011, more than 100 applications were received.



Global employee survey

Respect includes listening to our employees. We conduct our employee survey every 2 years, in 14 languages. We closely track the feedback provided by employees through our survey, identifying areas for improvement and specific actions for each country as well as using the results to monitor our overall progress. Our formal Human Resources policy is based on the responses received during our first survey in 2008. The participation rate in our most recent survey was 76%.

The results are benchmarked versus the industry. In 2010, Tarkett was proud to discover that the level of motivation of its employees according to the 2010 survey was significantly higher than the average in equivalent companies worldwide. Understanding that our employees are one of our best sources for continuing to improve as an organization, we are preparing to launch our new employee feedback campaign in the second quarter of 2012.

Proactive employee communications and dialogue

Tarkett also maintains ongoing communications with employees, including ongoing labor-management dialogue. In Europe, we supplement formal meetings of the European Works Council with quarterly reviews to share information with employee representatives.

Information is pro-actively communicated to employees through an array of vehicles, including “Experiences,” a monthly newsletter available in nine languages, regular cascading of information through line organizations and online publications and programs. Our e-Campus initiative to provide information on the company and its products has attracted the participation of 1,000 employee participants, including 200 people from our sales force, and is part of our e-learning program for new employees. Local organizations supplement company-wide communications with local newsletters, videos and other vehicles. Information also is shared throughout the organization via regular management conference calls.

Involvement with local communities

Our commitment to people also means being a good corporate citizen in our host communities. Tarkett has established solid and enduring partnerships with the local communities where its industrial sites are located. Throughout the world, the company contributes to improving the quality of life of local populations.

One of the ways that we are able to have a meaningful impact in local communities is through sharing educational resources. By opening access to training at Tarkett Academies to employees of our floor installation partners, we improve the quality of the installation process while increasing the employability of our partners’ employees, many of whom have few professional qualifications at the time of hiring.

We also support local initiatives around the world that seek to improve quality of life for people such as supporting local sports activities for young people and assistance for the elderly and to individuals with disabilities.



In France, the company’s contribution to professional training through Tarkett Academy has been recognized by the federal Education Ministry. In 2011, 90 individuals received professional training, earning credit toward a diploma. In Russia, Tarkett Academy had 50 training sessions in both Moscow and Otradny, on which 105 installers and 160 sales people were trained on flooring installation. Out of this number, 20 installers went through advanced installation training, and 8 installers were certified by Tarkett experts.

Health and sports partnerships

In the U.S., Tarkett signed a partnership agreement with the U.S. Soccer Foundation to provide sports fields in underprivileged neighborhoods. In Serbia, Tarkett created a “Tarkett Fund” in order to finance local sports competition and social activities. In France, Tarkett has been a longtime partner of the Claude Pompidou Foundation, which provides assistance to the elderly, hospitalized individuals and children with disabilities. Tarkett also provides assistance to athletes with disabilities including through its partnership with France’s Handisport federation.





01_Color Essence™ Vinyl Enhanced Tiles (VET) from Johnsonite's Azrock Collection
 02_Tarkett supported Artist Franck Loret, creating its masterpieces using Tarkett Vinyl flooring
 03_Sojourner Truth Academy, Minnesota, USA

In May 2011, a tornado ripped through North Minneapolis. Among the affected, Sojourner Truth Academy, a K-7 charter school, was forced to abruptly end its school year as it faced a summer's worth of repairs. Joining the rebuilding efforts, Johnsonite donated 2,600 square feet of Color Essence VET tiles from our Azrock Collection.

"It's nice to have a fresh start with a clean, new floor. The VET is so easy to take care of."

Julie Guy, School Director at Sojourner Truth Academy, North Minneapolis, Minnesota, USA



03

"Trade-group «Monarch-Ural» is Tarkett's №. 1 distributor in the world. We believe that the opening of the Yekaterinburg service center will allow us to build on this success and we are confident that working together, we will increase the presence of Tarkett products in the region."

Iric Agliulin, Head of Sales, Monarch-Ural, Russia

Supporting community re-building

Underscoring its commitment to community involvement and rebuilding efforts, Johnsonite has worked with several organizations throughout the year to donate product for various rebuilding efforts. Most recently, the ninth season premiere of ABC-TV's Emmy award winning "Extreme Makeover: Home Edition", (EMHE) featured the Marshalls, whose home is used as a transitional space for homeless female veterans. To help renovation efforts, Johnsonite donated 10 containers, approximately 900 square feet, of its Color Essence™ Vinyl Enhanced Tiles (VET) from the company's Azrock Collection.

HR statistics (worldwide scope, excluding Joint Venture entities with 50% of ownership or less):

TOTAL EMPLOYEES	9,077
% MALE	74%
% FEMALE	26%
AGE GROUPS - UNDER 30	18%
AGE GROUPS - 30 TO 39	30%
AGE GROUPS - 40 TO 49	29%
AGE GROUPS - 50 TO 59	19%
AGE GROUPS - OVER 60	4%
ABSENTEEISM	2.6%
TOTAL TRAINING HOURS	76,089

see sustainability dashboard page 53

Corporate governance

**Tarkett's corporate governance processes are directed to ensure:
Uncompromised business ethics, robust and transparent corporate supervision, risk management**

Overall governance is exercised through the seven-member Supervisory Board, which meets quarterly. In addition, the members meet monthly with management for detailed review of the company's financial performance as well as operating and strategic initiatives. The Supervisory Board has three dedicated committees: the Audit Committee, the Strategy and Marketing Committee, and the Selection and Remuneration Committee.

Risk identification and risk management actions are among the issues reviewed by the Board. Tarkett also conducts an annual risk mapping of all operations to identify and prioritize the main risks to which the company may be exposed.

Ongoing operational issues are reviewed and decided by Tarkett's Management Board and its Executive Board, both of which are composed of the company's senior managers.

Compliance with regulatory requirements and Tarkett policies is ensured through TRACE (Tarkett Risk And Control Evaluation), a systematic internal control process carried out throughout the company. Identified risk mitigation actions are tracked for completion.

Tarkett takes business integrity seriously and has formalized programs to ensure that ethics rules are clearly communicated to its teams throughout the company. Tarkett's Code of Ethics spells out the exemplary business practices and attitudes to be respected by employees at all times. In addition, Tarkett's legal department is implementing a worldwide compliance training program to raise awareness and train specific employee groups (sales force, purchasing teams, executives) on topics that include fair competition practices and anti-corruption.

As it continues its efforts to improve its own sustainability performance, Tarkett also seeks to extend its impact by encouraging its suppliers to adopt sustainable practices. The UN Global Compact principles are now integrated systematically within Tarkett's general terms of sale and supply agreements are being put in place with primary raw material suppliers to gain their support for improved sustainability.

Tarkett Sustainability dashboard

We have built Tarkett's Sustainability dashboard to track our progress in achieving our corporate sustainability commitments. The dashboard includes all qualitative and quantitative elements for all dimensions of our Corporate Sustainability Strategy, and has been designed as an internal management tool. It is currently being put in place and will be updated through annual reporting by our divisions. Below is a summary of the most important quantitative elements reported in the dashboard.

	STRATEGY	INDICATORS	2011 VALUES
ENVIRONMENTAL RESPONSIBILITY	GOOD MATERIALS	% of total vinyl flooring production without phthalates (excluding residual quantities from recycled materials)	18%
		% of industrial consumption (in weight of purchase) of natural or renewable materials ¹	43%
	RESOURCE STEWARDSHIP	Fresh water consumption (liters/m ²)	2.54
		Energy consumption (kWh/m ² , excluding transport phase)	3.66
	PEOPLE-FRIENDLY SPACES	% of products with non-detectable VOC	9%
SOCIAL RESPONSIBILITY	REUSE	Waste going to landfill (g/m ²), including hazardous waste	45
	SAFETY, RESPECT AND INTEGRITY	Total accidents frequency rate	15.8
	TALENT DEVELOPMENT, EMPOWERMENT AND DIVERSITY	% of women in top 100 positions	16%
		% of employees with disabilities ²	1.5%
		% of people trained at least 1 day in total during the year	37%
CORPORATE GOVERNANCE	INVOLVEMENT WITH LOCAL COMMUNITIES	Number people having received professional training ³	1,893
	UNCOMPROMISED BUSINESS ETHICS	% of raw material purchases (in value) with suppliers committing to UN Global Compact	52%

1_Natural or renewable materials encompass: wood, linseed oil, cork, mineral fillers, sand

2_Only in countries where disability is defined by law, as per local definition

3_2 to 5 day technical installation trainings, typically for installers/contractors

WATER (liters/m²)

2011	2.54
2010	2.97

ENERGY (kWh/m²)

2011	3.66
2010	3.61

WASTE (g/m²)

2011	45
2010	47

Note: all other indicators are new in 2011. Water, energy and waste indicator values for 2010 have been restated due to perimeter changes and methodology review.

A high-angle, wide shot of a blue running track. The track has white lane markings, including a large white number '1' in the bottom left and a large white number '2' in the middle right. In the background, there are several orange traffic cones and a metal hurdle. The text 'ACHIEVING SUCCESS' is overlaid in the center in a white, sans-serif font, flanked by two light blue rectangular blocks.

ACHIEVING
SUCCESS



Strong organic growth - consolidated sales back to pre-crisis level

Net sales reached €2,088M, up by 8.8% vs. 2010 and returning Tarkett to the same level of activity as before the 2008-2009 crisis

At same perimeter and exchange rates, sales increased by 6.8% vs. 2010. Exchange rates accounted for a slight reduction in sales, while sales growth as a result of acquisitions represented 3%. Due to uncertain economic conditions, the Group was selective in its acquisitions during 2011: Marty, a French producer of engineered wood, was acquired in July. In China, Tarkett partnered with a distributor to create a joint-venture to accelerate its expansion in the region. Tarkett Sports also acquired a majority stake in AA Sports, a prominent distributor of sports surfaces in the Netherlands.

Meanwhile, 2011 sales benefited from the carry-over effect of 2010 deals. Centiva, acquired at the end of 2010, continued to grow rapidly on the North American segment of high-end vinyl tiles.

Flooring segment: A good performance in Europe and North America...

Overall, flooring markets in mature countries have been stable, although some geographies have been more dynamic than others. South Europe remained extremely depressed, with private housing markets still in deep trouble and the sovereign debt crisis starting to take its toll on Health and Education demand. At the other extreme, German and Nordic economies have been in much better shape.

Despite those challenging conditions, Tarkett sales in mature countries grew by 6%, reflecting gains in market share and selling price increases.

... and very strong growth in emerging markets

Flooring sales enjoyed 21% organic growth in emerging markets. Those regions now represent 38% of total Group sales (and 42% of Flooring sales), i.e., more than the European Union or North America. The Group invested in additional logistic centers in Russia. Through improved coverage of this extremely large territory, Tarkett is improving dramatically the level of service to its customers.



Sports segment: Good resistance amid challenging economic conditions

Outdoor sports surfaces are sold primarily in North America and Europe. These markets have been rather depressed last year, as the gloom of the overall economic context was compounded by the reduction of public spending, especially in Europe. However, Tarkett Sports managed to maintain a strong share against aggressive competition. Emerging countries, albeit promising, do not represent significant volumes yet for sports surfaces, unlike flooring products in other segments.

Tarkett launched in 2011 a new generation of fiber, Revolution® manufactured in-house by its MET extrusion joint venture. Tarkett Sports invested more than €20M in 2011 in a state-of-the-art facility located in Germany that now produces all Tarkett yarn needs.

EBITDA margin hit by record-high raw material prices

Raw material prices have risen continuously since Q2-2010 and only started to stabilize during the summer of 2011, at a higher level than the pre-crisis peak reached in 2008. This was undoubtedly the most serious cost factor impacting Tarkett's profitability: compared to 2010, material input costs increased more than €110M compared with 2010. Overall, Tarkett has been able to pass-through 65% of that impact to its customers, but the magnitude of the rise was too big to be fully absorbed by clients. The deployment of internal productivity programs covered part of the remaining gap, mainly through increased efficiency in manufacturing plants. Overall, the consolidated gross profit margin suffered a reduction by 2.2 pts of sales.

Selling and administrative expenses have been kept under tight control in the face of increasing uncertainty about the economic forecast during the year. These two cost lines combined represented 15.4% of sales in 2011, an improvement by 0.1 pt of sales vs. 2010 despite significant efforts geared towards upgrading IT infrastructure and software.

Despite the crisis, Tarkett continued to invest in Research and Innovation in order to continue to offer customers the best possible products and services. R&D expenses increased by 15% vs. 2010 and represented 0.9 pts of 2011 net sales.

Financial expenses remain at 1 pt of sales – non-cash increase of tax expense

Net financial expenses increased by €2.5M compared to the previous year, due primarily to the cost of refinancing Tarkett's main credit facility, but represented a very reasonable 1 pt of sales.

Income tax charges amounted to €45M: the lower profitability in some regions led the company to take a prudent view regarding the future utilization of tax losses and to impair €16M of deferred tax assets that had been previously recognized on the balance sheet.

Lower cash generation due to adverse environment

As a result of a continued effort on supply chain, inventory turns remained stable compared to last year despite the growth in sales and geographic expansion in Eastern Europe. However, working capital increased by €23M, due to a combination of increased activity and the rise of raw material prices.

Tarkett spent €31M more in capital expenditures than in 2010. After two years of reduced spending in 2009 and 2010, the Group launched significant industrial investment projects such as a new calendaring line in Russia, increased high-end vinyl tiles capacity and deployment of SAP.

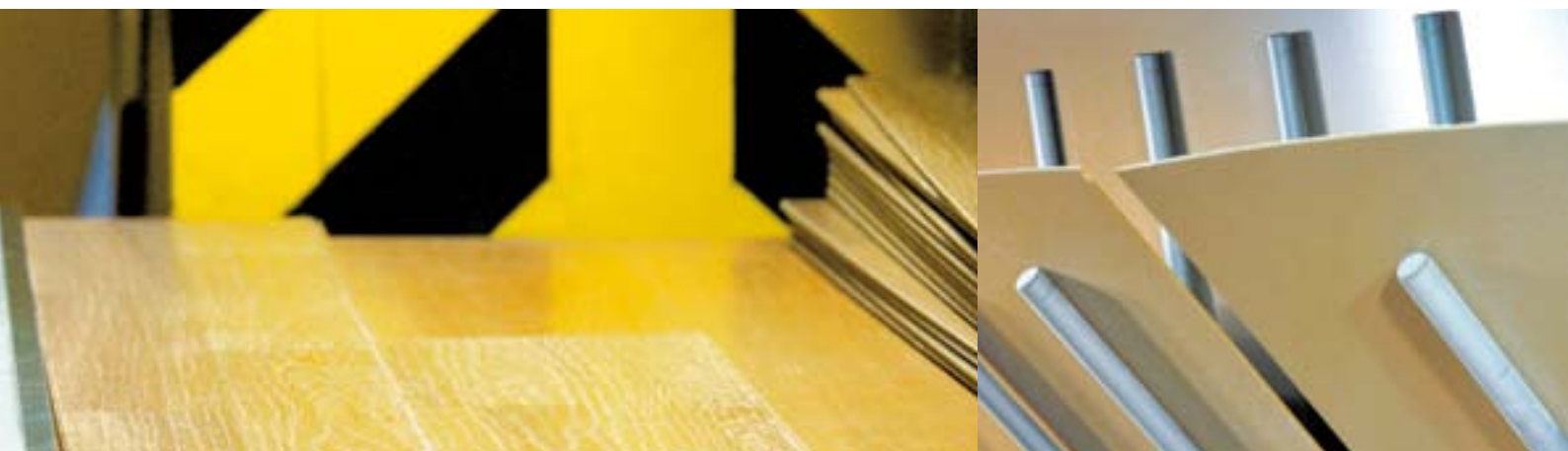
Strong liquidity and balance sheet position

For the first time in four years, Tarkett distributed a €102M dividend in 2011. In spite of this pay-out, the Group remains very modestly leveraged, with a net debt representing 1.7 times EBITDA and a gearing ratio of 53%.

In June 2011, Tarkett refinanced its main credit facility and signed a new, €450M revolving credit facility with 12 banks. This facility was significantly oversubscribed, a strong sign of the solid relationship that the Group maintains with its creditors. With this operation, Tarkett does not face any major refinancing issues before 2016.

Income statement

	2011 Million EUR	2010 Million EUR	2009 Million EUR
Net sales	2,088	1,919	1,708
Year-on-year growth	8.8%	12.4%	(17.4%)
Cost of sales	(1,658)	(1,476)	(1,308)
Gross profit	431	443	400
Selling expenses	(212)	(202)	(187)
Research and development expenses	(18)	(16)	(13)
General and administrative expenses	(114)	(103)	(104)
Other operating income & expenses	5	14	(1)
Operating profit before financing costs (EBIT)	91	136	96
Unusual items	(10)	(4)	(36)
EBIT before unusual items	101	140	132
% of net sales	4.8%	7.3%	7.7%
of which depreciation	(90)	(83)	(76)
EBITDA before unusual items	191	222	208
% of net sales	9.2%	11.6%	12.2%
Net financial costs	(21)	(19)	(26)
Share of Profit of Associates	-	(0)	0
Profit before tax	70	116	70
Income tax expense (current & deferred)	(45)	(5)	1
Profit for the year	25	112	70
Attributable to:			
Equity holders of the parent	27	111	69
Minority interests	(2)	0	2
	25	112	70



Balance sheet

	Dec 31, 2011 Million EUR	Dec 31, 2010 Million EUR	Dec 31, 2009 Million EUR
ASSETS			
Property, plant and equipment	387	393	372
Intangible assets	383	365	335
Investments in associates	-	-	3
Financial assets	27	24	30
Deferred tax assets	82	93	53
Other non-current assets	0	0	1
Non-current assets	879	876	793
Inventories	284	265	205
Trade receivables	284	274	235
Other receivables	55	57	58
Cash and cash equivalents	54	28	75
Current assets	677	624	573
TOTAL ASSETS	1,556	1,499	1,366
EQUITY AND LIABILITIES			
Share capital	316	316	316
Share premium and reserves	139	139	120
Retained earnings	144	134	64
Net result for the year	27	111	69
Equity attributable to equity holders of the parent	626	700	568
Minority interests	9	8	4
Total Equity	635	708	572
Interest-bearing loans and borrowings	270	222	291
Other Financial Liabilities	9	20	3
Deferred Tax Liabilities	5	6	3
Provisions and other non-current liabilities	145	137	118
Non-Current Liabilities	429	386	415
Trade Payables	189	196	144
Other Liabilities	144	141	143
Interest-bearing loans and borrowings	116	32	55
Other Financial Liabilities	12	11	8
Provisions and other current liabilities	31	26	28
Current Liabilities	492	405	379
TOTAL EQUITY AND LIABILITIES	1,556	1,499	1,366

Operating cash flow

	2011 Million EUR	2010 Million EUR	2009 Million EUR
EBITDA before unusual items	191	222	208
Variation in operating working capital	(23)	(9)	99
On-going Capex	(77)	(46)	(37)
Operating cash flow - before unusual items	91	168	270

Debt Analysis

	2011 Million EUR	2010 Million EUR	2009 Million EUR
NET DEBT - Opening	(226)	(271)	(317)
Operating cash flow - before unusual items	91	168	270
Unusual items in EBITDA	(2)	4	(14)
Unusual items in operating working capital	0	(4)	0
Non cash flow items	(8)	(8)	(3)
Net Operating cash flow	81	159	254
Net cash used in investing activities	(18)	(51)	(175)
Net cash used in financial and non operating activities	(159)	(48)	(37)
Non Operating cash flow	(176)	(98)	(212)
Net cash flow	(95)	60	42
Other	(11)	(16)	4
NET DEBT	(332)	(226)	(271)

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