

Creating modern,
healthy and
performing spaces
for better living

2012 ACTIVITY REPORT

THE PARTNER FOR INTEGRATED FLOORING SOLUTIONS



THE ULTIMATE FLOORING EXPERIENCE



Tarkett, World Leader in Integrated Flooring Solutions

Flooring covers the world. In every space conceived and built by men and women, around the planet, wherever we live... flooring provides inspiration, comfort and safety, protecting health and well-being and helping people lead better, happier lives.

A world leader in integrated flooring and sports surface solutions, Tarkett® has been providing unique flooring experiences each day for over 130 years... in homes, schools, workplaces, hospitals, retail stores, hotels, and wherever sports are played.

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2012 in Numbers

SALES
€2.3bn
+11% vs 2011

EBITDA
BEFORE UNUSUAL ITEMS
€260m
+36% vs 2011

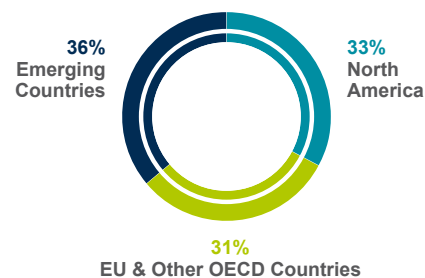
SALES IN MORE THAN
100
COUNTRIES

38
PRODUCTION SITES

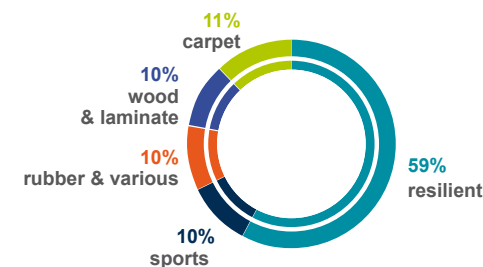
1.3
MILLION M² SOLD PER DAY

10,700
EMPLOYEES

BALANCED SALES AROUND THE GLOBE
(in % of sales*)



DIVERSIFIED PRODUCT RANGE
(in % of sales*)



*2012 figures pro-forma including Tandus acquisition.

Leadership positions
N°1

Vinyl Flooring
Worldwide

Artificial Turf
Worldwide

Wood Flooring
in Europe & CIS Countries

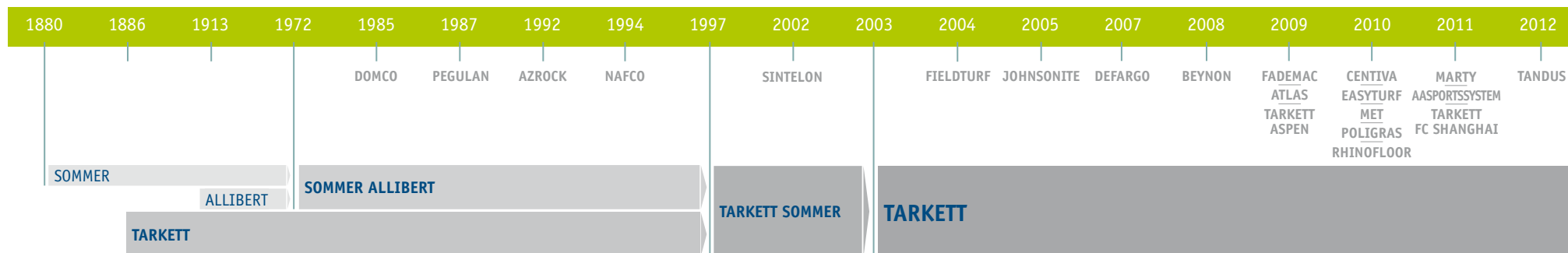
Flooring Accessories
in North America

Running Tracks
in North America

130 years of flooring experience

Today's world leader in flooring and sport surfaces, Tarkett grew from humble beginnings. Initially known as Allibert and Sommer, the company's story begins with the ideas, energy and commitment of its founding entrepreneurs. The rich legacy of people, values, expertise and ambition that make Tarkett the company it is today reflects the spirit of these entrepreneurs in Europe and North America. They launched hardwood flooring in Sweden, linoleum in Canada, vinyl felt and backing in France.

Since that time, Tarkett has grown in strength by smoothly integrating industry leaders such as Sintelon, Johnsonite and FieldTurf and, more recently, Beynon, Fademac, Aspen, Centiva, MET, Marty and, in 2012, Tandus.



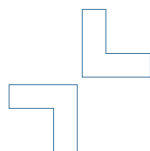
The Broadest Expertise For Integrated Solutions

It begins with the world's widest array of indoor and outdoor flooring products, the building blocks for creating solutions for the most diverse, demanding and complex requirements and environments.

Whether for private homes, public buildings or sports installations, the unmatched variety of Tarkett's products provides the basis for integrated solutions tailored to meet the specific needs of each customer, whether they concern differing consumer tastes, cultural differences or local regulations.

Offering integrated solutions from vinyl to linoleum, from carpet to rubber, from wood to laminate, from sheets to tiles and from tracks to artificial turf, nobody comes close to matching Tarkett's variety, providing for endless combinations of colors and patterns with adapted performance levels and price points. Diversity of product range and recognized expertise in various markets make Tarkett solutions the preferred choice for customers of all types—architects, retailers, installers, specifiers, distributors and consumers.

Available in hundreds of alternative colors, shades, patterns and designs, Tarkett's high-performance solutions offer customers the ability to blend seamlessly the world's widest array of materials and styles for every environment.



Flooring Expertise in Every Market Segment



Housing



Education



Healthcare



Offices



Retail & Hospitality



Sports

An Unmatched Product Range



Vinyl



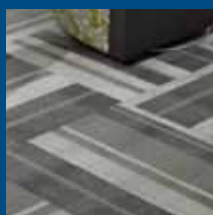
Linoleum



Wood



Laminate



Carpet



Rubber



Turf



Tracks

Global Strengths, Local Solutions

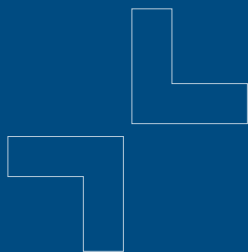
Tarkett has the broadest global reach of any flooring company in the world. With experienced local teams and with sales in over 100 countries, we draw upon unparalleled understanding of local cultures, tastes, technical requirements and building regulations as well as flooring usage and performance. We share this wealth of information throughout our organization to allow our local teams to identify the flooring solution that best meets diverse local customer requirements. Our local manufacturing presence and our customer service centers also ensure rapid responsiveness and flexibility in serving customer needs.

**38**PRODUCTION
SITES**60**SALES &
MARKETING
OFFICES & HQ**100**COUNTRIES
OF SALES**1**INTERNATIONAL
RESEARCH &
INNOVATION CENTER**24**R&D & APPLICATION
LABS IN
11 COUNTRIES**9**DESIGN
CENTERS**14**TRAINING
CENTERS**5**RECYCLING
CENTERS**9**CUSTOMER
SERVICE
CENTERS

Recognized Brands Worldwide

Our success in serving customers starts by staying close to them. We understand that customer requirements and preferences differ from market to market and that no genuinely universal approach to flooring will ever exist.

This is why over the years, strong local brands have joined the Tarkett Group in every one of our regions. They know that a reputation for quality inspires the trust that is the best assurance of customer satisfaction. Often leaders in their own fields, regional brands like Johnsonite, Tandus, Centiva, FieldTurf, Beynon and Sintelon provide Tarkett with the strong brand platforms and competitive positions that drive our growth in markets and regions throughout the world.



NORTH AMERICA



EUROPE, MIDDLE-EAST & AFRICA



EASTERN EUROPE



LATIN AMERICA & ASIA PACIFIC



SPORTS SURFACES



SERVICES





Growth Strategy



Tarkett accelerated its strategic development in 2012 with a broadened global product offer, and strengthened access to multiple distribution channels and fast growing markets.

- **Acquisition of Tandus Flooring**, adding a wide range of carpet products, with complementary distribution channels in North America and industrial presence in China (Q3) ^A
- **Opening of a new Tarkett Service Center** in Rostov-on-Don, Russia improving product availability and delivery speed through enhanced regional proximity (Q3) ^B
- **Set up of a Tarkett office in New Delhi, India** opening the door to a high potential market (Q2)



Innovation & Customer Experience

Tarkett invests globally to innovate in the modular flooring market.

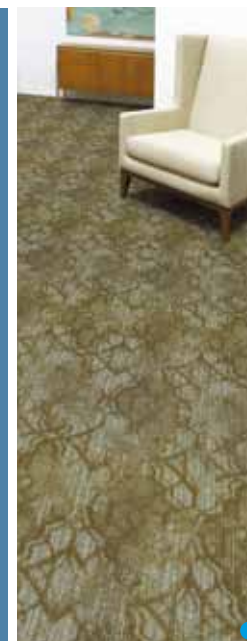
- **Tarkett Europe launches two new LVT collections, iD Selection and iD Inspiration**, for professional and residential use, offering nearly unlimited design choices (Q4) ^C
- **Tarkett Russia introduces New Age**, a new LVT range (Q4) ^D
- **Centiva launches Brites and Contour LVT** planks and tiles in both homogeneous and heterogeneous product standards (Q4 and Q2) ^E
- **Tarkett North America launches "The Transcend Collection"**, floating luxury floors in LVT quality (Q3)
- **Johnsonite launches Ecolibrium**, a bio-based wall base range with significant levels of renewable raw materials (Q2)

Tarkett translates its brand universe into two new consumer shopping experiences.

- **Tarkett introduces iSelect**, an easy-to-use flooring concept for matching choices in colors, patterns and budgets ^F
- **Tarkett launches a new retail merchandising concept**, offering guidance and inspiration for consumers
- **Dedicated product websites and a mobile application** for a virtual flooring room designer to experience the new LVT range. ^G

2012 Awards

- Tarkett receives at Domotex 2012 the award of "Best product for marketability for resilient flooring" in Germany (Q1) ^H
- Tandus wins a Gold Nightingale Award in the USA for its Novo Collection in carpet tiles, a Best of Neocon Gold award and an IIDEX Gold award for its new Needle Tech Collection (Q4) ^I
- Johnsonite receives top awards for its iQ Natural Vinyl product range in Canada and USA: IIDEX Innovation Award in Canada (Q4), Best of NeoCon Silver Award, the Green Good Design Award (Q2), Adex Platinum Award for Design Excellence ^J
- Centiva wins two Platinum ADEX Awards For Design Excellence for Atlantis Metal and Coral Reef and Magics colorations (Q2) ^K
- Tarkett Fadamac wins the 7th Environmental Action Forum in Brazil in recognition of its efforts to reduce waste, save resources and recycle (Q1)
- Tarkett Serbia receives Environmental Friendly Eco Label for its wood products range



Environmental & Health Certifications

New certifications confirm Tarkett's product performance in eco-design:

- Johnsonite earns the industry's first NSF Platinum Environmental Certifications for its iQ Vinyl product line (Q2)
- Tarkett receives its 3rd C2C® Certification for Johnsonite rubber tile range* (Q4)
- Johnsonite's FiberFloor gains certification as "asthma & allergy friendly" by the American Asthma & Allergy Association (AAFA), USA (Q1)
- Tarkett Russia earns the Eco Green Leaf Certificate for 22 of Tarkett vinyl products and for all laminate products in Russia (Q1)
- Tarkett Australia receives the GreenTag Level A Ecolabel certification for its iQ and Premium homogenous vinyl ranges (Q2)



Sports

Tarkett Sports strengthens its reputation in indoor and outdoor surfaces.

- FieldTurf introduces "CoolPlay," a temperature controlling technology for artificial turf (Byrd Stadium, University of Maryland - USA) (Q4) ^L
- FIFA Study confirms "No Major Differences" in playability of FieldTurf versus Natural Grass (Q1)
- The XLVI Super Bowl NFL Championship played on FieldTurf in the USA (Q1) ^M
- FieldTurf becomes FC Barcelona's official sports surfaces supplier (Q2)
- Tarkett Sports partners with Le Mans Sarthe Basket (MSB, Pro A Basketball Championship in France) (Q4) ^N
- Tarkett Sports selected by the Ajax Amsterdam Club as an integrated solution provider for outdoor and indoor surfaces

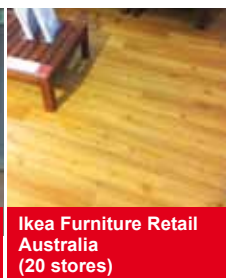


Key Flooring Projects

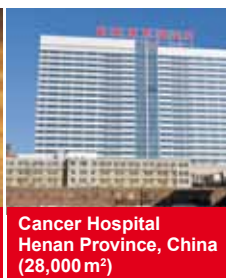
Tarkett is selected as key solutions provider for major flooring projects.



Özyeğin University
Istanbul, Turkey
(15,000 m²)



Ikea Furniture Retail
Australia
(20 stores)



Cancer Hospital
Henan Province, China
(28,000 m²)



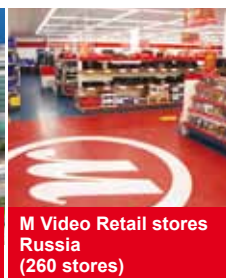
Cité Sanitaire
St. Nazaire, France
(93,000 m²)



Vivo Ocean Estates
UK (462 luxury
apartments, 16,000 m²)



Al Jaber Al Sabah
Hospital, Kuwait
(158,000 m²)



M Video Retail stores
Russia
(260 stores)



Ajax Amsterdam Football
Club Netherlands
(combined 10,000 m²)

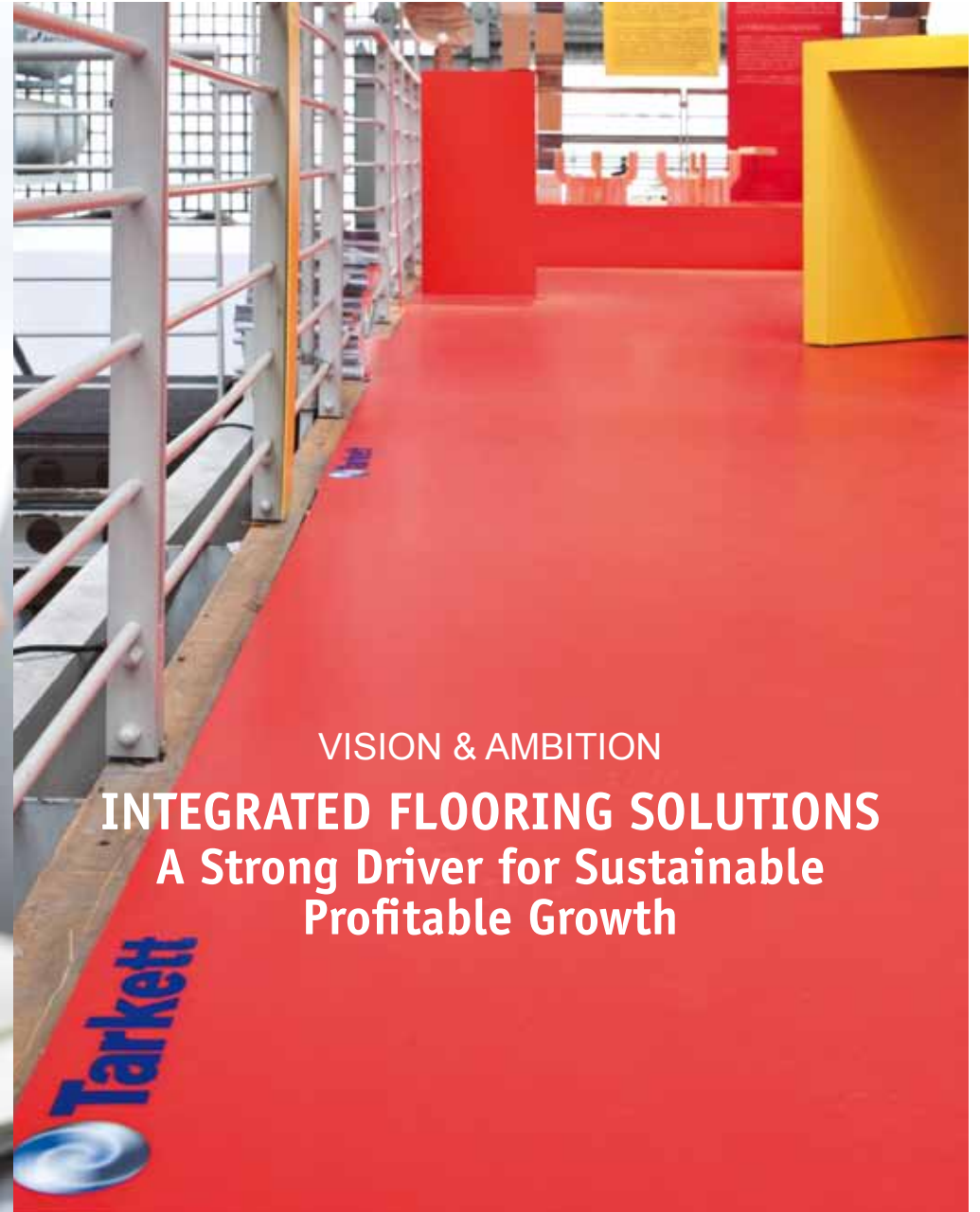


Omaha Children's
Hospital and Medical
Center, USA (7,500 m²)

* C2C: Cradle to Cradle "Basic" level Certification for the rubber coverings manufactured under the Johnsonite brand in the United States.



Thinking “sustainably” means thinking creatively, a powerful source of innovation in how we serve customers... and contribute to a healthier planet.



VISION & AMBITION

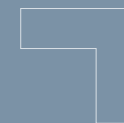
INTEGRATED FLOORING SOLUTIONS
**A Strong Driver for Sustainable
Profitable Growth**



Our growth strategy is inspired by our vision of sustainability, combining the three dimensions of People, Planet, and Profit.

Michel Giannuzzi
Chief Executive Officer

Accelerating Sustainable Growth



What were the highlights of Tarkett's performance in 2012?

In a word, it was a record year. In a world of differences – with markets ranging from mature to high-growth – our market-focused strategies were successful in generating overall 11% sales growth, of which 4.6% was organic growth at constant exchange rates. Tandus, a leading carpet designer and manufacturer acquired in September 2012, added 3.6% to total revenue growth compared with 2011. Another 2.8% of sales growth comes from exchange rates. With the inclusion of Tandus, we now generate one third of our sales in each of the three regions (Emerging Economies, North America, Europe).

Thanks to our good geographic balance, Tarkett is able to deliver continuous growth in a volatile environment and despite variable regional economic conditions. Innovation enables us to gain market share in stable or slow-growth, mature markets, while our unique service offer drives our success in emerging markets. In fast-growing markets, we achieved double-digit organic growth.

What are the key financial highlights for 2012?

Despite overall weak economic conditions in Europe, we generated record revenues of more than €2.3 billion and EBITDA (before unusual items) of €260 million. Thus we returned to a healthy 11.2% EBITDA margin. After a difficult 2011 year when profitability was under pressure because of fast-rising raw material costs, we managed to regain 2 points of margin, through a strong focus both on product pricing and our own productivity – particularly in our factories through the continued rollout of our World Class Manufacturing (WCM) program.

How does Tandus fit into the strategic picture?

The Tandus acquisition was not only our largest acquisition of the past decade; it also significantly extended our product range with the addition of textile flooring for commercial applications, enabling us to provide a wider range of coordinated flooring solutions. Carpet is one of the leading flooring choices in North America, particularly for our professional customers in schools, universities, health care facilities and the office sector.

A second major strategic reason for the Tandus acquisition is its complementarity to current Tarkett distribution channels in North America. Like Centiva, our brand specialized in Luxury Vinyl Tile (LVT) modular solutions acquired two years ago, Tandus directly serves specifiers, such as architects and project owners through installers. Our Johnsonite and Tarkett brands are more focused on distributors and on retailers for the residential market.

We also further strengthen our footprint in the fast growing Asian markets, since Tandus already operates in China. This acquisition perfectly fits into our strategy to be a global and integrated solutions provider.

How do you intend to maintain this strong performance going forward?

We intend to continue to grow faster than the industry. Profitable organic growth will continue to come from a combination based on gaining market share through innovation in mature and highly-competitive markets and our creative service offers in fast-developing emerging markets.

Our innovation leadership will come from two areas: innovation in our business model and innovation in the eco-design of our product offerings. We will continue to lead as “change agents” in both areas.

An example of business model innovation is our “iSelect” marketing concept, which helped us win the trust and confidence of a major American distributor last year. Through “iSelect” services, we help consumers make their own choice with attractive themed panels of samples integrated into different universes of design, ambiance and look-and-feel, each in harmony with selected colors. We are also the leader in eco-innovation, integrating the Cradle to Cradle and the Circular Economy principles throughout product’s life. First, we eco-design our products by selecting “good materials” for health and the environment. We then look at the environmental impact of production and distribution. Next, we seek to increase well-being and comfort from the use of our flooring, for example, by improving indoor air quality through our low-VOC products. Finally, we aim for total recycling of the product at the end of its primary usage.

This emphasis on sustainability is also a management tool driving not only our innovation strategy, but also boosting operational excellence, improving productivity and saving resources. Today, our sustainable development approach is fully embedded in our strategy, inspiring the way we operate, do business and innovate.

How can Tarkett continue to be a “change agent” for the flooring industry?

Our vision is what motivates our whole approach to serving clients: “To be the global leader in innovative solutions that generate value for our customers in a sustainable way.” This vision is inspired by our commitment for sustainability through a holistic approach that brings together the three dimensions of People, Planet and Profit.

We are extremely passionate about this vision shared with our employees, our customers, our suppliers and our shareholders. We strongly believe that our industry will also move in that direction.



What is your strategy for profitable growth as the flooring industry develops worldwide in 2013 and beyond?

In 2013, we will continue the integration of Tandus and bring together all teams to create new growth opportunities. Fully combined, the whole really will be greater than the sum of the parts.

We will also be attentive to economic pressures on clients in economically-challenging markets and we will continue to innovate to gain market share. We see growth coming from modularity of more easy-to-handle LVT-type products, which also allows for a greater choice of styles, colors and patterns. Our innovative service offerings will range from new on-line room designers to simulate home decoration to service centers in countries where unique customer support will make the difference.

Our external growth strategy will be based on three criteria. One is expanding our product portfolio through acquisitions. A second is geographic expansion via new distributors or partners in emerging markets. A third is acquisition of other flooring companies in a very fragmented market where there are clear opportunities for consolidation and cost reduction.

Overall, our sustainable growth will be fueled by our talent development and operational excellence. In other words, identifying and developing our people to grow their contribution to Tarkett and increasing their satisfaction in being part of our team. I am convinced that it is people who make the difference and that our teams are the source of our sustainable growth.

TARKETT OBJECTIVE

We want to grow sustainably, profitably, and faster than the industry, and to be the leader of innovative and integrated solutions, delivering a unique customer experience.

Tarkett Management



TARKETT VISION

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

EXECUTIVE COMMITTEE

1. **Michel Giannuzzi** Chief Executive Officer
2. **Anne-Christine Ayed** EVP Research, Innovation & Environment
3. **Remco Teulings** President Tarkett EMEA
4. **Fabrice Barthélemy** Chief Financial Officer
5. **Eric Daliere** President Tarkett Sports
6. **Hubert Salmon** EVP Latin America & Asia Pacific Areas
7. **Slavoljub Martinovic** President Tarkett Eastern Europe
8. **Vincent Lecerf** EVP Human Resources
9. **Antoine Prévost** EVP Operations
10. **Jeff Buttitta** President Tarkett North America
11. **Stéphanie Couture** - General Counsel



Tarkett Strategic pillars

Based on its commitment toward sustainability, Tarkett's strategic ambition is to become the leading change agent of the flooring industry. At the heart of our strategy, a deeply rooted entrepreneurial spirit. Since the very beginning, Tarkett has been driven by the entrepreneurial spirit of building its business on principles and practices that have stood the test of time. Throughout our history, these core strategic pillars have channeled our energy, motivated our employees and guided our decisions to achieve excellence in serving our customers.



Our daily commitment is to excellence in serving customers sustainably over the long term.

1 Deliver the ultimate customer experience

At Tarkett, excellence in customer service is a daily commitment. More than simply providing a product, Tarkett offers a true "flooring experience" that is most visible to customers through the industry's broadest choice of creative solutions which enhance the quality of life. To keep that commitment, we focus our teams to work with and listen to customers to understand their needs and expectations. Thus our people as well as their recognized know-how in flooring and market segments ensure quality, rapidity, flexibility and added-value expertise. All this translates into daily excellence in our customer relationships and, ultimately, into continuing trust and confidence in Tarkett over the long term.

2 Be entrepreneurial

Tarkett today reflects an entrepreneurial culture deeply rooted in the company's values, lived daily by its 10,700 employees around the world. To nurture this philosophy, Tarkett counts on an experienced decentralized organization, with its teams close to regional markets and customers, taking ownership and developing their leadership. We strive to continuously develop this mindset at all levels of the organization to ensure flexibility and agility, thus anticipating and exceeding expectations for both external and internal customers. It is this customer and results oriented focus that allows Tarkett to deliver sustainable performance year after year.

3 Work for the long term

Tarkett has more than 130 years of flooring history built on shared core values that guide our decisions and operations. Our long-term perspective means:

- putting people and customers at the center of our organization
- conducting our business with integrity and according to ethical principles
- caring about the environment and sustainability.

4 Boost growth with targeted acquisitions

Over the past four years, Tarkett successfully acquired and integrated twelve businesses, including the major Tandus acquisition last year. Through targeted acquisitions, Tarkett accelerates its profitable growth through a broader product portfolio of solutions (vinyl, accessories, laminate, wood, sports surfaces, carpets), a more comprehensive route-to-market (direct distribution, retailers, specifiers...) as well as through an expanded presence in fast growing markets (Eastern Europe, Asia and Latin America). In some areas, Tarkett participates in the consolidation of the flooring industry on a case-by-case basis.

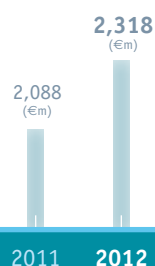
Financial Performance



2012 has been a good year for Tarkett. Our sustained organic growth has been mainly driven by the dynamic markets in emerging countries and the start of recovery in North America. We are also pleased to see the results of our actions in the recovery of EBITDA margins. We are of course thrilled by the acquisition of Tandus that is giving Tarkett an unprecedented position in the North American Commercial segments. Our healthy financial position and the support of our shareholders leave ample room for further growth - both organic and external.

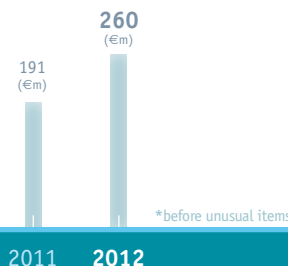


NET SALES
+11%



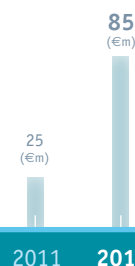
- **Organic growth** rose by 4.6%, largely driven by a strong performance in emerging countries, especially former CIS countries and Asia. The Group also began to benefit from the recovery in North America, while our strong position in France, Germany and Nordic Countries offset the decline of markets in Southern Europe.
- **Exchange rates** accounted for 2.8% of growth due to a weaker euro.
- **Acquisitions** brought an additional 3.6% of growth, primarily from Tandus, a U.S.-based commercial carpet manufacturer acquired at the end of September.
- **Pro-forma** for the acquisition of Tandus, net sales amounted to €2.5bn.

EBITDA*
+36%



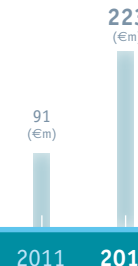
- Recurring EBITDA improved by 36%, or €69m. EBITDA margin gained 2.0 pts of sales, at 11.2%.
- **Improved volumes and selling price increases** (€49m), added to productivity gains (€38m), more than offset inflation of personnel and raw material costs.
- **The Sports Division** achieved the first step of its turnaround and is now profitable again.

NET INCOME
€85m



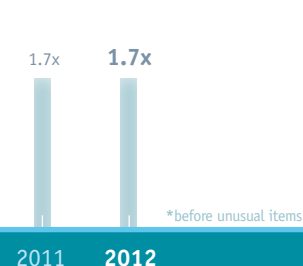
- **Net income improvement** resulted primarily from the improvement in operating results.
- **Finance costs** remained stable at 1.1% of sales; tax expense amounted to €41m.

OPERATING CASH-FLOW
€223m



- **Strong operating cash-flow** was achieved through a reduction of working capital by €47m: in a context of increased credit risk, the Group has managed to reduce its DSO (Days Sales Outstanding) by 16% (from 43 to 36 days).
- **Recurring capital expenditures** have reached €84m, including significant industrial projects as well as the deployment of SAP.

NET DEBT/EBITDA*
1.7x



Tarkett maintained a very strong financial position despite the cost of the Tandus acquisition, leaving ample room for further organic and external growth. At the end of December, net debt amounted to €452m. Pro-forma of the acquisition of Tandus, net leverage is only 1.5x.

Tarkett in Action

EUROPE, MIDDLE EAST & AFRICA

Innovation to Meet Customer Needs in a Changing Economic Environment

Innovation and technology explain in part how Tarkett managed to achieve steady growth in some countries despite slowing European markets. We aim at boosting our sales and shares in certain product lines, such as linoleum, LVT, wood and laminate. The successful launch of the new modular LVT collection demonstrates our capacity to leverage product innovation across countries. From a geographic perspective, we see growth potential in Germany, Scandinavia, UK, Middle-East and also across Central Eastern Europe.



Remco Teulings
President Tarkett Europe,
Middle-East, Africa

“ In the EMEA region, our growth comes in part from new, innovative products which we have in the pipeline allowing us to position ourselves as the true leader in terms of design, product features, as well as in environmental sustainability. With our broad range of solutions, we are able to cover the complex and multiple needs of our different type of customers.

NORTH AMERICA

Energizing Strong Local Brands and Major Market Positions

Tarkett's North American operations benefit from a heritage of well-established local brands with significant market positions. Tarkett, Johnsonite, Centiva and, most recently, Tandus allow customers to find a flooring solutions that work together to meet all their needs for multiple-surfaces. Tarkett has established complementary go-to-market strategies and built lasting relationships with all of our partners. The recent combination of Tandus and Centiva reinforces our expertise in designing fully coordinated solutions. Innovations and new collections in resilient fiber flooring and modular solutions such as the new iSelect system for consumers, the unique Sero design concepts, and the asthma-compatible fiber floor, are examples of why, year after year, we are recognized as a design and environmental leader in a demanding market.



Jeff Buttitta
President Tarkett
North America

“ In North America, we are now even better positioned to provide customers with tailored and integrated solutions for commercial, institutional, and consumer segments with our strong strategic brands such as Centiva, Johnsonite, and recently-acquired Tandus, adding to our marketplace power from our trusted and growing Tarkett brand.



BOOSTING GROWTH WITH TANDUS ACQUISITION

Tarkett acquires Tandus, the American specialist in textile and carpet tiles: \$340 million of sales, 1,400 employees. A perfect fit to Tarkett's strategy, the acquisition enables us to extend our product portfolio in the American specified commercial market that is mainly driven by textile flooring. Leveraging our integrated solutions, expertise and design, we are well-positioned to offer customers the ultimate flooring experience. We also extend our presence in fast growing Asian markets thanks to Tandus' manufacturing site in China. Tarkett and Tandus teams share common fundamental values in terms of sustainability, people development, customer focus and entrepreneurial spirit, a key factor in ensuring the combination's long term success.



Valley International Airport, Texas USA

EASTERN EUROPE

Leveraging Well-Established Brands Through Local Presence for Profitable, Long-term Growth

Eastern Europe offers Tarkett an already-growing market with even greater potential where we intend to continue to show industry leadership. We continue to deliver profitable growth through our customer focus, our brand, our people and our emphasis on sustainability. Our local presence through manufacturing and service centers close to our customers is a key lever. Strong-established partnerships with retailers, distributors, suppliers and installers are also business builders. Innovation to meet specific customer needs, such as the unique Aqua Guard protection concept for wood, adds another critical success factor in these fast growing economies.

LATIN AMERICA & ASIA PACIFIC

Harnessing a Wave of Profitable Growth

In these fast-growing markets, Tarkett leverages its recognized worldwide expertise in particular in health care, housing and education sectors, and its wide range of vinyl flooring solutions. In China, Tarkett also benefits from major investment programs in building and construction. With production sites in Brazil and in China, and with significant local presence in key countries including India, Australia and Japan, Tarkett is well-positioned to grow through its industry-leading offers.



Slavoljub Martinovic
President Tarkett
Eastern Europe

“ In Eastern Europe, we combine all the elements for success – a well-known brand with the broadest product line, a local presence both in manufacturing and service, trusted business partner relationships, and a spirit of flexible innovation to meet customer needs. Overall, Tarkett people - our “Ambassadors” - make the difference every day to generate sustainable growth over the long term.



Hubert Salmon
Executive Vice President
for Latin America
& Asia Pacific Areas

“ The Latin America and Asia Pacific regions will continue to benefit from strong demand in construction supported by both public and private investments. We will continue to leverage our recognized expertise for competitive advantage in health care, housing and education especially, while we demonstrate our responsiveness in particular through production facilities in Brazil and China.



Russia



Brazil



China

SPORTS

Champions in the World of Sports Surfaces

Tarkett Sports is winning in the sports surfaces marketplace by delivering innovations that boost athletic performance and safety, control costs, and offer significant environmental benefits. With entrepreneurial passion, Tarkett Sports helps its clients find the right surface for a wide variety of sports and settings, from turf to tracks, and from primary school gymnasiums to the world's best-known stadiums. To name just a few big league examples, FieldTurf is the choice of NFL teams, Juventus in Italy, Ajax in Amsterdam, and FC Barcelona; while top Olympians run on Beynon Sports tracks at Haywood Field, the site of the most recent US Olympic Track and Field Trials.



Eric Daliere,
President Tarkett Sports

“

Entrepreneurship is in the DNA of our Tarkett Sports teams and has been a key factor in its turnaround. With a focus on innovation, quality and the environment, Tarkett Sports is well positioned to maintain its strong presence in North America and Europe and successfully expand its activity in regions with less developed sports infrastructure.



Antoine Prévost,
Executive Vice President
Operations

“

Best practices are at the core of World Class Manufacturing, a successful program spanning the globe and generating operational excellence in our plants as well as continuous improvement in safety and in the environment. In our deployment of WCM, we engage and empower our teams, making them an integral part of our drive to achieve our ultimate objective—increased customer satisfaction.



OPERATIONAL EXCELLENCE

Tarkett has implemented the World Class Manufacturing (WCM) program in 26 plants, increasing competitiveness, improving customer satisfaction and delivering outstanding results in terms of safety and environment. This program is composed of different pillars to target Safety, Customer Service, Quality and Cost improvements.

For Quality, problem-solving methods are thoroughly applied to eradicate defects from our manufacturing process. As a result, our plants in Europe and in Latin America have reduced their internal defects by 30% since 2010. A program objective is also to develop skills and capitalize knowledge created by solving issues. As an example, the number of implemented improvement ideas per employee has increased by 30% in 2012 compared to 2011.

At the end of 2012, 94% of the plants (excluding Tandus plants) are certified ISO 9001 for quality (vs 89% in 2011) and 84% ISO 14001 for the environment. This operational excellence approach and continuous improvement methodology has also been rolled out at customer service, supply-chain, purchasing and innovation departments.

Tarkett continues to deploy the SAP core system in the majority of its entities, thus ensuring process alignment and efficiency to manage 125,000 unique products (SKUs excluding Sports) and 50,000 customers throughout the world.

Innovation: Driving Tarkett Sustainable Growth

Innovation is the source of organic growth and one of three drivers of the Group's development, along with acquisitions and geographic expansion. The aim is to be the industry benchmark company offering high added value solutions to Tarkett customers. These innovative solutions could be incremental or a breakthrough.

The Group's approach to innovation seeks to leverage our customer and market intimacy as well as our knowledge in products, materials, and industrial processes to offer flooring solutions that create superior value for customers in a sustainable way. Technical innovation in these areas is not only a source of competitive differentiation and advantage but also helps Tarkett drive improved performance standards throughout the industry.



Anne-Christine Ayed
Executive Vice President
Research, Innovation
and Environment



Incremental innovation allows maintaining market share, but that is not enough for real organic growth. Throughout the organization, we encourage creativity and entrepreneurial spirit to generate breakthrough innovation with a main focus on new products, services and process solutions. All ideas are nurtured and managed.

Our focus on three top industry challenges

1 | Eco-Innovation

Integrating sustainable and socially-responsible objectives from the very start of product design as well as at each step of the product life cycle. This responds to today's and tomorrow's customer needs and lifestyles.

Eco-innovation takes into account the relationship between people and flooring as well as the relationship between the environment and flooring. It is a concept that encourages thinking in terms of solutions, in terms of "positive contribution" and so it is a source of innovation.

Four dimensions underpin our "Cradle to Cradle" philosophy:

- select good materials in the design of products, creating new formulations based on materials that are safer for people and the environment and that can enter into a technical or biological cycle.
- use resources responsibly in Tarkett operations, optimizing and reducing consumption of water, energy, raw materials and avoiding waste.
- ensure well-being and health during product use and maintenance.
- recycle to eliminate waste and re-use at the end of product usage, thus ensuring a "closed-loop" approach.

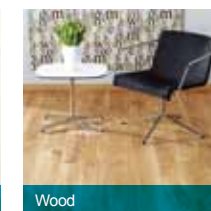
Tarkett has chosen this eco-innovation approach as the business model of the future, preparing the company to meet the challenges that lay ahead. Decoupling ourselves from "traditional" resources and seeking to enter into a closed-loop economy will allow us to provide innovative and sustainable solutions that help create value for customers and, at the same time, ensure respect for the environment.



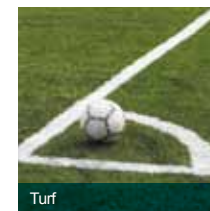
Tarkett International R&D Center - Wiltz - Luxembourg



Linoleum



Wood



Turf



Rubber

ACHIEVING A VIRTUOUS PRODUCT CYCLE

Today, several Tarkett product ranges, such as Linoleum, Rubber and Wood have already been certified⁽¹⁾ Cradle to Cradle® making them the first tangible achievements of Tarkett's circular economic approach. In other areas, recycling initiatives such as FiedTurf artificial turf for sports fields have become precursors of Tarkett's eco-design ambition.

¹ Details page 35

2 | Modularity

Modular solutions to enhance the customer experience

When we create new flooring and sports surfaces, we put people at the center of our innovation thinking, imagining new concepts in terms of solutions and services. Modular solutions allow for more flexibility in design and comfort, delivering specific benefits to multiple types of customers and users.

- **functional benefits:** Architects, installers and specifiers want “high-tech” flooring that is ergonomic and easier to install, easy-to-repair, and with many design options including a mix of flooring materials.
- **sensorial and esthetic benefits:** as fashion changes, architects and consumers change flooring more frequently, as a key element of decoration. Modularity allows consumers the “personalization experience” of creating their own “mosaic” from among wide range of flooring and coordinated choice of color, design, patterns, customization and lighting effects.

MODULARITY FOR FLEXIBILITY AND SUSTAINABLE RESOURCES

The new modular LVT range (Luxury Vinyl Tiles), are perfect examples of Tarkett’s innovation capabilities around the globe, answering the growing demand of customers and users for flexible and design solutions. In Russia, in Brazil and in the USA (via Centiva brand), as well as in Europe, Tarkett invests and innovates in the LVT segment. For example, the new vinyl LVT planks and tiles launched in Europe under the iD Inspiration and iD Selection ranges combine modular flexibility with 132 fashionable design and customized floorcraft options, offering over 75,000 potential combinations! They are also exacting environmental standards, with VOC emissions below quantifiable level, containing recycled materials and being 100% recyclable. The manufacturing and supply-chain process has also been adapted to increase flexibility and reactivity in terms of modular format and delivery.

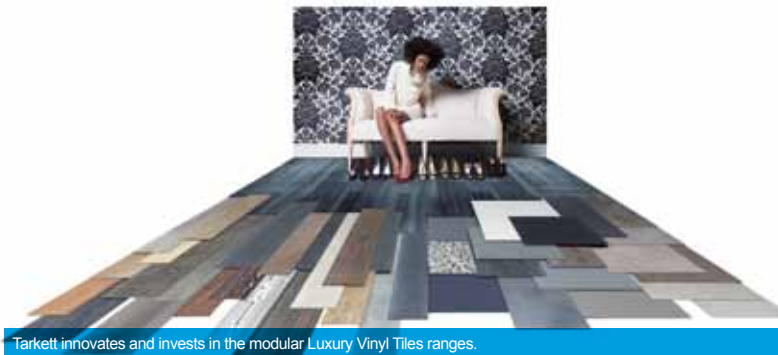


The world's largest vinyl plant at Otradny, Russia, with a capacity of 120 million m² per year

3 | Process

Process leadership's competitive edge

Tarkett constantly improves and develops new processes to maintain industrial leadership, drive operational excellence and reduce the impact on the environment. Innovation allows Tarkett to adapt its manufacturing and supply-chain processes both to the new design of flooring and to customer purchase trends, offering modular solutions, adapted quantities, short-time response to orders, on time delivery, quality and affordability.



Tarkett innovates and invests in the modular Luxury Vinyl Tiles ranges.

Quickening innovation's pace by sharing new ideas

The Group has implemented a robust Research & Innovation process. It is based on internal knowledge networking at both global and local levels, including market research, technology and product mapping and selection, innovation portfolio management, as well as creativity sessions and problem-solving training.



When you look at the challenges facing the flooring industry, it is clear that it is people and not machines that make the difference. That is why we are totally focused on encouraging people at Tarkett to be creative in all they do, *comments Anne-Christine Ayed*, In 2012, over 100 ideas emerged from a process of stimulating creativity and carrying forward fresh ideas.

These covered new approaches to products and processes, including original thinking on service and quality. The ideas also aimed to further focus our attention on the environment, including the environments in which our customers live and work.

LISTENING TO CUSTOMERS IN OUR WEB LABORATORY

In the US, the “Tarkett Consumer Club”, a web based laboratory of some 500 DIY (Do It Yourself) consumers has provided valuable insights and leads for flooring innovation, supporting new product concepts such as the iSelect design service.

PRESTIGIOUS PARTNERSHIPS FOR INNOVATION

Tarkett has also established long-term partnerships with prestigious universities and private research labs, as well as with strategic suppliers and industrial leaders from diverse sectors. The thinking that emerges from these relationships enhances our ability to predict future needs and how to best respond to them with new and innovative product solutions. Thereby the Group takes an active role in standard setting organizations around the world to improve industry performance.

-  - Penn State University (USA) on safety and performance of sports flooring
-  - University of Michigan (USA) on indoor air quality and health
-  - ENSAD (Ecole National Supérieure des Arts Décoratifs – France) and Engineering School (Ecole des Mines de Paris – France) on “Flooring of the future”
-  - Physics and Chemistry School (Ecole Supérieure de Physique et de Chimie Industrielles – ESPCI – Paris – France) on industrial processes
-  - Strasbourg University on surface performances and processes
-  - European and North American trade associations and scientific labs (such as Luxembourg’s Henri Tudor Institute) on LCA – Life Cycle Assessment to measure impact of products throughout their life and use
-  - EPEA (Environmental Protection and Encouragement Agency) for Cradle to Cradle® program and certifications



Tarkett Design Workshop

Identifying trends in architecture and design



Interactive Space in the housing market segment

DESIGNING FOR TOMORROW’S CUSTOMER WELL BEING



We aim to anticipate the next wave of consumer habits and taste in design by putting the customer at the heart of the process called “Design Thinking”. We listen to the customer so that we can project future trends in architecture and design from consumer behavior, as well as from changes in society and new technologies. Beyond fashion colors and patterns, flooring design is about creating a unique customer experience while enhancing people’s quality of life.

Beatrice Mange,
Vice President Design Tarkett EMEA

TARKETT OBSERVER

The latest Tarkett Observer highlights four important trends that will emerge in various segments at both architectural and design levels in the coming years. This will impact the customer’s choice in tomorrow’s flooring market:

HUMAN INSIDE

Welcoming and reassuring environments that produce an atmosphere where it feels good to work, think, and communicate

INTERACTIVE SPACE

Spaces that naturally encourage interaction through comfort, color and practical ergonomics

EXPERIENCE

Distinctive designs that reach out and communicate a sense of surprise

GREEN VALUE

Usage of soothing shades, extra insulation and preference given to recyclable materials

9
DESIGN
CENTERS

55
PEOPLE INVOLVED
IN DESIGN

INNOVATION BY THE NUMBERS

120

PEOPLE IN R&D
AND INNOVATION

1

INTERNATIONAL
RESEARCH & INNOVATION
CENTER

24

REGIONAL CENTERS AND APPLICATION
LABS IN 11 COUNTRIES

145

PATENTS

9

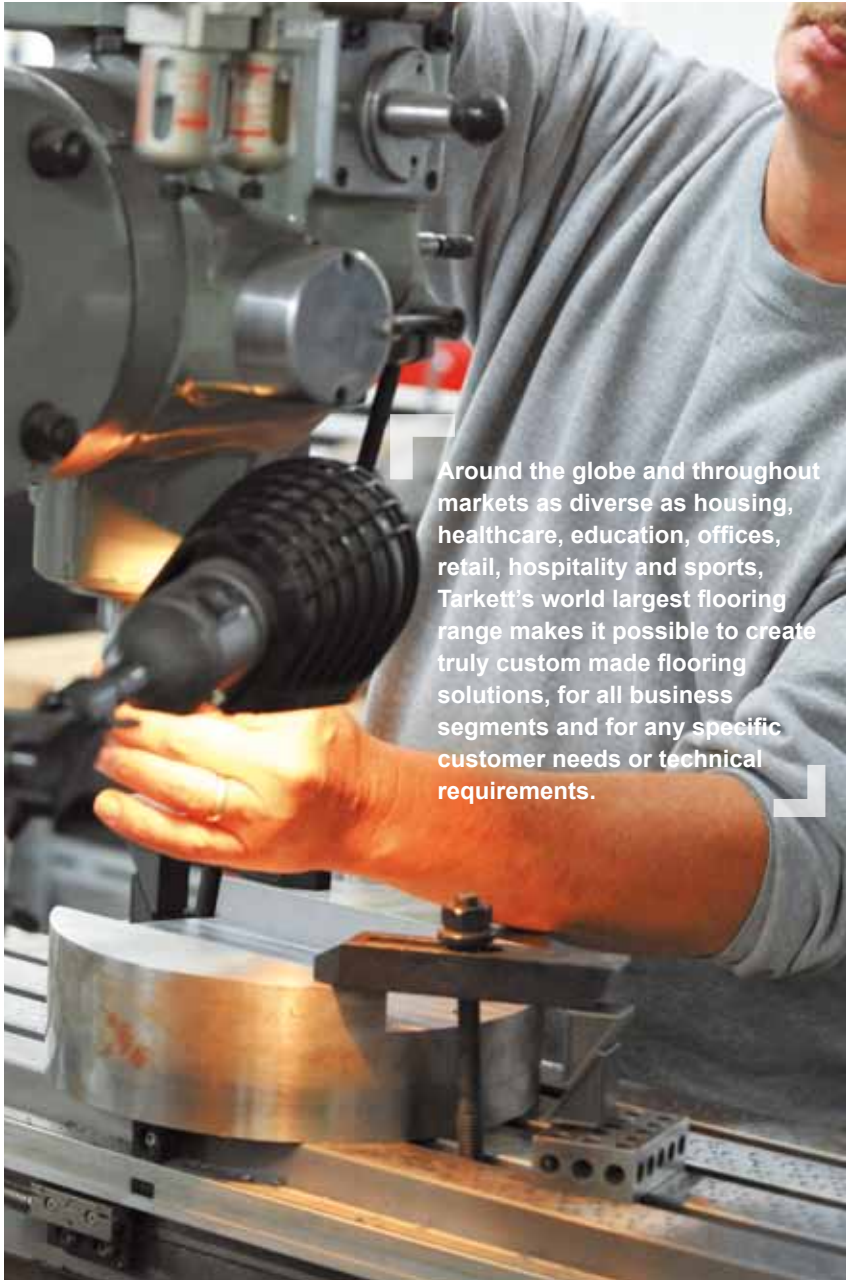
KEY TECHNOLOGIES
MANAGED BY THE TARKETT
EXPERTISE NETWORK

10

TARKETT MEMBERS
& EXTERNAL EXPERTS FOR
THE SCIENTIFIC COUNCIL

10

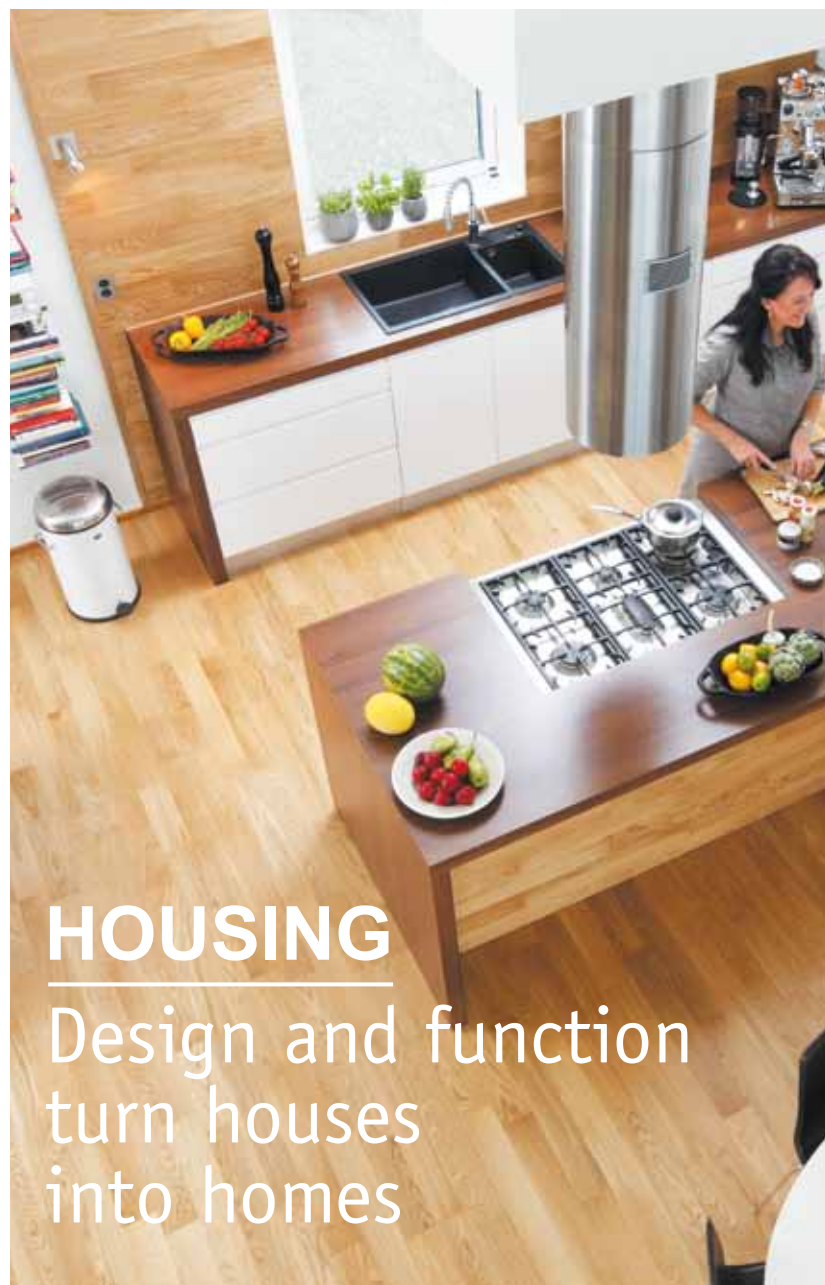
R&D PARTNERSHIPS
WITH EXTERNAL PARTNERS



Around the globe and throughout markets as diverse as housing, healthcare, education, offices, retail, hospitality and sports, Tarkett's world largest flooring range makes it possible to create truly custom made flooring solutions, for all business segments and for any specific customer needs or technical requirements.



MARKET SEGMENTS
INTEGRATED SOLUTIONS
that Deliver the Ultimate Flooring Experience



PERSONALIZED SPACE FOR MORE COMFORTABLE LIVING

Colors, patterns, formats and quality in flooring make for carefree and healthy living spaces. Together, these features truly turn houses into homes, and simple spaces into living experiences. They create well-being and comfort, from kitchen to bedroom to living room and they allow people to express their tastes from traditional to trendy styles.



This is why Tarkett constantly innovates with new unique flooring products which respond to evolving tastes, needs and requirements for contemporary housing. At the same time, our products are designed with functional qualities such as slip resistance, low VOC emissions and noise reduction, often exceeding the requirements of local regulations. Innovative offers such as the new iSelect flooring concept allow customers to make easy and informed choices while matching colors, patterns and different performance standards.





Vivo Ocean Estates – London, UK

Stylish Wooden floors for a trendy London neighbourhood – UK

Built in the heart of London's East End, half way between Shoreditch and Canary Wharf, the Vivo Ocean Estates development comprises 462 newly built apartments in one of the trendiest parts of the City. Addressing not only multiple technical requirements such as under floor heating and wear resistance Tarkett also needed to ensure on time delivery at the project where storage space was at a premium. A total of 16,000m² of Professional Oak Nature and Rumba Oak Nature wood floors were ultimately installed, providing the new living spaces a stylish and qualitative look & feel.



The Kraevo-Grecheskoe village – Sochi, Russia

Comfortable apartments at Kraevo-Grecheskoe, Sochi – Russia

The Kraevo-Grecheskoe village offers new, comfortable apartments to Sochi citizens who are affected by the city's transformation as the host of the 2014 Winter Olympics. Due to the frenetic construction activity, this housing project involved some very particular logistical challenges for Tarkett's Russian operations. Limited access, on time delivery and installation, as well as tight deadlines, all had to be coordinated to finalise the project while meeting the high standards of quality demanded by the owners. Ultimately, 52,000 m² of resilient vinyl flooring from the Tarkett Eruption collection was installed making this Russian village one of the largest flooring projects in the Eastern European housing market.



Freesia Housing Project – Tokyo, Japan



ASTHMA & ALLERGY CERTIFIED VINYL FLOOR

A first in the flooring industry, Tarkett FiberFloor is now CERTIFIED ASTHMA & ALLERGY friendly by the Asthma and Allergy Foundation of America (AAFA) for loose-lay and glue-down applications. The certification relates to the product and the cleaning procedures, considered safe for those suffering from asthma and allergies.

iSELECT™ PUTS HOMEOWNERS IN CONTROL OF DESIGN & SELECTION

For the first time, the new Tarkett iSelect™, flooring program puts homeowners in control of the design and selection process. iSelect™ helps homeowners to easily coordinate their new floor with existing furnishing and adjoining floors, in the performance level and product type that fits their lifestyle.



Listen to customers and anticipate trends:

We continually interview our clients to understand thoroughly their needs—both expressed and unexpressed. In one case, these interviews allowed us to validate the iSelect™ concept of treating floors as an integral component within the home – and thus, as an element of consumer life style home life and design.

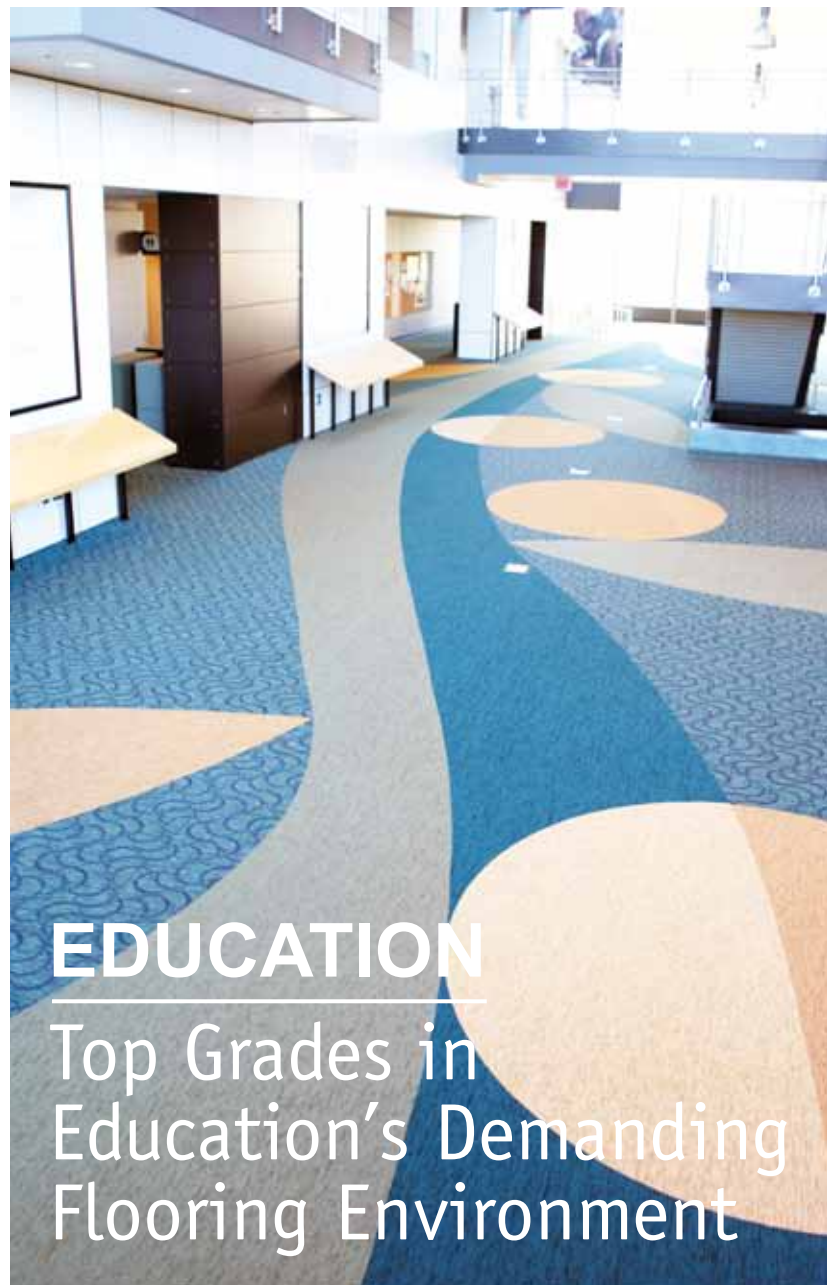
Jeff Krejsa,
Vice President Marketing Tarkett North America



The iSelect Kit

Freesia Housing Project, Tokyo – Japan

As one of the toughest markets in the world when it comes to VOC emissions, Japan has extremely strict indoor air quality standard. This was the challenge faced by Tarkett and its local Freesia partner in demonstrating that the Salsa Birch and Walnut parquet ranges met the strict regulations imposed by the Japanese authorities. About 9,000m² of this high end Tarkett wood flooring was installed across three new apartment buildings in Tokyo residential areas, offering its owners the true Northern European feeling of minimalistic purity.



EDUCATION

Top Grades in Education's Demanding Flooring Environment

ROUGH CONDITIONS FOR FLOORING IN SCHOOLS

Schools are probably one of the most demanding environments for flooring. Heavy traffic, strict standards for safety, air quality and noise reduction often conflict with demands for inspiring design, cost effectiveness and durability. This is why Tarkett has spent years in schools to devise flooring features to meet the toughest conditions. We talk with students, teachers and facility managers to respond to the multitude of different product requirements and to propose colors and patterns that create friendly and stimulating learning environments.

Multi task flooring at Özyeğin University, Istanbul – Turkey

Officially inaugurated in 2007, the Özyeğin University in Istanbul offers a modern approach to education through its creative and practical orientation. Today, the university encompasses 136.000 m² of space including lecture halls, living quarters and related facilities. Each type of space has unique flooring specifications including high traffic



Özyeğin University - Istanbul, Turkey



Özyeğin University – Istanbul, Turkey

and low-cost maintenance. A variety of floors were combined for a fully integrated 15.000 m² flooring concept, including noise reduction with Tapiflex in lecture halls, Acczent Excellence 80 with its extremely resistant wear layer for high traffic areas, special Aquarelle Wall HFS and anti slip flooring for wet rooms and sanitary installations. Tarkett's vast choice of colors and patterns further allowed the architects to create unique design spaces throughout the facility.



INSPIRED LEARNING AT SALIDA HIGH SCHOOL, COLORADO – USA

“Empowering children with the skills necessary to achieve their greatest potential”. This is the credo of Salida High School in Salida, Colorado where design and functionality of Tandus flooring contribute to meet this educational goal. Tandus’ Crosswalk, Merge and Fast Lane carpet ranges create a learning environment to stimulate students to excel.

Salida Highschool, Colorado USA



Creating A Warm Welcome for Young Children in Kindergarten – Russia

Tarkett’s imaginative flooring contribution was one major reason why the Parus Kindergarten in Novorossiysk, Russia achieved a successful renovation, creating a friendly, fun and safe place for 220 small children.

Originally built in 1980, Parus is today a modern kindergarten with high-quality materials and technical equipment that assure a safe and bright atmosphere for children to enjoy as they play. Tarkett found a solution for each requirement. The corridors and rooms were covered with the colorful designs of iQ Monolit, a choice also providing the school with significant cost savings for maintenance. Playrooms feature thick Omnisports Excel and a top coat with a special layer that protects children from carpet burn. The manager’s office is designed with the warmth of wood flooring, a place where staff can also feel comfortable at work.

COLORS HELP CHILDREN LEARN

Modern education environments aim to create efficient learning experiences to develop children’s skill to select, retain and use information. Especially for young children the perception of colors and patterns play an important role. Child development specialists have shown that the ability to recognize colors is part of the human cognitive process which becomes fully developed only at the age of 12. In small children, bright and vibrant colors can thus help to stimulate and encourage exploration and to distinguish objects spread out on the floor. Later colors assist the child’s sense of orientation and inspire confidence to move around independently, especially in larger school premises. Colors can also foster a more positive mood – helping pupils to be more attentive and teachers more engaged during their lessons.



Kameleon Basisschool – Holland

Basischool de Kameleon is a new day care center and primary school for children under 12 years. The project sets out to create an open and secure learning environment with a strong color emphasis in the design, being playful and stimulating at the same time. To achieve this objective while answering to strict building regulations, a number of different flooring types were selected to match functional benefits with design choices. Together with the architects Tarkett developed an integrated flooring solution involving the Optic, Acczent and Tapiflex ranges creating the very best conditions for both playing and learning.



HEALTHCARE

Assuring Healthier Environments for Patients and Care Providers



INTELLIGENT FLOORING SOLUTIONS FOR HIGH PERFORMANCE HEALTH CARE ENVIRONMENTS

Sometimes healing takes more than the right medicine. Intelligent flooring solutions not only help to keep costs down but also contribute to turn complex structures into high performance spaces. 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.

Matching all these requirements at equal levels and for each of the many different building sections, requires diverse choices in specific product types, know how and expertise. As the world's uncontested N°1 in the health care segment, Tarkett relies on all of these requirements to offer fully integrated flooring solutions for any health care project, no matter its size and complexity.

Children's Hospital and Medical Center, Omaha, Nebraska – USA

Specialized in pediatric care, the Children's Hospital & Medical Center has been recognized as one of the best facilities in cardiology, heart surgery and orthopedics in the US. Located in Omaha, Nebraska, the 145-bed, non-profit hospital recently underwent a design renovation, creating a healing space that is durable,



Healing friendly spaces at Omaha Medical Center

easy to maintain, and which promotes a healthy indoor environment with good air quality. Competitively priced, mandating low maintenance costs and equipped with a 25 years warranty against delamination and excessive wear, the Tandus Powerbond hybrid resilient sheet offered the ideal flooring choice, addressing all technical requirements and design preferences.

FLOORING DESIGN HELPS ALZHEIMER PATIENTS

Using a scientific approach with recognized experts, Tarkett Design teams issued in 2012 its Alzheimer Study to analyse the sensorial and psychological impact of floors on the quality of life of patients. The study has found that besides hygiene, safety and other regulatory aspects, the floor patterns and colors provoke emotions that can stimulate or soothe Alzheimer patients.



Medical Park Hospital – Gebze, Turkey

A turn-key operation for the Medical Park Hospital in Istanbul – Turkey

Part of the Medical Park Gebze Hospitals Group, this Hospital near Istanbul caters mainly to workplace and cardiovascular accidents in the highly industrialized Kocaeli region. Equipped with a 24 hour trauma center and a heart surgery facility, the hospital mandated a renovation process that required a turn-key operation with short down-times.

While hygiene, easy maintenance and color coordination was considered essential to patient rooms and hallways, the operating room also needed anti-static flooring. Eventually 13,000 m² of Tarkett's iQ Granit and iQ Toro were installed as part of an integrated turn-key solution.

Zhengzhou Cancer Hospital, HeNan Province – China

Built in 1977, the Zhengzhou Cancer Hospital offers 1,879 beds for patients needing highly specialized cancer treatment. The hospital also operates a cancer research facility and offers physical re-education and rehabilitation. Both cost-effectiveness and safety turned out to be the key selection criteria for the project's 28,000 m² in a very price-sensitive Chinese flooring market driven by local low cost brands. Using an integrated solution approach including a life-cycle cost assessment, a choice of design, safety certifications and the unique iQ range product features such as dry buffing and environmental standards, Tarkett demonstrated the superiority of its offer to local contractors.



Zengzhou Cancer Hospital – Henan Province, China



21 century care at Mcmillan Cancer Center in London, UK



The Jaber Al Ahmed Al Jaber Al Sabah Hospital in Kuwait, is the largest single health project ever won by Tarkett Middle East, with an expected surface area of more than 160,000 m² to be installed in 2013.

Tarkett's health care experience and a fully integrated, highly-durable flooring solution for heavy traffic were two elements in the winning combination. Two other features were anti-static properties and attractive design to create a soothing patient atmosphere. These features contributed to win this contract for flooring in the 1,168 bed facility.

Nicolas Bancquart
International Development Director Tarkett EMEA



The Jaber Al Ahmed Al Jaber Al Sabah Hospital project model, Kuwait



Home living like spaces at Cité St. Nazaire, France



OFFICES

Creating Spaces Where it Feels Good to Work



HIGH PERFORMANCE WORK ENVIRONMENTS

Where performance is the objective in the work environment, the right choice of flooring can make a big difference to inspire and motivate. Flooring stimulates through colours and design and makes people feel more comfortable through such technical features as efficient noise reduction, safety and improved air quality. Tarkett has spent years to analyse work space performance in every type of business and various office spaces. That explains Tarkett's ability to propose flooring solutions that deliver outstanding life cycle costs, maximise return on investment, and, most importantly, create environments where it feels good to work.

Award winning office spaces at Thermos headquarters – USA

Recognized by the 2012 ALA Design Silver Award, the new Thermos Corporate Headquarters in Schaumburg, Illinois, is a complex multi-functional office facility. Founded in 1904, Thermos is the leading manufacturer worldwide of insulated food and beverage containers, children's lunch kits and related products. The recently finished office facility covers 1,600 m² of Tandus Flooring's ER3 modular carpet. The carpet covers a number of different areas including conference rooms with teleconferencing and high-end audio-visual capabilities, executive offices, board rooms, a research and development laboratory as well as a photography studio.



Thermos Headquarters – Schaumburg, USA



New Office Space for Dassault Aviation – New Delhi, India

A NEW OFFICE SPACE FOR DASSAULT AVIATION – INDIA

How to create a bright and luminous office environment for Dassault's Aviation newly set up Indian offices in New Delhi? Together with the architects, this French Aircraft manufacturer wanted to break with the traditional Indian design codes and conceive an office space where light and pure design codes would prevail in order to produce a stimulating working atmosphere for its newly appointed 50 member staff. The architects eventually selected Tarkett's iD Essential, a hard wearing and resistant vinyl flooring which offers authentic designs and patterns inspired by natural materials.



Office Spaces designed by Marcus Thomas – Cleveland, USA



Johnsonite floors fill old spaces with new inspiration – USA

High standards for inspiration, creativity and communications lay at the root of the newly refurbished open office spaces at Marcus Thomas, Cleveland, an Ohio based advertising and communications agency. On a surface of roughly 1,800 m², the agency wanted to bring their unique company culture to life, using colors and design elements while creating dedicated and client specific team spaces that would allow employees to exchange and work together easily, under ideal noise and lighting conditions. iD Premier LVT planks and tiles were finally selected together with traditional wall base and finishing accessories to create a unique, inspiring space with outstanding air quality.



70%

**of US office workers feel
distracted by noise. Tarkett offers
flooring ranges specialized
in noise reduction.**

(Source: R. Young,
Building Design & Construction, 1999)



RETAIL & HOSPITALITY

Modular Flooring
Flexibility to Enhance
Shopping and Journey
Experience

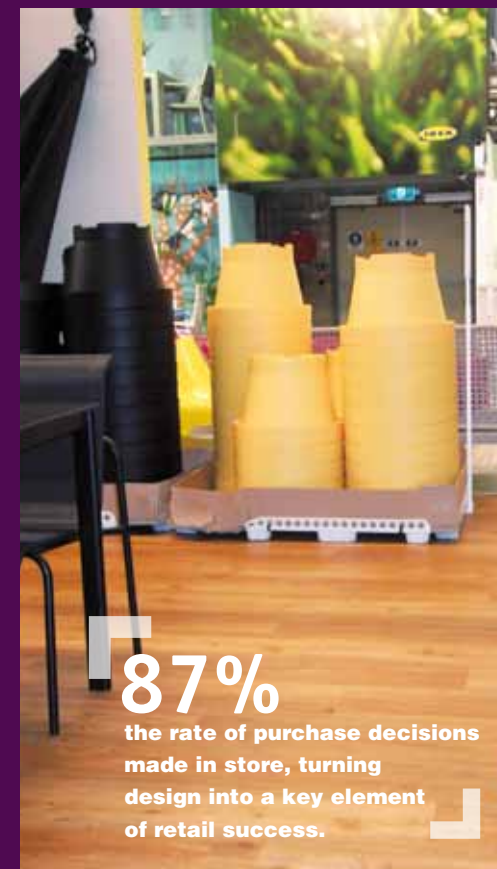
MODULARITY FOR FAST-CHANGING INDUSTRIAL ENVIRONMENTS

With the industry's broadest offer in different product types, from wood to laminate, from vinyl and linoleum, to rubber and carpet, Tarkett offers retail and hotel facilities an almost unlimited set of flooring solutions. Our product range provides a showcase for customer distinction offering attractive environments which enhance the shopping or hospitality experience. Increasingly modular in format, with great variety in colors and patterns, Tarkett flooring offers great flexibility and reactivity to quickly evolving design and fashion trends, allowing retailers and hotel managers to minimise down-times and the consequent loss of revenues during renovation work.



IKEA creates experience spaces with iD Excellence – Australia

High traffic durability and rapid installation to reduce down-times and lost revenues allowed Ikea to create unique "brand experience areas" in the first of 25 stores throughout its Australian operation. Due to their ease of handling, Tarkett's new iD Excellence 50 clickable modular LVT (Luxury Vinyl Tiles) permitted an installation by the Ikea staff members themselves. The installation covered several store areas where thematic features were created, using the large array of colors and patterns provided by the iD Excellence 50 range.



IKEA retail store – Australia

Ginger Bay Salon and Spa, St. Louis, Missouri – USA

The Ginger Bay Salon and Spa had a clear plan for renovation, including striking design, long durability, and sustainability. In addition, the flooring needed to hold up to chemicals and products like nail polish and dyes used in a salon environment, whilst not sacrificing design aesthetics.

Centiva's vinyl planks in contrasting colors were chosen to create designated areas within the salon and lead customers throughout the space. A vast selection of plank styles as well as choices for surface textures and custom cutting made the difference. Centiva's environmental certifications ensured the flooring met all the sustainable requirements needed to create a safe environment for customers and employees.



Ginger Bay – St-Louis, USA



One of 260 MVideo stores - Russia

M Video, leading electronics and household appliances retailer – Russia

M Video, one of the largest Russian retail chains, operates 260 stores in 115 cities across the country. Specializing in consumer electronics and household appliances, all M Video stores have been designed following a set of clearly defined corporate guidelines.

Besides its capacity to transform retail environments into attractive experience spaces, the flooring chosen for M Video

also had to respond to tough technical requirements, catering to heavy traffic and providing for low maintenance costs. To address design and functional specifications, Tarkett proposed a tailor-made concept solution that could be easily reproduced in all 260 M Video stores. The format involved 43,000m² of the Acczent Terra Heterogeneous Collection with two exclusive color solutions and technical features that were perfectly adapted to requirements for longevity and easy maintenance.



Tarkett's Ambienta LVT flooring at Lupo retail stores present across most Brazilian cities.



Built by the architect Robert Krawietz, a former student of Richard Meyer, the Vierjahreszeiten complex in Offenbach, Germany incorporates various universes of hospitality, health, art and culture on 2.800m² of iD Premier "Boathouse" flooring.



A leader in its market for over 20 years, this 2.800 m² Total Wine concept store was fitted with Centiva LVT planks to give it the authentic feeling of a traditional wine cellar.



Floorcraft is Tarkett's most sophisticated flooring design program capable to translate any creative complexity into stunning flooring design.



SPORTS

World-Class
Technology for
Championship Surfaces

HIGH PERFORMANCE SURFACES FAVOUR WORLD RECORDS AND WINNING TEAMS

Tarkett Sports surface solutions are recognized by the leading athletic organizations for their advanced technology and unequalled performance levels. From the US Super Bowl to the French Pro A National Basketball Championship and Beynon tracks, all over the world, Tarkett Sports surfaces are featured in arenas for top end sports competitions. Playable like natural grass, according to a recent FIFA study, FieldTurf fields also make a big contribution to the environment. 100% recyclable, they help to save millions of gallons of water and thousands of tons of fertilizers and pesticides, while indoor surfaces are made from renewable resources such as wood and linoleum.

With our wide range of product choices in artificial grass, athletic tracks, indoor surfaces and landscaping, Tarkett Sports offers the optimum solution for all levels of sports competition.

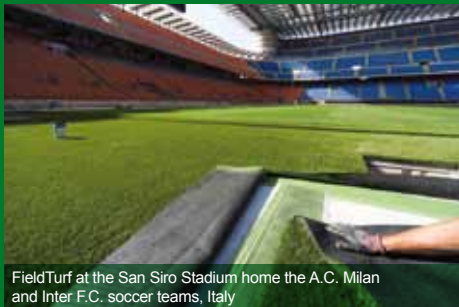
New FieldTurf field for the University of Wisconsin Badgers - USA

The decision of the University of Wisconsin Badgers to choose a brand new FieldTurf pitch to replace the nine year old field in its Camp Randall Stadium, was primarily motivated by FieldTurf's unique safety record. In fact, FieldTurf is the only turf product in the world with a long-term and real-life safety record, backed by independent data.

Specially sized cryogenic rubber particles and washed silica sand granules are layered, in a patented installation process, surrounding the FieldTurf fibers. This provides ideal player safety and comfort and an outstanding durability and longevity.



University of Wisconsin Badgers, FieldTurf field, USA



Legendary San Siro Stadium and Juventus training center installed with FieldTurf – Italy

A new FieldTurf artificial turf has been installed at one of the world's most famous soccer stadiums for the surrounding field surfaces. In addition to the regular season matches, the San Siro Stadium, home to A.C. Milan and Inter F.C., has a long and impressive record of hosting world-class events, including the 1965, 1970 and 2001 UEFA Champions League finals and the 1990 World Cup.

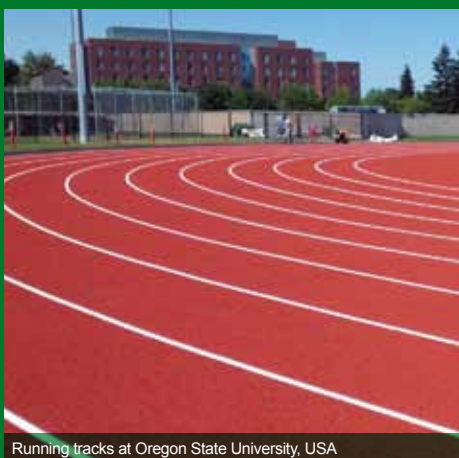
The structure of the material as well as its unique design provide top performance as well as aesthetic design. The decision to use FieldTurf

was made in part because of its successful track record, commitment to research and development, as well as attention to the environment.

A second vote of confidence has come from Italy's second most successful team, Juventus, which just finalized the installation of a FieldTurf pitch to renovate its training center.

Oregon State University to run on Beynon Sports tracks – USA

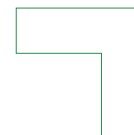
In the US, a vast majority of the top 25 schools compete and train daily on Beynon Surfaces. When Oregon State University set out on its quest of building a state-of-the-art running track, for their athletes they had one thing in mind: "A track that could rival Hayward Field (University of Oregon) and one that was fully customizable to their unique needs." Time and money were big challenges, given the fact that the university management wanted a custom made solution. The project took five years until its conclusion, an effort that in hindsight and according to Oregon State University's coach seems well worth it: "We've gone with the best surface in the world and gone with the funds we've been able to raise."



6X In basketball a rebounding player produces up to 6 x it's body weight when he lands on the floor, requiring highly sophisticated parquet floors to assure safety and comfort.



FieldTurf installation at the Ajax Amsterdam Powerhill training center, Netherlands



Ajax Amsterdam – Counselling a champion – Netherlands

FieldTurf Benelux has been the official adviser of AFC Ajax since 2008. As one of the most famous soccer teams in the world and a 4-time Champions League winner, the club has relied on FieldTurf's know-how and expertise for its 5 artificial turf pitches and has recently chosen to build its new Powerhill training facility using FieldTurf Optimum pitch. The Powerhill facility is dedicated to talented young players and is the first of its kind in the world, offering such features as a grass hill with stairs and athletic facilities to perform special training exercises. At the same time, Tarkett was able to propose a custom-made design solution using the new LVT iD Inspiration range to fit the VIP hospitality facilities of the legendary Amsterdam Arena, home to the Ajax soccer team.




In 2012, the US Super Bowl was played on a FieldTurf field.



Safety, comfort and performance set the standards at the 3 new gyms of Hemmsta School in Värmdö – Sweden.



Environmentally friendly tramway with FieldTurf Poligras landscaping, Grenada, Spain



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



COMMITMENT
LIVING TOGETHER
for a Sustainable Performance

Corporate Sustainability

For Tarkett, Corporate Sustainability is the backbone of its growth.

It is at the heart of all we do because it provides the optimal model for a company's long-term success. It encourages the creative thinking and entrepreneurial initiative that are essential to establish industry leadership in the way we serve customers and in the way we work together as an organization.

Corporate sustainability is about achieving a long-term balance between people, the planet and the economy. To prepare for tomorrow's challenges and contribute to build a circular and responsible economy, we have set sustainability goals covering the three dimensions of environmental, social and business governance priorities. Our corporate sustainability roadmap is fully integrated into our growth and long-term strategy, setting for us key milestones and continuous improvement objectives.

TARKETT VALUES

Tarkett today reflects the merging of international cultures, a direct result of our acquisitions over time. Yet, across the world and entities, we share key values, ensuring a common culture and alignment in our decentralized organization:

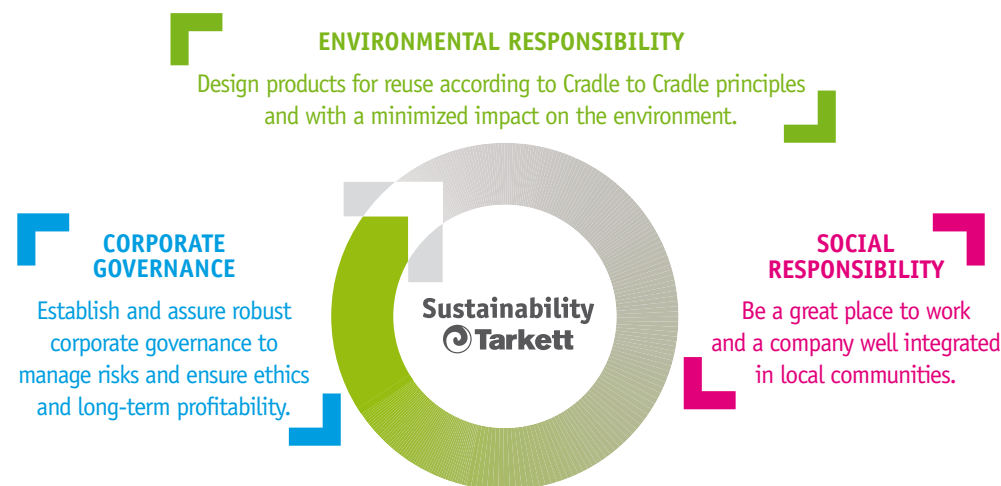
- Positive customer attitude
- Team spirit
- Empowerment and accountability
- Respect and integrity
- Commitment to the environment



In 2012, Tarkett published a book about its 130 years of history.

MEMBER OF GLOBAL COMPACT

The United Nations 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. Since signing the UN Global Compact in 2009, Tarkett has promoted progress on all 10 Principles through its commitment and actions and its stakeholder relationships. Tarkett has reached the Global Compact Advanced level, demonstrating its commitment to translate and implement into practices the Global Compact Principles (refer to numerous examples of Tarkett's commitment to Global Compact throughout this report).



Corporate responsibility is not something “nice to have” and which we add on to our operations. It is at the very heart of our vision and of our work to ensure a sustainable development of our Company, with a genuine concern for the future of the planet. Our relationships with all stakeholders – our customers and suppliers, our employees, our shareholders and the communities in which we operate – are based on respect and accountability for our actions towards them. As a responsible company, we are guided by the 10 principles of the United Nations Global Compact which inspire the way we operate and the way we do business.

Michel Giannuzzi
Tarkett Chief Executive Officer

Environmental Responsibility

Tarkett's environmental philosophy is to be pro-active rather than reactive. We don't seek to simply limit negative impacts; we want our products and operations to contribute positively to the environment and people well-being.

Our products should contribute to a good environment at all steps of their life cycle and we have placed this approach at the heart of our innovation strategy. The Cradle to Cradle philosophy which we started to implement since 2011 is one example of this revolutionary approach. By designing products from the beginning for infinite reuse, we are providing a positive contribution to people and the environment. In doing so, we motivate our employees to be creative, leading to discovery of new sources of profitable growth and environmental effectiveness.



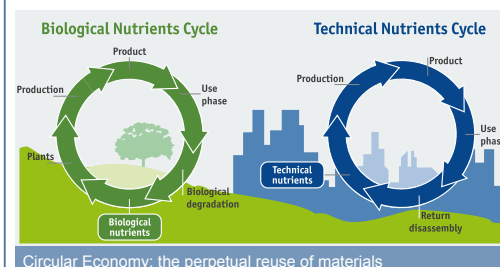
WHAT IS CRADLE TO CRADLE?

Since 2011, Tarkett applies the Cradle to Cradle principles, which marked a change in how our flooring is designed and manufactured. With the support of the German Scientific Institute EPEA, the approach aims at assessing and choosing product materials that can be reused in technological cycles (i.e.: materials reprocessed into flooring or other applications) or biological cycles (i.e.: natural decomposition). In 2011, Tarkett was the first linoleum producer (made from natural and renewable materials such as linseed oil, pine resin, jute wood and cork) and wood flooring producer in Europe with Cradle to Cradle® certified products (silver level). In 2012, Tarkett obtained its third Cradle to Cradle® certification (basic level) for its Johnsonite rubber flooring range manufactured in the United States.

Based on Cradle to Cradle principles and the "Circular Economy" approach, we aim at re-using materials indefinitely without compromising on quality or value for our customers. That's why we have defined a new product design approach, integrating environmental sustainability at the four main steps of the product life-cycle: select the good materials, use resources in a responsible way in our operations, provide well-being to people during product use and maintenance, reuse and recycle at the end of use.

WHAT IS THE CIRCULAR ECONOMY?

A "Circular Economy" involves the indefinite re-use and transformation of materials to make a continuous "positive contribution" for people and the environment. Aligned with Cradle to Cradle principles and "Circular Economy" approach, Tarkett strives to become a "closed-loop," or "Circular Company." Beyond the objective to reduce the depletion of non-renewable resources, this means (re-)thinking products, manufacturing processes and business models according to the principle of positive contribution on each of the three dimensions: for people, the environment, and economic development and profitability. In February 2013, Tarkett has been one of the first companies to join the "Circular Economy 100" program launched by the Ellen MacArthur Foundation. This program aims at creating a network of one hundred companies whose ambition is to promote the development of the circular economy, a model for economic growth based on circular re-use of materials and preservation of the world's resources.



GOOD MATERIALS

The choice of materials that are safe for people and the environment and that can enter into a technical or biological cycle.

RESOURCE STEWARDSHIP

The responsible use of resources in our operations.

PEOPLE FRIENDLY SPACES

The well-being of people during product use and maintenance.

REUSE

The recycling at the end-of-use to eliminate waste and to design new products with good materials.

GOOD MATERIALS



In 2012, Tarkett has continued to improve its flooring product composition selecting “good” ingredients that can be recycled or reused. This means increasing in our products the part of rapidly renewable, recyclable and recycled materials.

Today, most of our vinyl products contain both pre and post-consumer recycled content¹, and they are all 100% recyclable. We also use rapidly renewable materials such as oyster and walnut shells, linseed oil, wood flour, rosin, or cork. Since 2004, Tandus uses in its Ethos carpet backing PVB films from post-used windshields and other structural safety glass.

In a responsible way, the Group also continues to select materials exceeding the most demanding health and safety regulations. Not only do we systematically exclude all substances listed as “very high concern” on the EU REACH list and by the American Environmental Protection Agency (EPA), but in addition almost all materials have been assessed by EPEA in terms of their potential impact on people health and on the environment.

Based on tremendous work done on product composition, almost all Tarkett’s vinyl flooring ranges made in North America and homogeneous vinyl flooring products made in Europe are now based on phthalate-free technologies.

RESOURCE STEWARDSHIP



We continuously adapt and improve our manufacturing operations to optimize and reduce water and energy consumption. Between 2010 and 2012, water consumption² has been reduced by 24%, thanks in particular to closed-loop water circuits set up in half of our production sites³. Energy consumption² was reduced by 5% between 2010 and 2012 thanks to industrial improvements, including the implementation at some plants of energy production systems using biomass. For example, three quarters of our wood plants use sawdust to produce their electricity. Tarkett also optimizes transportation (i.e.: using ferries instead of trucks, promoting local procurement and supply chain when possible), thus reducing greenhouse gas emissions.



Windshield recycling for Ethos



Tandus Ethos carpet backing production



Natural pin rosin



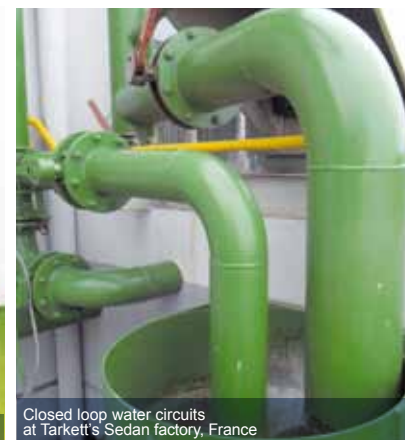
Linoleum cement



Linoleum coloration



Tarkett low emission, noise reduced school flooring



Closed loop water circuits at Tarkett's Sedan factory, France

PEOPLE-FRIENDLY SPACES



As we spend more and more time living indoors and create spaces that are energy efficient, access to air quality and healthy spaces are increasingly important for people. That’s why Tarkett has decided to set the highest industry standard in designing all of its products to have very low emissions of Volatile Organic Compounds, being better than existing regulations such as in Europe. In 2012, 96% of our worldwide vinyl production already presented TVOC emissions level 10 times lower than the levels prescribed by European regulation (100 µg/m³ vs Europe standards⁴ at 1000 µg/m³). Tarkett decided to go further designing specific vinyl ranges, such as the homogenous vinyl flooring made in Europe, and BaseWorks, Fiberfloor, and some vinyl tile ranges (VCT, VET and SVT⁵) made in the USA with extremely low TVOC emissions at non quantifiable level.

Acknowledging our commitment for better indoor air quality, Fiberfloor, iQ and indoor sports products have been certified in 2012 by the American Asthma and Allergy foundation (AAFA). Tarkett products are the only flooring products that have received this certification.

We also developed flooring solutions that enhance well-being and comfort during their use and maintenance. Thanks to specific surface treatment and cleaning technologies, our floors are easier to maintain and to clean, using less chemical detergents and water (i.e.: dry buffing cleaning system). For example, iQ products require 18% less water, 2.3 times less detergent and 20% less electricity. Considering a 20 years lifetime, their maintenance reduce by 40% the impact on both climate change and resources⁶.



Asthma and Allergy Foundation of America



Dry Buffing System



REUSE



The Johnsonite Restart Program was introduced in 2003



Tandus Recycling Center

Our closed-loop manufacturing initiative integrates production waste in our own manufacturing processes or through alternate uses. Between 2010 and 2012, Tarkett reduced by 20% the amount of industrial waste going to landfill².

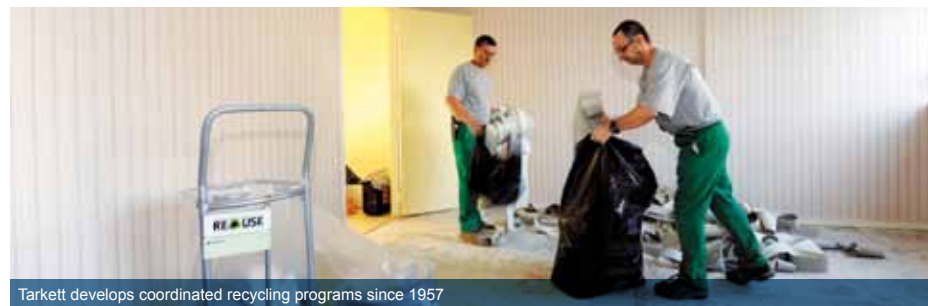
Tarkett has also a long-lasting experience in recycling started in 1957 and has implemented take-back programs with networks of local reclamation partners, enabling collection of post-installation and post-consumer flooring remainders when new floor is installed. This enables our customers to avoid sending this waste to landfill but also, we then process these used products in our in-house recycling facilities to use them back in our products.

In 2012, the Group collected and recycled 6000 tons of post-consumer and post-installation materials through Tarkett's ReUse and ReStart programs, launched in 2003, respectively operating in Sweden, France and in the USA.

Tandus, the newly acquired carpet company, has been also recycling floor covering back into floor covering since 1994. In 2012 Tandus has extended its Flooring Environmental Center, which is the first reclamation center of the flooring industry that is third party certified. Tandus recycles not only its own flooring but also flooring coming from other manufacturers, as well as materials from other applications.



FieldTurf has taken the lead with respect to recycling turf fields, having worked on field removal, infill separation, and recycling technologies



Tarkett develops coordinated recycling programs since 1957

- (1) Post-consumer recycled material: Waste material generated by households or by commercial, industrial, and institutional facilities in their role as end users of a product(s), which is no longer used for its intended purpose (see ISO 14021). Pre-consumer recycled material: Material diverted from the waste stream during the manufacturing process. This term excludes reutilized materials such as rework, regrind, and scrap that are capable of being reclaimed within the same process that generated them.
- (2) Indicators measured per sqm of manufactured products (litres/m², kWh/m², g/m²).
- (3) 16 out of 32 Tarkett manufacturing sites (excluding Tandus sites) have implemented closed-loop water circuits or do not use water for their process.
- (4) In Europe Total Volatile Organic Compounds (TVOC) emissions after 28 days; In North America TVOC emissions after 14 days based on ASTM 05116.
- (5) BaseWorks, Vinyl Composition Tile, Vinyl Enhanced Tile and Solid Vinyl tiles 3rd party tested as under the limit of quantification (LQ).
- (6) Based on LCA (Life Cycle Assessment) data - cradle to grave Simapro impact 2002 Plus, Ecoinvent.

Social Responsibility

Tarkett aims to be both a great place to work and a great neighbor in the local communities in which we operate and in which our employees and customers live.

TRACKING THE DRIVE FOR EXCELLENCE

This commitment to safety is reflected in performance on this critical indicator: since 2008, the number of Lost Time Accidents has been reduced by more than half, on a comparable basis. In 2012, we focused on individual behavior, implementing “safety dialogue” sessions to reinforce personal involvement and “taking ownership responsibility” at every level of the organization.



Vincent Lecerf,
Executive Vice President
Human Resources

Focusing on our people and on our neighbors in the communities in which we do business comes naturally to us at Tarkett.

The entrepreneurial spirit fostering individual imagination and effort has been in our DNA since the start, when a group of successful individual companies were brought together to make something much bigger and better for their customers and for their employees.

Our Human Resources policies and practices make sure this continues to be the case. What brings us together are our common values: putting people first, best serving our customers, the objectives of our profitable growth strategy shared by all, an entrepreneurial culture and a long-term vision, focusing on sustainability from the beginning.

40%

OF PROGRESS MADE ON SAFETY
REDUCING THE LOST TIME ACCIDENT
FREQUENCY RATE* IN 2012 VS 2011.

* Number of Lost Time Accidents per million hours worked

SAFETY: NO COMPROMISE

Safety is our highest priority; Tarkett's commitment to social responsibility starts with it. So we create a true dynamic of safety training and ownership at every level of the company. Safety training throughout our organization is required for every employee, adapted to the workplace environment in which they operate. Systematic implementation of safe practices and behavior is driven through our World Class Manufacturing methodology, which continues to be deployed throughout our plants worldwide. Our safety program is also reinforced through internal auditing and Executive Committee review of individual accident reports. Safety really is a value that is shared on the plant floor everywhere Tarkett operates.



Workplace safety, a first priority



Reduction by 50% of Lost Time Accidents since 2008

TALENT DEVELOPMENT: ENCOURAGING PEOPLE TO BUILD THE CAREER THEY WANT AND PROMOTING DIVERSITY AND MOBILITY

Tarkett's people development program is structured and implemented to prepare each individual's evolution and to anticipate organizational changes to ensure their long-term employability. The forward-looking program also contributes to maintaining one of Tarkett's strongest assets: its diversified, local and regional management. Our diverse culture is itself, a major source of creative ideas and approaches at all levels of management, from the most local to the most global. We are proud of this strong and diverse international culture that is a source of great strength for all employees throughout our operations. That focus on people also means drawing upon the diversity of talents and experience across borders.



Tarkett's truly international human resources can be seen throughout the organization. Local teams know best their local customers and each local organization works to develop that local talent. Members of the Executive Committee bring regional knowledge from around the world. Both local and international teams practice daily a culture of pragmatism, fairness, ethics and, most importantly, a deep respect for the individual.

Vincent Lecerf

Executive Vice President, Human Resources



The annual performance review: an opportunity to share employee evaluation and to prepare for career development



Workshop on Tarkett Values and entrepreneurial leadership

DEVELOP PEOPLE: our commitment to being a responsible employer includes providing opportunities for our employees to develop and grow professionally within Tarkett. Formalized systems, such as individual talent reviews, annual performance and development appraisals conducted at all levels of the organization, ensure a regular, coherent, objective and recurring focus on each employee's career situation and aspirations. 2,000 managers and employees performance and development plans were analyzed in the framework of talent reviews during 2012.

TRAIN TEAMS: the development of skills is at the heart of our policy for all employees. The Group's training policy is elaborated based on individual development plans and through a number of related programs and objectives. They include Tarkett's strategic orientations, a focus on transversal initiatives such as newcomer integration (Live campus), WCM (World Class Manufacturing), project management, ethics and compliance program and Managerial & Leadership skills.



"E-CAMPUS" PROGRAM

Tarkett Academy launched an e-learning program on flooring solutions. The "e-Campus" program for staff is available in 15 languages and includes a total of 8 hours of training content including 30 sales-based customer scenarios.



Yvonne Segal (HR Manager, Tarkett UK – second from left on the photo) received for Tarkett the eLearning Awards 2012 – Bronze in the "Best eLearning Project: Private Sector" category.



Beginning of 2013, the e-Campus program also received the Learning Gold Award (from the Learning & Performance Institute, UK) in the category Learning Technologies solutions of the Year.

MORE THAN
700
MANAGERS WERE
TRAINED IN "MANAGER
@ TARKETT"

OVER
600
PEOPLE TRAINED TO
"PROJECT MANAGEMENT
@ TARKETT" PROGRAM

61%
OF TARKETT EMPLOYEES
PARTICIPATED IN TRAINING
PROGRAMS IN 2012

PROMOTE DIVERSITY AND MOBILITY: As a global business, we embrace and understand the importance of operating in a multicultural world. Diversity is at the heart of the Tarkett culture and we encourage internal mobility in many areas of Tarkett's corporate life, locally as well as internationally. We want to encourage development of people from all of our regions and to advance further in the promotion of women in management.

Internal mobility creates new opportunities for our people and allows us to plan for organic growth by helping to ensure that our organization has the right talents at the right time in the right position.

DIALOG: PROACTIVE EMPLOYEE COMMUNICATION AND DIALOGUE

COMMUNICATE WITH EMPLOYEES: Tarkett maintains a regular flow of communication with its employees: monthly newsletters and CEO quarterly management audio-conferences complemented by internal communication driven at the local level in each entity.

Tarkett promotes social dialogue at all levels of the company. Thus, the "Tarkett Forum" European Works Council meets quarterly, either in plenary or informal meetings.

LISTEN TO OUR TEAMS: To evaluate team motivation and implement the most appropriate initiatives site by site, Tarkett has implemented an internal employee survey of its employees every two years since 2008. In 2012, over 81% of employees, speaking 16 different languages, voiced their opinion in this global survey.

In 2012, beyond the very high response rate, the survey demonstrated that Tarkett employees are significantly more motivated and satisfied than average industrial workers. This finding is from a benchmark of responses in similar surveys across a wide range of companies (Mercer Poll). In particular, on questions related to pride in belonging to the company, management and communication, satisfaction is significantly higher than the industry average. These numbers are steadily progressing, demonstrating continued momentum in increasing employee satisfaction and motivation.



TARKETT AWARDS

PROMOTING ENTREPRENEURIAL SUCCESS AND RECOGNIZING EMPLOYEE CONTRIBUTIONS:

More than 100 nominations were submitted to the Tarkett Award competition in 2012, recognizing team initiatives, ideas and successes, in the areas of Tarkett's 5C's : Customer, Cash, Cost, Commitment to People and Environment, Creativity. The site of Narni in Italy won the "Tarkett President Award", rewarding major progress in staff commitment as measured in the employee survey, as well significant improvement in site efficiency, following the implementation of World Class Manufacturing Initiatives.



CITIZEN INVOLVEMENT: BUILD LONG-LASTING AND WIN-WIN PARTNERSHIPS WITH LOCAL COMMUNITIES

Our commitment to people also means being a responsible corporate citizen in our host communities. Tarkett has established solid and enduring partnerships with the local communities where its industrial sites are located, in various areas: to preserve the environment, to reduce sound, visual or transportation impacts, as well as to support local development and initiatives.

We also take an active part in educational and professional training, by sharing our Tarkett Academies program and locations with our customers and partners (installers, distributors...). By providing training sessions on flooring products and flooring installations and decoration, we offer opportunities for young people and workers to acquire professional skills and qualifications, thus increasing their employability.



The first Tarkett Academy opened in 1992

Tarkett
iAcademy

ALMOST
5,000

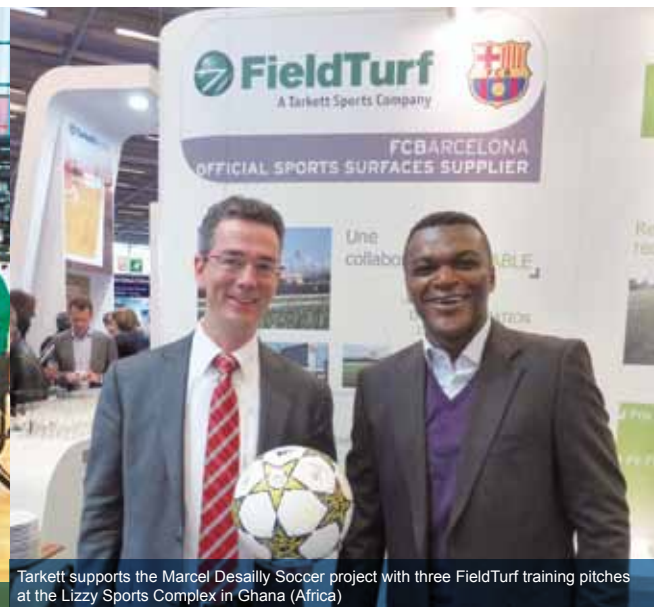
EXTERNAL PEOPLE HAVE BEEN
TRAINED AT TARKETT ACADEMIES
AROUND THE WORLD

AMONG THEM
2,541

INDIVIDUALS PARTICIPATED IN
PROFESSIONAL AND/OR "GRADUATE"
TRAINING SESSIONS



In 2012, Tarkett supported athletes with disabilities



Tarkett supports the Marcel Desailly Soccer project with three FieldTurf training pitches at the Lizzy Sports Complex in Ghana (Africa)

RESPONSIBLE PARTNERS FOR "WELL BEING" IN HEALTH AND SPORTS

Aligned with its core values, Tarkett also supports "well-being" initiatives promoting local sports activities for young people, providing assistance to the elderly, encouraging individuals with disabilities and supporting local renovation and rebuilding projects.

In France, Tarkett has been a longtime partner of the Claude Pompidou Foundation, which provides assistance to the elderly, to hospital patients and children with diabetes. In 2012, Tarkett also supported the French National Olympic Committee (CNOSF) and provided assistance to athletes with disabilities through its partnership with France's Handisport Federation.

In Serbia, Tarkett created a "Tarkett Fund" in order to finance local sports competition and social activities.

INVOLVEMENT IN COMMUNITIES

In the U.S., Tarkett is an active partner of the U.S. Soccer Foundation as well as the U.S. Football's national governing body, providing sports fields in underprivileged neighborhoods. Tandus, the carpet company acquired by Tarkett in September 2012, is also involved in a variety of volunteer efforts with non-profit organizations in various communities. The company donates time, money and Tandus products to schools, hospitals, medical research sponsors, community centers, and other causes. "These efforts are driven by the company's culture and core values, and provide one avenue for our people to connect with our customers and communities," explains Brad Cummings, Senior Vice President, Human Resources of Tandus.



Group Governance

Tarkett's corporate governance processes are directed to ensure: uncompromised business ethics, robust and transparent corporate supervision, risk management and regular dialogue with stakeholders.



Stéphanie Couture,
Group General Counsel



Compliance at Tarkett aims to insure that, everywhere we operate we demonstrate best practices in ethics. Tarkett is committed that its employees as well as its business partners apply, in a practical manner, the highest business standards. Our corporate governance model thrives to set a simple, transparent and accountable corporate structure for our shareholders.

STRONG SUPPORT AND COMMITMENT OF OUR SHAREHOLDERS

Since January 2007, Tarkett SA is owned through a holding company by the Deconinck family (50%) and funds affiliated with "Kohlberg Kravis and Roberts" (KKR) (50%). These engaged shareholders support its profitable long term growth strategy.

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

The Supervisory Board:

The Supervisory Board 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 and its vice president is Jacques Garaïalde from KKR. Board members meet once a month with the Management Board for a detailed review of the group's financial performance, operations and strategic initiatives.



1. Bernard-André Deconinck 2. Jacques Garaïalde, KKR
3. Josselin de Roquemaurel, KKR 4. Eric Deconinck 5. Alain Vourch, KKR
6. Didier Deconinck 7. Sonia Bonnet-Bernard

In line with standard governance practices, the Supervisory Board also has three dedicated Committees:

- the Strategy and Marketing Committee, chaired by Eric Deconinck.
- the Selection and Remuneration Committee chaired by Jacques Garaïalde (KKR).
- the Audit Committee, chaired by Sonia Bonnet-Bernard, independent member of the Board. Its purpose is to assist the Supervisory Board with the following duties:
 - 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 internal audit plan in collaboration with the internal control and audit department, and ensuring that internal control processes are performed.
 - Examining the conclusions of the internal audits and the implementation of corrective measures.



Management Board:

The Management Board is chaired by Michel Giannuzzi, Chief Executive Officer and includes Fabrice Barthélemy, Chief Financial Officer, and Vincent Lecerf, Executive Vice President Human Resources.

Executive Committee:

The Executive Committee is the Group's steering body, led by the CEO. It includes the operational and functional leaders of Tarkett:

- EMEA, Eastern Europe, North America and Sports Divisions and the Latin America & Asia-Pacific areas,
- Finance, Human Resources, Operations, Research Innovation & Environment, and Legal.

KKR GREEN PORTFOLIO



Since February 2010, Tarkett has been a member of the KKR Green Portfolio. Designed in partnership with the nongovernmental organization Environmental Defense Fund (EDF), the program is an opportunity for Tarkett to get guidance and share best practices to improve its environmental performance, including in the areas of greenhouse gas emissions, waste and water stewardship.



Risk Management: Identify, assess, limit and control


Risk identification and risk management are among the issues reviewed by the Supervisory Board, the Executive Committee and the Audit Committee. In 2012, Tarkett updated its risk mapping and continued to implement action plans, significantly reducing risk exposure. 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.

TRACE

Tarkett monitors the implementation of internal controls in all its entities worldwide through a yearly self assessment process called TRACE (Tarkett Risks And Controls Evaluation); since 2011, internal control and audit processes are supported by a dedicated web based tool, accessible by all managers to monitor results of self-assessment as well as implementation of action plans.

ETHICS: INVOLVE ALL EMPLOYEES IN THE APPLICATION OF THE CODE OF ETHICS AND COMPLIANCE PROGRAM

Tarkett has formalized programs to ensure that ethic rules are not only clearly communicated to its teams but also shared, understood and practiced. 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 program to raise awareness and train specific employee groups (sales force, purchasing teams, executives...) on topics that include fair competition practices and anti-corruption. This commitment is a core value for the Group which is reflected in its reputation on the world markets.



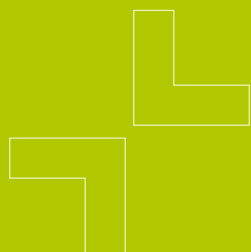
Tarkett people make the difference in achieving excellence by serving the interests of all stakeholders, the key to assuring sustainable growth.



PERFORMANCE
TRACKING THE DRIVE
for excellence






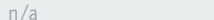







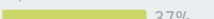



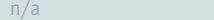


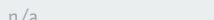




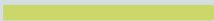


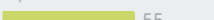


Corporate Sustainability Dashboard

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



All indicators for 2012 exclude Tandus products and sites (company acquired in September 2012) except when specifically mentioned.

Environmental initiatives	Indicators		Var 2010/2012
Reduce usage of fresh and potable water	Fresh water consumption (liters / m ²)	2010 2.97 2011 2.54 2012 2.27	-24%
	% of our manufacturing sites that have implemented closed-loop water circuits or do not use water for their process ⁽¹⁾	2010 52% 2011 47% 2012 50%	+14%
Decrease energy consumption and greenhouse gas emissions	Energy consumption (kWh/m ²)	2010 3.61 2011 3.66 2012 3.43	-5%
	GreenHouse Gas emissions (kgCO ₂ e/m ²)	2010 1.07 2011 1.11 2012 1.06	-1%
Design solutions ensuring indoor air quality, health and well-being	% of production that is phthalate-free (only for vinyl flooring)	2010 0% 2011 16% 2012 20%	+20 pts
	% of production that presents low TVOC emissions ⁽²⁾	2010 27% 2011 91% 2012 96%	+69 pts
	% of production that presents non detectable TVOC emissions ⁽²⁾	2010 0% 2011 6% 2012 40%	+40 pts
Ensure that all manufacturing wastes enter into a biological or technical cycle	Industrial waste going to landfill (g/m ²) including hazardous waste	2010 47 2011 45 2012 37	-20%
Develop take-back programs for our flooring solutions, allowing to close the loop	Volume of collected post-installation or post-consumer flooring and sports surface products (in tons) ⁽³⁾	2010 16,100 2011 13,800 2012 6,000	-62%

Social initiatives	Indicators		Var 2010/2012
Guarantee a safe place to work	Lost time accident frequency rate ⁽⁴⁾	2010  4.3 2011  5.5 2012  3.5	 -19%
Ensure respect and integrity	Progress on Tarkett values adhesion in the employee feedback (made every 2 years) ⁽⁵⁾	2010  56.0 2011 n/a 2012  58.5	 +4%
Foster diversity	% of women in top 100 positions (CEO/CEO-2 positions)	2010 n/a 2011  16% 2012  18%	 +13% (2011/2012)
	% of employees with disabilities ⁽⁶⁾	2010 n/a 2011  1.5% 2012  1.9%	 +26% (2011/2012)
Develop talents and promote an entrepreneurial culture	% of people trained ⁽⁷⁾	2010 n/a 2011  37% 2012  61%	 +65% (2011/2012)
Listen to employees and engage in social dialog	Progress on related question in the employee feedback ⁽⁸⁾	2010  53.5 2011 n/a 2012  56.6	 +5%
Communicate pro-actively towards all employees	Progress on related question in the employee feedback ⁽⁹⁾	2010  55.7 2011 n/a 2012  58.7	 +5%
Develop involvement with local communities	Number of external people having received professional training (flooring installation)	2010 n/a 2011  1,893 2012  2,541	 +34% (2011/2012)
Corporate Governance			Var 2011/2012
Promote Corporate Sustainability values to stakeholders	% of purchases (in value) with suppliers committing to the UN Global Compact ⁽¹⁰⁾	2010 0 2011  21 2012  30	 +43%
Ensure regular audits of businesses	Share of entities audited during the last 4 years (calculation based on % of operating assets of audited entities)	2010 n/a 2011  55 2012  93	 +79%

SOCIAL AND HUMAN RESOURCES DASHBOARD

		2012	2011
Total employees	Worldwide	10,668	9,077
	EU and other countries OECD	35%	41%
	North America	33%	21%
	Emerging Countries	32%	38%
Diversity	Men / Women	73% / 27%	74% / 26%
Age	under 29 years	16%	18%
	30/39 years	29%	30%
	40/49 years	29%	29%
	50/59 years	21%	19%
	above 60 years	5%	4%
Absenteeism	Absenteeism on industrial sites	2.4%	2.6%



- (1) Excluding Tandus manufacturing plants.
 (2) Total Volatile Organic Compounds : Low TVOC below level of EU regulations at 1000 µg/m³ TVOC at day-28 ; Non Detectable TVOC below level that are quantifiable (excluding accessories and sports surfaces)
 (3) The volume of post-installation and post-consumer flooring collected through our reclamation programs has decreased over the past two years. This is explained by exceptionally high levels of collection in 2010 (and partly in 2011) thanks to a special partnership with one of our US customers, who conducted a nation-wide refurbishment program in all its stores, enabling us to reclaim old VCT floor coverings and replace with new products.
 (4) Number of lost time accidents / 1 million worked hours.
 (5) Average of employee feedback's questions: 4.1 "I believe Tarkett's values provide clear direction for employees" and 4.2 "I believe management behaviors are consistent with Tarkett's values". Employee feedback made every 2 years.
 (6) Only in countries where disability is defined by law, as per local definition – Including Tandus.
 (7) Employees trained at least 1 day in total during the year, including SAP, WCM, Safety, Sales training, and including Tandus.
 (8) Average of employee feedback's questions: 1.1 "In my department, differing views are openly discussed when making decisions" and 1.3 "Sufficient effort is made to get the opinions and thinking of people who work in Tarkett". Employee Feedback made every two years.
 (9) Average of employee feedback's questions: 1.2 "My manager does a good job of keeping me informed about matters that affect me", 1.4 "Senior management does a good job of explaining the reasons behind important business decisions" and 1.5 "Overall, I receive enough information at Tarkett". Employee Feedback made every two years.
 (10) Suppliers with which a supply agreement has been signed, including a clause where the supplier undertakes to abide by the ten principles of UNGC.

All financial data in this report are compliant with IFRS (International Financial Reporting Standards).

Income statement

in Millions EUR	2012	2011	2010
Net sales	2,318	2,088	1,919
Year-on-year growth	11.0%	8.8%	12.4%
Cost of sales	(1,792)	(1,658)	(1,476)
Gross profit	526	431	443
Selling expenses	(214)	(212)	(202)
Research and development expenses	(20)	(18)	(16)
General and administrative expenses	(137)	(114)	(103)
Other operating income & expenses	(4)	5	14
Operating profit before financing costs (EBIT)	151	91	136
of which unusual items	(22)	(10)	(4)
EBIT before unusual items	173	101	140
% of net sales	7.5%	4.8%	7.3%
of which depreciation	(87)	(90)	(83)
EBITDA before unusual items	260	191	222
% of net sales	11.2%	9.2%	11.6%
Net financial costs	(25)	(21)	(19)
Share of Profit of Associates	-	-	(0)
Profit before tax	127	70	116
Income tax expense (current & deferred)	(41)	(45)	(5)
Profit for the year	85	25	112
Attributable to:			
Equity holders of the parent	84	27	111
Minority interests	2	(2)	0
Profit for the year	85	25	112

Balance sheet

in Millions EUR	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
ASSETS			
Goodwill	449	277	281
Intangible assets	98	106	84
Property, plant and equipment	429	387	393
Investments in associates	-	-	-
Financial assets	35	27	24
Deferred tax assets	97	82	93
Other non-current assets	-	0	0
Non-current assets	1,109	879	876
Inventories	339	284	265
Trade receivables	283	284	274
Other receivables	67	55	57
Cash and cash equivalents	81	54	28
Current assets	770	677	624
TOTAL ASSETS	1,879	1,556	1,499
EQUITY AND LIABILITIES			
Share capital	316	316	316
Share premium and reserves	139	139	139
Retained earnings	145	144	134
Net result for the year	84	27	111
Equity attributable to equity holders of the parent	683	626	700
Minority interests	10	9	8
Total Equity	694	635	708
Interest-bearing loans and borrowings	343	270	222
Other Financial Liabilities	7	9	20
Deferred Tax Liabilities	5	5	6
Employee benefits	142	109	105
Provisions and other non-current liabilities	38	35	32
Non-Current Liabilities	535	429	386
Trade Payables	222	189	196
Other Liabilities	190	144	141
Interest-bearing loans and borrowings	191	116	32
Other Financial Liabilities	12	12	11
Provisions and other current liabilities	36	31	26
Current Liabilities	650	492	405
TOTAL EQUITY AND LIABILITIES	1,879	1,556	1,499

Operating cash flow

in Millions EUR	2012	2011	2010
EBITDA before unusual items	260	191	222
Variation in operating working capital	47	(23)	(9)
On-going Capex	(84)	(77)	(46)
Operating cash flow - before unusual items	223	91	168

Debt Analysis

in Millions EUR	2012	2011	2010
NET DEBT - Opening	(332)	(226)	(271)
Operating cash flow - before unusual items	223	91	168
Unusual items in EBITDA	(20)	(2)	4
Unusual items in operating working capital	3	0	(4)
Non cash flow items	(3)	(8)	(8)
Net Operating cash flow	204	81	159
Net cash used in investing activities	(259)	(18)	(51)
Net cash used in financial and non operating activities	(68)	(56)	(48)
Dividends	-	(103)	-
Non Operating cash flow	(327)	(176)	(98)
Net cash flow	(123)	(95)	60
Other	3	(11)	(16)
NET DEBT - Closing	(452)	(332)	(226)





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OUR MISSION

With more than 130 years of experience in creating safe, sustainable and inspiring flooring and sports surfaces solutions, Tarkett enhances its customers' return on investment and quality of life, everyday accross the world.



THE ULTIMATE FLOORING EXPERIENCE