

DOMCO TARKETT INC.

PRESS RELEASE

For immediate release

DOMCO TARKETT REPORTS STRONG THIRD QUARTER

Farnham, Quebec, November 1, 2001---Domco Tarkett Inc. (TSE: DOC) today announced solid results for the third quarter ended September 29, 2001. Company President Ulf Mattsson said the improvement came despite "relatively difficult circumstances."

OPERATING RESULTS

Consolidated net sales for the third quarter were up 2.2% to \$170.4 million compared to \$166.8 million the previous year. 85.0% of sales were generated in the U.S. market, compared to 83.9% for the same period last year. Taking into account last year's exchange rates, sales for the third quarter would have decreased by 1.7% to \$164.0 million from the corresponding quarter in 2000. For the first nine months of the year, sales increased 1.5% to \$510.4 million. At constant exchange rates, sales would have declined by 2.5% for the first nine months of 2001.

These results reflect a strong performance in the hardwood segment, modest growth in distribution activities and a decrease in the resilient flooring business.

On a segmented basis, third quarter sales in resilient flooring were \$122.5 million compared to \$126.7 million for the corresponding quarter last year. For the nine months, sales were \$369.5 million compared to \$386.6 million a year ago.

"The decline in the residential market has been a factor for several quarters and reflects the growth of other flooring surfaces like wood and ceramic in this segment. New products are being developed to help improve our position. As well, sales of commercial resilient flooring have increased," stated Mr. Mattsson.

Sales in the hardwood-flooring segment continued to grow, accounting for 28.1% of consolidated net sales, compared to 24.1% during the third quarter last year. Sales in this area rose 19.3% to \$47.9 million compared to \$40.1 million for the corresponding quarter the preceding year. Sales were \$141.0 million for the first nine months compared to \$116.3 million a year ago.

Sales related to distribution activities totaled \$20.9 million, compared to \$21.3 million or a decrease of 1.5% over the same quarter of 2000. Sales for the first nine months of 2001 were \$60.3 million compared to \$58.9 million for the corresponding period in 2000. This increase is due to the March 2001 acquisition of part of the assets of HFI Hardwood Flooring Inc., a wood distributor in Western Canada.

GROSS MARGIN

Consolidated gross margin rose slightly to 30.2% of sales in the third quarter, compared to 29.3% a year ago. For the first nine months the gross margin declined from 31.3% to 30.2%. The hardwood segment carries lower margins than the resilient segment.

ADMINISTRATIVE, DISTRIBUTION AND SELLING EXPENSES

Administrative, distribution and selling expenses amounted to \$36.2 million (or 21.3% of consolidated sales) compared to \$37.6 million (or 22.5% of consolidated sales) for the same quarter last year. For the first nine months of the year, expenses declined by \$6.6 million after eliminating the impact of exchange rate variations. This improvement results from tighter control of operating expenses as well as plant and administrative personnel downsizing under a cost reduction program.

EBITDA

For the third quarter earnings before interest, taxes, depreciation and amortization (EBITDA) were \$15.3 million (or 9.0% of consolidated sales) compared to \$11.4 million (or 6.8% of consolidated sales) a year ago. For the nine months EBITDA was \$44.8 million (8.8% of sales) compared to \$45.2 million or 9.0% of sales for the corresponding period of the preceding year.

NET EARNINGS

Net earnings for the third quarter were \$4.4 million or \$0.18 per share, compared to \$1.2 million or \$0.05 per share for the corresponding quarter in 2000. For the first nine months of the year net earnings were \$10.9 million or \$0.43 per share, compared to \$11.5 million or \$0.45 per share last year.

FINANCIAL POSITION

During the first nine months of the current year, the Corporation reduced its bank borrowings by \$23.9 million following mainly tight controls over working capital.

DIVIDENDS

The Board of Directors decided not to declare any dividends, as done in December 2000 and March 2001, enabling the Corporation to maximize its financial strength.

OUTLOOK

Mr. Mattsson stated that the Company was able to post significant improvement in earnings over last year's third quarter.

"This is a confirmation of the positive impact of our strategy and restructuring measures. However, considering the continuing uncertainty of the political and economic environment, we remain cautious. We expect a challenging fourth quarter, but will nevertheless continue our strategy to increase profitability of Domco Tarkett through a combination of cost improvements and by aggressively promoting and enhancing our product offerings."

PROFILE

Domco Tarkett Inc. headquartered in Farnham, Quebec, Canada, is the second largest North American manufacturer of vinyl and hardwood flooring. With ten manufacturing facilities and extensive distribution networks serving all regions of Canada and the United States, Domco Tarkett offers one of the most comprehensive, high-quality product lines in the flooring industry. Its products are sold to commercial and residential users under the Azrock, Domco, Harris-Tarkett, Nafco and Tarkett brands. Domco Tarkett employs approximately 2,300 people.

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FOR FURTHER INFORMATION PLEASE CONTACT:**Domco Tarkett Inc.**

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Domco Tarkett Inc.
Consolidated Balance Sheets
(Unaudited for 2001)
(in thousands of dollars)

Assets	September 29, 2001	December 31, 2000	September 23, 2000
Current assets			
Cash and cash equivalents	\$ 42,630	\$ 53,907	\$ 28,092
Accounts receivable	89,676	66,751	86,382
Inventories	139,573	139,395	147,336
Prepaid expenses	8,209	5,607	5,957
Income taxes recoverable	539	5,669	8,079
	<u>280,627</u>	<u>271,329</u>	<u>275,846</u>
Property, plant and equipment	159,627	163,402	160,728
Goodwill, net of accumulated amortization	134,345	132,964	133,932
Future income taxes	14,529	-	9,338
Other assets	25,140	27,105	31,494
	<u>\$ 614,268</u>	<u>\$ 594,800</u>	<u>\$ 611,338</u>
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	\$ 101,048	\$ 95,681	\$ 97,513
Current portion of long-term debt	22,144	16,347	16,227
	<u>123,192</u>	<u>112,028</u>	<u>113,740</u>
Long-term debt	125,734	155,442	154,393
Future income taxes	17,302	3,475	11,907
Accrued employees' future benefit liabilities	26,987	24,749	30,456
	<u>293,215</u>	<u>295,694</u>	<u>310,496</u>
Shareholders' equity			
Capital stock (25,407,535 common shares) and contributed surplus	166,931	166,931	166,931
Retained earnings	124,221	113,352	117,051
Deferred translation adjustments	29,901	18,823	16,860
	<u>321,053</u>	<u>299,106</u>	<u>300,842</u>
	<u>\$ 614,268</u>	<u>\$ 594,800</u>	<u>\$ 611,338</u>

Domco Tarkett Inc.
Consolidated Statements of Cash Flows
(Unaudited)
(in thousands of dollars)

	3 Months Ended September 29, 2001	3 Months Ended September 23, 2000	9 Months Ended September 29, 2001	9 Months Ended September 23, 2000
Cash flows from (used in) operating activities				
Net income	\$ 4,426	\$ 1,249	\$ 10,869	\$ 11,537
Adjustments to determine net cash from operating				
Depreciation	5,852	5,843	17,861	17,379
Amortization	2,070	2,011	6,217	5,880
Loss on disposal of property, plant and equipment	-	237	-	237
Future income taxes	(521)	511	(709)	2,919
Other	(298)	232	553	1,105
Net change in non-cash working capital items related to operations	<u>2,995</u>	<u>(9,892)</u>	<u>(6,336)</u>	<u>(10,994)</u>
	<u>14,524</u>	<u>191</u>	<u>28,455</u>	<u>28,063</u>
Cash flows used in financing activities				
Repayment of long-term debt	(27,960)	(9,430)	(32,467)	(13,669)
Dividends	-	-	-	(3,811)
Issuance of common shares	-	-	-	40
Other	(408)	(14)	(520)	(14)
	<u>(28,368)</u>	<u>(9,444)</u>	<u>(32,987)</u>	<u>(17,454)</u>
Cash flows used in investing activities				
Purchase of property, plant and equipment	(2,096)	(4,016)	(8,072)	(7,970)
Proceeds from disposal of property, plant and equipment	77	1,308	77	1,429
Business acquisition	-	-	(1,093)	-
	<u>(2,019)</u>	<u>(2,708)</u>	<u>(9,088)</u>	<u>(6,541)</u>
Effect of changes in exchange rates on cash and cash equivalents	<u>2,000</u>	<u>(335)</u>	<u>2,343</u>	<u>4,043</u>
Net (decrease) increase in cash and cash equivalents	(13,863)	(12,296)	(11,277)	8,111
Cash and cash equivalents, beginning of period	<u>56,493</u>	<u>40,388</u>	<u>53,907</u>	<u>19,981</u>
Cash and cash equivalents, end of period	\$ <u>42,630</u>	\$ <u>28,092</u>	\$ <u>42,630</u>	\$ <u>28,092</u>

Domco Tarkett Inc.
Consolidated Statements of Income
(Unaudited)
(in thousands of dollars, except per share amounts)

	3 Months Ended September 29, 2001	3 Months Ended September 23, 2000	9 Months Ended September 29, 2001	9 Months Ended September 23, 2000
Revenues	\$ 170,411	\$ 166,818	\$ 510,447	\$ 502,869
Cost of goods sold	<u>118,926</u>	<u>117,860</u>	<u>356,190</u>	<u>345,546</u>
Gross Margin	51,485	48,958	154,257	157,323
Expenses				
Administrative, distribution and selling expenses	<u>36,218</u>	<u>37,554</u>	<u>109,427</u>	<u>112,141</u>
Income before depreciation, interest on long-term debt, provision for income taxes and amortization of goodwill	<u>15,267</u>	<u>11,404</u>	<u>44,830</u>	<u>45,182</u>
Other expenses				
Depreciation	5,852	5,844	17,861	17,380
Amortization of goodwill	1,871	1,797	5,587	5,269
Interest on long-term debt	<u>2,405</u>	<u>3,480</u>	<u>8,153</u>	<u>10,166</u>
	<u>10,128</u>	<u>11,121</u>	<u>31,601</u>	<u>32,815</u>
Income before provision for income taxes	<u>5,139</u>	<u>283</u>	<u>13,229</u>	<u>12,367</u>
Provision for income taxes				
Current	1,234	(1,381)	3,069	(1,993)
Future	<u>(521)</u>	<u>415</u>	<u>(709)</u>	<u>2,823</u>
	<u>713</u>	<u>(966)</u>	<u>2,360</u>	<u>830</u>
Net income	\$ <u>4,426</u>	\$ <u>1,249</u>	\$ <u>10,869</u>	\$ <u>11,537</u>
Earnings per share				
Basic	<u>\$ 0.18</u>	<u>\$ 0.05</u>	<u>\$ 0.43</u>	<u>\$ 0.45</u>
Fully diluted	<u>\$ 0.18</u>	<u>\$ 0.05</u>	<u>\$ 0.43</u>	<u>\$ 0.45</u>