

DOMCO TARKETT INC.

PRESS RELEASE

For immediate release

DOMCO TARKETT ANNOUNCES THIRD QUARTER RESULTS

- Year-to-date EPS up
- Resilient flooring revenues improve
- Close to \$56 million of long-term debt repaid this year
- Semi-annual dividend – policy resumed

Farnham, Quebec, October 31, 2002—Domco Tarkett Inc. (TSX: DOC) reported net earnings of \$7.4 million or \$0.29 per share for the third quarter 2002, compared to \$4.4 million or \$0.18 per share, for the corresponding quarter in 2001. For the first nine months of the year, net earnings were \$15.1 million or \$0.60 per share, compared to \$10.9 million or \$0.43 per share, one year before. "The results of the third quarter are encouraging" said Domco Tarkett President and CEO, Mr. Ulf Mattsson.

This increase is due to an improved operating profit, lower interest expense and the positive impact of the non-amortization of goodwill in line with new accounting standards.

Including the impact of the non-amortization of goodwill, last year's third quarter net earnings would have been \$5.6 million or \$0.22 per share. For the first nine months of 2001, they would have been \$14.4 million or \$0.56 per share.

Consolidated net sales for the third quarter reached \$178.7 million, an increase of 4.8% over the previous year. For the first nine months of the year, sales reached \$518.1 million, an increase of 1.5% over the corresponding period a year ago.

Sales and earnings for the third quarter and first nine months were as follows:

Financial highlights				
(in thousands of dollars, except per share data)				
	3 Months Ended September 28, 2002	3 Months Ended September 29, 2001	9 Months Ended September 28, 2002	9 Months Ended September 29, 2001
Sales	178,670	170,411	518,065	510,447
Net earnings	7,428	4,426	15,147	10,869
Earnings per share				
Basic	0.30	0.18	0.60	0.43
Diluted	0.29	0.18	0.59	0.43

Segmented results

In the resilient flooring segment, Domco Tarkett posted net sales of \$125.1 million compared to \$122.5 million for the same quarter last year. For the nine months, this segment's sales reached \$366.5 million, compared to \$369.5 million a year ago.

Third quarter sales in the hardwood flooring segment grew by 11.9% to \$53.6 million. Sales were \$151.6 million for the first nine months of 2002, compared to \$141.0 million a year ago or an increase of 7.5%. The hardwood segment accounted for 30.0% of consolidated net sales, compared to 28.1% in the third quarter of 2001.

EBITDA

For the third quarter, Domco Tarkett reported earnings before interest, taxes, depreciation and amortization (EBITDA) of \$16.2 million (or 9.1% of consolidated sales) compared to \$15.3 million (or 9.0% of consolidated sales) for the third quarter a year ago. For the first nine months, EBITDA was \$40.0 million or 7.7% of sales compared to \$44.8 million or 8.8% of sales in 2001 where there was an improvement in the resilient business and a decrease in the hardwood segment.

Cash Flow

During the third quarter, cash flows from operating activities reached \$20.1 million compared to \$14.5 million in the third quarter of the previous year. For the first nine months, cash flows amounted to \$25.2 million compared to \$28.5 million for the same period last year. Year to date, the Company has repaid \$55.9 million of its long-term debt, of which \$26.3 million was repaid during the third quarter.

Outlook

"As anticipated, we are now beginning to reap the benefits of the restructuring activities of the resilient operations provisioned in the financial statements. The latest step of this project consists in the closure of a sampling facility in the US and outsourcing of this activity in Canada," stated Mr. Mattsson.

The downward sales trend in resilient flooring has been reversed in the third quarter. An increase of 2.1% in resilient net sales combined with strong growth in the hardwood segment has produced overall revenue growth of 4.8%. "We remain cautious due to the current economic situation in the US but we are maintaining our goal of improving operating profits through an aggressive sales strategy and tight control of expenses."

Dividend

The Corporation's Board of Directors today determined to resume its policy of paying dividends on a semi-annual basis and thus declared a dividend of \$0.075 per common share payable on December 5, 2002 to shareholders registered on November 21, 2002.

Profile

Domco Tarkett Inc., headquartered in Farnham, Quebec, Canada, is the second largest North American manufacturer of resilient 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, Tarkett and Tarkett Sommer brands. Domco Tarkett employs approximately 2,300 people.

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Except for historical information provided herein, this press release may contain information and statements of a forward-looking nature concerning the future performance of the Corporation. These statements are based on suppositions and uncertainties as well as on management's best possible evaluation of future events. Such factors may include, without excluding other considerations, fluctuations in quarterly results, evolution in customer demand for the Corporation's products and services, the impact of price pressures exerted by competitors, and general market trends or economic changes. As a result, readers are advised that actual results may differ from expected results.

FOR FURTHER INFORMATION PLEASE CONTACT:

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

	September 28, 2002 <u>Unaudited</u>	December 31, 2001	September 29, 2001 <u>Unaudited</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 17,588	\$ 56,484	\$ 42,630
Accounts receivable	83,296	52,390	87,412
Income taxes recoverable	-	2,990	539
Inventories	141,002	133,592	139,573
Prepaid expenses	1,030	4,955	8,209
Future income taxes	9,541	2,275	-
	<u>252,457</u>	<u>252,686</u>	<u>278,363</u>
Property, plant and equipment	155,999	163,009	159,627
Goodwill, net of accumulated amortization	21,546	133,786	134,345
Future income taxes	38,664	-	14,529
Other assets	23,579	23,881	25,140
	<u>\$ 492,245</u>	<u>\$ 573,362</u>	<u>\$ 612,004</u>
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	\$ 111,995	\$ 81,435	\$ 98,784
Income taxes payable	7,541	-	-
Current portion of long-term debt	40,928	15,499	22,144
	<u>160,464</u>	<u>96,934</u>	<u>120,928</u>
Long-term debt	44,017	126,778	125,734
Accrued employees' future benefit liabilities	27,885	25,395	26,987
Future income taxes	-	4,847	17,302
	<u>232,366</u>	<u>253,954</u>	<u>290,951</u>
Shareholders' equity			
Capital stock and contributed surplus	166,931	166,931	166,931
Retained earnings	72,089	121,275	124,221
Cumulative translation adjustments	20,859	31,202	29,901
	<u>259,879</u>	<u>319,408</u>	<u>321,053</u>
	<u>\$ 492,245</u>	<u>\$ 573,362</u>	<u>\$ 612,004</u>

Domco Tarkett Inc.
Consolidated Statements of Retained Earnings
(Unaudited)
(in thousands of dollars)

	<u>3 Months Ended September 28, 2002</u>	<u>3 Months Ended September 29, 2001</u>	<u>9 Months Ended September 28, 2002</u>	<u>9 Months Ended September 29, 2001</u>
Balance, beginning of period	\$ 64,661	\$ 119,795	\$ 121,275	\$ 113,352
Adoption of new accounting standard regarding goodwill impairment, net of related future income taxes of \$ 37,593	-	-	(64,333)	-
Net income	<u>7,428</u>	<u>4,426</u>	<u>15,147</u>	<u>10,869</u>
Balance, end of period	<u><u>\$ 72,089</u></u>	<u><u>\$ 124,221</u></u>	<u><u>\$ 72,089</u></u>	<u><u>\$ 124,221</u></u>

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

	3 Months Ended September 28, 2002	3 Months Ended September 29, 2001	9 Months Ended September 28, 2002	9 Months Ended September 29, 2001
Cash flows from operating activities				
Net income	\$ 7,428	\$ 4,426	\$ 15,147	\$ 10,869
Adjustments to determine net cash from operating activities				
Depreciation	5,384	5,852	16,508	17,861
Amortization	321	2,070	951	6,217
Future income taxes	2,800	(521)	5,126	(709)
Other	531	(298)	2,716	553
Net change in non-cash working capital items related to operations	3,611	2,995	(15,238)	(6,336)
	<u>20,075</u>	<u>14,524</u>	<u>25,210</u>	<u>28,455</u>
Cash flows used in financing activities				
Repayment of long-term debt	(26,263)	(27,960)	(55,756)	(32,467)
Other	-	(408)	(443)	(520)
	<u>(26,263)</u>	<u>(28,368)</u>	<u>(56,199)</u>	<u>(32,987)</u>
Cash flows used in investing activities				
Purchase of property, plant and equipment	(1,657)	(2,096)	(8,738)	(8,072)
Proceeds from disposal of property, plant and equipment	52	77	52	77
Business acquisition	-	-	-	(1,093)
	<u>(1,605)</u>	<u>(2,019)</u>	<u>(8,686)</u>	<u>(9,088)</u>
Effect of changes in exchange rates on cash and cash equivalents	(1,718)	2,000	779	2,343
Net decrease in cash and cash equivalents	(9,511)	(13,863)	(38,896)	(11,277)
Cash and cash equivalents, beginning of period	27,099	56,493	56,484	53,907
Cash and cash equivalents, end of period	\$ <u>17,588</u>	\$ <u>42,630</u>	\$ <u>17,588</u>	\$ <u>42,630</u>

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

	<u>3 Months Ended September 28, 2002</u>	<u>3 Months Ended September 29, 2001</u>	<u>9 Months Ended September 28, 2002</u>	<u>9 Months Ended September 29, 2001</u>
Revenues	\$ 178,670	\$ 170,411	\$ 518,065	\$ 510,447
Cost of goods sold	<u>126,971</u>	<u>118,926</u>	<u>367,427</u>	<u>356,190</u>
Gross Margin	<u>51,699</u>	<u>51,485</u>	<u>150,638</u>	<u>154,257</u>
Expenses				
Administrative, distribution and selling expenses	<u>35,455</u>	<u>36,218</u>	<u>110,601</u>	<u>109,427</u>
Income before depreciation, interest on long-term debt, provision for income taxes and amortization of goodwill	<u>16,244</u>	<u>15,267</u>	<u>40,037</u>	<u>44,830</u>
Other expenses				
Depreciation	5,384	5,852	16,508	17,861
Amortization of goodwill	-	1,871	-	5,587
Interest on long-term debt	<u>1,026</u>	<u>2,405</u>	<u>4,131</u>	<u>8,153</u>
	<u>6,410</u>	<u>10,128</u>	<u>20,639</u>	<u>31,601</u>
Income before provision for income taxes	<u>9,834</u>	<u>5,139</u>	<u>19,398</u>	<u>13,229</u>
Provision for income taxes				
Current	(394)	1,234	(875)	3,069
Future	<u>2,800</u>	<u>(521)</u>	<u>5,126</u>	<u>(709)</u>
	<u>2,406</u>	<u>713</u>	<u>4,251</u>	<u>2,360</u>
Net income	<u>\$ 7,428</u>	<u>\$ 4,426</u>	<u>\$ 15,147</u>	<u>\$ 10,869</u>
Earnings per share				
Basic	<u>\$ 0.30</u>	<u>\$ 0.18</u>	<u>\$ 0.60</u>	<u>\$ 0.43</u>
Diluted	<u>\$ 0.29</u>	<u>\$ 0.18</u>	<u>\$ 0.59</u>	<u>\$ 0.43</u>