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Sales just below previous year's level – Strategic acquisitions made – Special charges impact result

The Forbo Group posted sales of CHF 1,918.7 million in 2008, just below the previous year's level of CHF 2,004.0 million. Forbo's acquisition-driven growth due to the takeover of Bonar Floors and Transtex Belting was 3.6%. The negative impact of currency translations was 6.0%. In local currencies, sales growth came to 1.7%. Operating profit before depreciations and amortizations (EBITDA) stood at CHF 205.8 million, below the 2007 figure of CHF 221.9 million. Operating profit (EBIT) came to CHF 117.1 million (previous year CHF 162.4 million), equivalent to an EBIT margin of 6.1%. Group profit for 2008 was impacted by additional special charges and came to CHF 16.0 million. If the special charges are factored out, Forbo posted the second best result in its history.

Baar, March 17, 2009

Strong negative impact of currencies on sales
Sales were stable on the whole until the third quarter of 2008, but fell considerably in the course of October and then slumped further as of November. The trend was exacerbated in December when Forbo's customers had to shut down factories, introduce forced vacation and short-time work. In addition, currency effects had a major impact on sales growth in Swiss francs. Fortunately, despite this challenging environment, both Flooring Systems and Movement Systems managed to increase net sales in local currencies after adjustment for acquisitions.

Selective acquisitions strengthen market position
Forbo made two important acquisitions in 2008. The purchase of Bonar Floors enabled Forbo to complement its Flooring Systems product portfolio in the strategically important commercial floorings business in Europe. Furthermore, Forbo acquired Transtex Belting, the lightweight PVC conveyor belt activities of Fenner Dunlop. This move strengthens and broadens the market presence of Movement Systems in strategically significant segments in the North American market.

Sales trend and special charges depress profit
The sharp decline in sales as of the fourth quarter of 2008, combined with rising credit risks, impairments as well as provisions for structural adjustments to the changed economic environment resulted in a lower EBIT than the previous year. In addition, an impairment charge to the industrial participation in Rieter was made. Other net financial expenses increased to CHF 16.5 million (previous year CHF 7.6 million). Group profit came to CHF 16.0 million (previous year CHF 110.7 million).

Industrial stake in Rieter
Following the years 2006 and 2007 with strong earnings, Forbo sought to broaden its range of activities within the scope of its growth strategy. Forbo was looking for a long-term industrial engagement in an additional world leading activity with a general cooperation potential. Rieter, a company with a strong brand and superior cutting-edge technology, met these criteria. Accordingly, Forbo acquired a participation of about ten percent. Forbo is currently keeping all options open, from selling the stake to building up the position further.

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Strong balance sheet
Shareholders' equity stood at CHF 584.4 million at the year-end of 2008. Additionally, Forbo was holding a position of own shares with a market value of CHF 94.1 million as of December 31, 2008. Net debt rose to CHF 404.5 million.

Forbo regards a strong balance sheet in a prolonged economic downturn as a significant competitive advantage. Selected asset categories were revalued at fair values in accordance with the applicable IFRS accounting standards. The use of the revaluation model makes the actual asset situation of the Group more transparent.

Proposals to the Ordinary General Meeting on April 24, 2009
In view of the decline in net income compared to the previous year as well as the tough economic conditions expected to prevail in 2009, the Board of Directors proposes to the Ordinary General Meeting a cash payout of CHF 3.90 per share. This distribution is to take the form of a reduction in par value.

In view of the uncertain economic trend, the Board of Directors proposes that the company's own shares which were bought back through the second trading line as part of the share buyback program should not yet be destroyed. Accordingly, the Board of Directors proposes that it should be authorized to resell these shares or to use them either as a means of payment for acquisitions or as underlying security for convertible and option rights.

The term of office of the Board of Directors member Dr. Rudolf Huber ends on the date of the 2009 Ordinary General meeting. He has decided not to stand for re-election anymore. The Board of Directors proposes to the General Meeting the election of Mr. Vincent Studer, member of the Executive Board of the auditing and accountancy company T & R AG and former partner of Ernst & Young, in his place as a member of the Board of Directors.

Performance of the three divisions
The **Flooring Systems** division generated net sales of CHF 892.9 million in 2008. This is equivalent to a growth of 3.3% versus the previous year. Although the acquisition of Bonar Floors contributed 6.8% to this growth, exchange rates had a strong negative effect of 6.5%. In local currencies, sales growth was 9.8%. Operating profit before depreciations and amortizations (EBITDA) came to CHF 137.7 million (previous year CHF 122.0 million). Operating profit (EBIT) rose to CHF 111.6 million (previous year CHF 94.9 million).

The **Bonding Systems** division generated net sales of CHF 654.6 million in 2008. This is equivalent to a decline of 14.3% compared to the previous year, of which exchange rates accounted for 5.5%. Operating profit before depreciations and amortizations (EBITDA) was with CHF 38.3 million lower than the previous year (CHF 69.4 million). The combination of declining sales and the significant increase in raw material prices as well as value adjustments and extraordinary charges for restructuring measures to the economic environment led to a negative operating profit (EBIT) of CHF -5.7 million (previous year CHF 53.7 million).

The **Movement Systems** division generated net sales of CHF 371.2 million in 2008 (previous year CHF 375.9 million). This represents a slight decline of 1.3%. While the acquisition of Transtex Belting contributed growth of 3.1%, currency effects had a strong negative impact of 5.6%. In local currencies, sales grew by 4.3%. At CHF 41.4 million, operating profit before depreciations and amortizations (EBITDA) was on a par with the previous year (CHF 41.8 million). Operating profit (EBIT) came to CHF 24.6 million (previous year CHF 28.0 million).

Outlook for 2009
Forbo does not anticipate a soon recovery of the markets and believes that 2009 will be significantly more challenging than 2008.

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Given the uncertain outlook for the world economy and the difficult market conditions, Forbo at this point in time refrains from making concrete forecasts regarding sales and earnings developments for the 2009 business year.

Forbo is a leading producer of flooring systems, adhesives, as well as power transmission and conveyor belt solutions. The company employs some 6,500 people and has an international network of 44 sites with production and distribution as well as 51 pure sales organizations in a total of 35 countries worldwide. Forbo is headquartered in Baar in the canton of Zug, Switzerland.

Forbo Holding Ltd is listed on the SIX Swiss Exchange (security number 354151, ISIN CH0003541510, Bloomberg FORN SW, Reuters FORN.s).

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Key financial figures Group

	2008 CHF m	2007 CHF m
Net sales	1,918.7	2,004.0
EBITDA	205.8	221.9
EBIT	117.1	162.4
Group profit	16.0	110.7

	2008 CHF	2007 CHF
Earnings per share (undiluted)	6.9	43.6