

Performance, endurance, and flexibility: three indispensable factors ensuring perfectly coordinated processes. We develop our power transmission and conveyor belts precisely to meet these criteria – for reliable, uncompromising processes.



DYNAMISM

forbo

MOVEMENT SYSTEMS

CREATIVITY



DYNAMISM



Two divisions with leading market positions

Forbo aims to operate primarily in business areas in which it has or can achieve a leading global market position – something it has achieved for both Flooring Systems and Movement Systems.

Flooring Systems

The Flooring Systems division offers a broad and attractive range of environmentally friendly linoleum, high-quality vinyl floors, entrance flooring systems for cleaning and drying shoes, carpet tiles, needle felt, and Flotex, the washable textile flooring. Thanks to their excellent technical properties and attractive design, these flooring products are invariably the first choice for public buildings, department stores, hospitals, and other healthcare facilities, schools, libraries, commercial and office spaces, leisure centers, shops, hotels, restaurants, and cafeterias as well as for applications in the residential market. With a market share of over 65 percent, Forbo is the world leader in linoleum.

Flooring Systems also provides ready-made adhesives for flooring installations and ceramic tiles as well as leveling compounds for the construction industry under the trade name Eurocol.

Movement Systems

Movement Systems is a global industry leader for sophisticated conveyor and processing belts, synthetic modular belts, top-quality power transmission belts, as well as timing and flat belts made of synthetic materials. These products are known under the brand name Siegling. They are used in a wide range of applications in industry, trade, and the service sector, including conveyor and processing belts in the food industry, treadmill belts in fitness studios, and flat belts in mail distribution centers.

Strategic directions

To be successful in the market place as a Group with differently aligned operations, the individual divisions act independently and flexibly, but always along the strategic directions defined for the Group as a whole:

- based on a pronounced customer focus, a high level of service, innovation, and a strong global brand, we are creating global leadership positions in clearly defined market segments
- due to a strong market orientation, we shape markets and drive profitable growth
- we are developing significant positions in growth markets
- we are acquiring companies to extend our product range, to consolidate and/or reinforce market access
- we are developing a high-performance culture and providing the relevant skills and competences at all levels



MOVEMENT SYSTEMS

— *Dynamism* —

TOP PER- FORMANCE

Performance can only be distinctive and unique if it is adapted to specific needs and then translated into functional results. That's why the solutions we develop for our customers are tailor-made and long-term. Our products combine reliable quality with cost effectiveness and safety – that's our promise, worldwide.



Movement Systems:

Significant increase in profitability

‘We look back on a solid and successful year. Although business conditions were very challenging in some local markets, we increased sales revenue in all regions. Key factors in this uptrend were a double-digit increase in sales in most growth markets coupled with double-digit growth in plastic modular belts. Our customers are enthusiastic about our innovative, application-specific product portfolios featuring properties that generate added value in the production or logistics process, and they’re impressed by the application know-how of our employees. Optimization along the entire global value chain has been instrumental in the significant increase in our operating profit. Holding fast to our strategic focus, we will systematically pursue our goals as we seek to further strengthen and expand our market position.’

The Movement Systems division generated net sales of CHF 326.2 million in the year under review (previous year: CHF 327.2 million), which marked an increase of 2.4% in local currency terms. All regions contributed to this performance, although sales in individual markets were very mixed, with some countries reporting declines. In the corporate currency, however, sales declined marginally by 0.3% owing to negative currency effects, especially in Japan. The division’s share of Group sales came to 27.2%. Measures to increase efficiency, especially in production and assembly processes, had a positive impact on operating profit (EBIT), which rose substantially to CHF 31.7 million (previous year restated: CHF 27.6 million). Adjusted for the restatement effect, this comes to an increase of 15.2% over the previous year. After adjustment for the restatement effect, the EBIT margin was 9.7%, or 1.3 percentage points higher than the previous year.

All regions on the growth path

In the year under review, all three regions contributed to sales growth, even though some markets saw turn-over decrease. North America posted a respectable in-



Jean-Michel Wins

Executive Vice President
Movement Systems

crease in its sales revenue amid a challenging business environment. Europe, too, reported marginal growth on the whole, although the revenue picture in this region was quite mixed. Germany, an important pillar of sales, posted a slight downturn in demand, while Benelux and southern Europe turned in an impressive increase in sales. The remaining countries were more or less flat compared with the previous year. Despite Japan and Australia, Asia/Pacific reported gratifying sales growth. For one thing, growth markets where we have strengthened and enlarged the local organizations in recent years turned in double-digit sales increases. For another, the main market China enjoyed more buoyant demand.

In the reporting year, the division continued the strategic and sustainable development and expansion of its organization in growth markets by reinforcing existing companies in the areas of sales and assembly. In South Korea, we enlarged the new organization that we had developed the previous year. In order to strengthen the attractive market in Indonesia, we took over a distributor so that we can now offer the division’s entire product portfolio. In Thailand, preliminary work for servicing the local market has been completed, and the goal is for the division to operate its own company here in 2014.

Double-digit growth for plastic modular belts

The Prolink plastic modular belt product group, which the division has developed globally through focused efforts in recent years, again posted double-digit sales

growth rates in the year under review. The products have been acclaimed by customers, especially for applications in the food industry and in the automotive and tire industries.

The strategic customer segments turned in a mixed performance. Demand for various belt types for the food-processing industry was very satisfactory in all regions, and this uptrend was no doubt due to innovative product line extensions that feature high-quality properties. Demand for professional applications in the logistics sector was restrained towards the beginning of the year, but gained significant momentum in the second half. In the tobacco industry, project business with original equipment manufacturers (OEMs) was instrumental in driving sales growth. The textiles and raw materials customer segments turned in an impressive performance on the back of specific range extensions and the launch of new products in the previous year. The industrial production, sports treadmills and paper/printing segments were either flat or slightly weaker owing to the general business conditions.

Impressive product innovations

In the year under review, the division again made substantial investments in developing and completing its product portfolio, especially for plastic modular belts. In close cooperation with its partners and customers, Movement Systems developed other belt types with different kinds of surface structures and properties. They can be used especially in applications where the goods have relatively little contact with the surface of the belt and nevertheless a consistent grip is essential at all times. They are ideal for conveying tires, bags, packaging, oily foodstuffs and bread upwards or downwards and for funneling goods or separating them if they have become jammed. For the food-processing industry, we have developed new belt solutions designed especially to convey either water-treated or adhesive products such as lettuces or other leafy goods such as spinach and cabbage or frozen foods. These innovations have advantages for water drainage and equipment ventilation, and they stand out for their excellent cleaning properties.

Flat belts also play an important role in the food-processing industry. Box-folding belts with grey rubber coating now ensure gentler and smoother handling of cardboard boxes, corrugated cardboard, and sanitary

tissue. With the new friction coating, these belts are approved for direct contact with unpackaged foodstuffs and ideal for use in hygiene-critical areas. This is always important if the inside of the carton is in contact with the belt and afterwards in contact with the unpackaged foodstuff. The belts not only need no re-tensioning but they are also durable, abrasion-resistant and have strong edges, which ensures that the equipment has a long service life without unnecessary downtimes for our customers.

Focus on growth markets and operational excellence

In the 2014 business year, the division will continue to push ahead with its strategic initiatives. We will again focus on investing our resources in the development and expansion of growth markets. The division will concentrate in particular on Asia/Pacific, Turkey, and Eastern Europe, where we see better-than-average growth potential and intend to build up sales and service teams and our assembly competencies.

In larger, established markets such as America, Germany, or Japan, we aim to generate additional sales growth by offering attractive and innovative products, convincing applications and reliable, top-notch services.

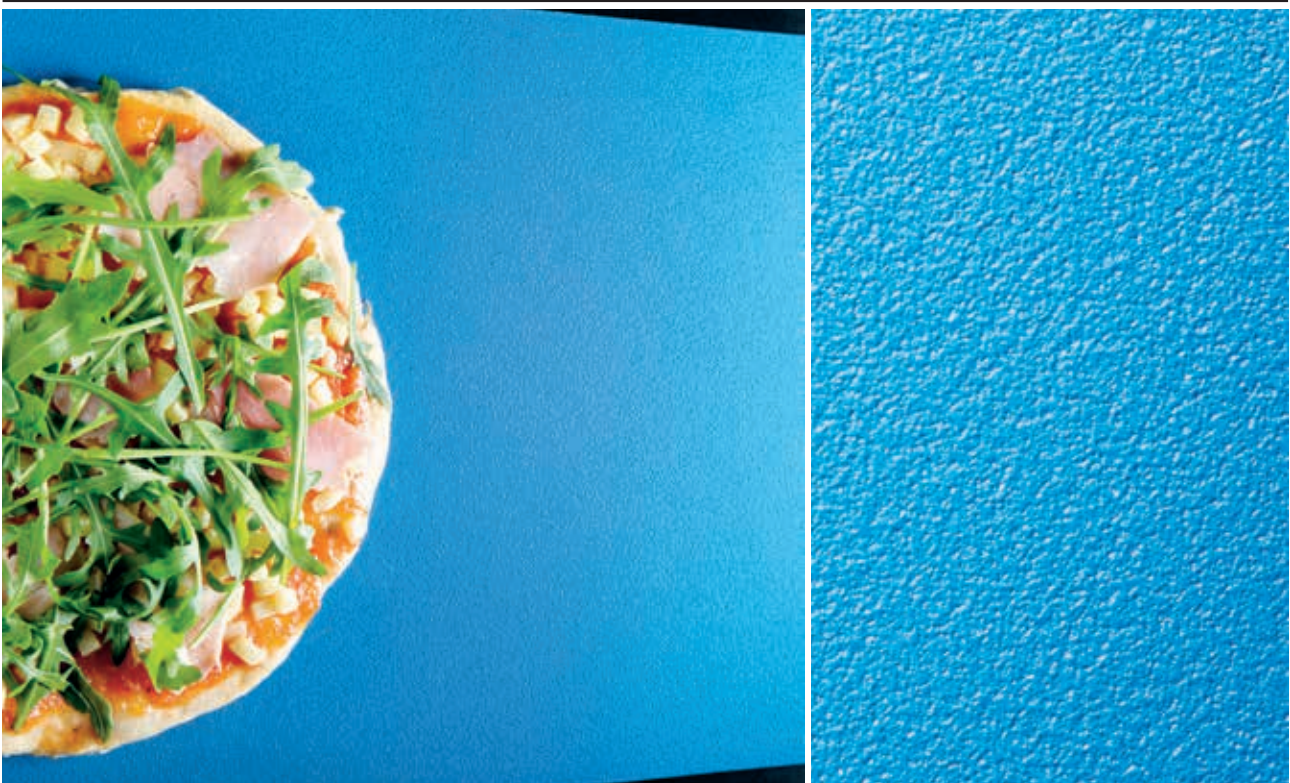
Our goal in production and assembly and in the procurement and supply chain is to streamline our global processes and work methods so that our greater efficiency produces operational excellence for our customers.

New sector-specific products win acclaim

Though not always visible, Movement Systems is present almost everywhere, ensuring optimum process reliability. Again in the year under review, Forbo stood out as a professional partner in the development of sector-specific, future-oriented solutions for drives, transport, and manufacturing.

Innovation for pizza production

The quartz sand conveyor belt recently developed by Movement Systems combines problem-free grip with perfect release properties, which is all made possible by the hard surface layer with a new quartz sand pattern. These product features have paid off, especially for pizza dough. Once rolled out and flattened, the pizza dough has good adhesion to the belt, which means that the dough doesn't contract and it retains the desired shape. Nevertheless, once the dough rolls reach the point where they are transferred from the belt to the oven, they release easily so that spraying the belt with oil to improve the release isn't necessary. Moreover, any impurities can easily be removed from the belt, and the belt is also simple to clean. The belt has a fray-free – and hence fluff-free – design, and its blue color ensures a strong contrast so that the foods can be clearly distinguished. This is ideal for hygiene-critical applications.



Additionally, the quartz sand pattern helps reduce flour dust, and this in turn cuts down on the amount of flour used and improves working conditions.

cially for conveying products that are treated with water or have good adhesion, for instance lettuces or other leafy goods such as spinach or cabbage and frozen foods as well.

‘APPLICATIONS THAT STAND FOR RELIABILITY AND QUALITY’

Versatile plastic modular belts

Owing to their construction, conventional conveyor belts are not entirely suitable for some conveyance and process tasks. So Movement Systems is focusing on expanding its range of plastic modular belts as a perfect complement to conveyor belts. In the year under review, it launched various new products that boast numerous advantages. For the food-processing industry, a new application has been developed espe-

New belt types have been created especially for applications where the goods have relatively little contact with the belt surface and nevertheless a consistent grip is essential at all times. They are ideal for conveying tires, bags, packaging, oily foodstuffs and bread upwards or downwards and for funneling goods or separating them if they have become jammed.

In the automotive industry – where ‘just in time’ manufacturing and delivery are essential – heavy-duty worker belts are used because they must withstand high tensile forces, ensure high availability of the installation, and ensure long conveyor lines: after all, heavy vehicles have to be transported on these robust belts over several processing steps. With the new, roughened surface structure, employees will find kneeling on the softer belt much more pleasant than on the old anti-slip belts with their harder profile.

