

# TWO DIVISIONS WITH LEADING MARKET POSITIONS

Forbo operates 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.

## Strategic directions

To be successful in the marketplace 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, sustainability, digital transformation, and a strong global brand, we are creating global leadership positions in clearly defined market segments.
- Thanks 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.

## Flooring Systems

Thanks to their excellent technical properties and attractive designs, floor coverings from Flooring Systems 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 about 70 percent, Forbo is the world leader in linoleum.

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

## Movement Systems

Products from Movement Systems 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.

**AMBIENCE.**

# FLOORING SYSTEMS

The Flooring Systems division offers a sustainable, broad, and attractive range of environmentally friendly natural linoleum, high-quality vinyl floors, entrance flooring systems, carpet tiles, needle felt, and Flotex, the washable high-tech textile flooring.

**EFFICIENCY.**

# MOVEMENT SYSTEMS

Movement Systems is a global industry leader for sophisticated conveyor and processing belts, plastic modular belts, top-quality power transmission belts, as well as timing and flat belts made of synthetic materials.





# AMBIENCE.

Quality, looks, and a dynamic relationship with the space are the hallmarks of premium-quality floor coverings. The wide range of floor coverings in our portfolio offers ideal combinations to meet the requirements of diverse areas of application in terms of design, originality, creativity, and durability. Textile and vinyl floor coverings are available in designs and formats with a natural look such as wood or stone and can also be designed to order using digital print technology. Sustainability is an ever-present theme, from the use of recycled and recyclable materials to production plants powered by renewable energy and loose-lay installation options.

creating better environments



RECEPTION

forbo

FLOORING SYSTEMS

# FLOORING SYSTEMS

## **Customized designs**

The design of flooring for a particular space has to take a number of considerations into account, principally those of appearance, functionality, and sustainability. When selecting the floor covering, designers have to consider the atmosphere of the space, as well as the technical requirements. Thanks to digital printing technology, vinyl and Flotex coverings can be made to customer specifications. In Flooring Systems' digital design library, users can visualize the design, color scheme, and surface textures to fit every kind of room configuration. Concepts become reality: from linear or abstract motifs to realistic imagery.



# DIFFICULT MARKET ENVIRONMENT



## Jean-Michel Wins

Executive Vice President  
Flooring Systems

‘The sustained difficult market environment in the construction industry again posed a stern challenge in this reporting year. Core markets like France, Germany, and the USA were heavily affected. The subdued demand and associated decline in volumes impacted the efficiency and profitability of plants. Strict resource management cushioned these effects. In a highly competitive environment, we were able to increase sales prices. We introduced attractive collections in all our product lines and developed further new innovative products for introduction in 2024. We committed diverse investments aimed at contributing to an optimized circular economy. The expansion of the production plant for Flotex floor coverings in the USA progressed as planned.’

The Flooring Systems division generated net sales of CHF 796.5 million in the 2023 business year (previous year: CHF 878.0 million), corresponding to a decrease of 3.1% in local currencies and 9.3% in the corporate currency due to marked negative currency effects. Demand was strongly affected by the reduced levels of activity in the construction industry caused by inflationary cost increases and higher interest rates. In addition, customers shifted their capital expenditure from renovation projects to energy-saving investment objects. The division accounted for 67.8% of Group net sales in 2023. Operating profit (EBIT) increased by 7.4% to CHF 94.9 million (previous year: CHF 88.4 million, including one-time impacts). The market-driven negative volume development and the corresponding decline in capacity utilization, the higher personnel cost due to inflation, and very negative currency effects had a significant effect on operating profits. These were offset to some extent by sales price adjustments and a slight easing of the raw material prices in the second half of the year. The EBIT margin increased by 1.8 percentage points to 11.9% (previous year: 10.1%).

### **Heterogenous market environment in the construction industry impacts sales picture**

A significant decline in demand was seen in the Americas and Europe in particular, whereas Asia/Pacific recorded a gratifyingly sales increase. In local currencies, the sales development was as follows: Europe –3.4%, Americas –7.0%, and Asia/Pacific +6.6%.

In Europe, Italy, Portugal, and certain markets in Eastern Europe achieved pleasing growth. Based on an increase in public sector projects, net sales in Great Britain matched the previous year’s level. France and Germany recorded the most pronounced decreases. The business with building and construction adhesives showed a pleasing increase, driven mainly by the Netherlands as well as certain markets in Eastern Europe, and supported by the introduction of innovative products.

In the Americas, the main USA market suffered particularly as a result of restrained investment. After some years of subdued development, Canada showed some growth again, and Brazil was able to build on its success of the previous year.

The significant sales growth in Asia/Pacific is attributable in particular to projects in the segments of healthcare, industry, transport, and gastronomy. Australia, South Korea, and Southeast Asia contributed to the positive result, whereas China and Japan were not able to achieve the levels of the previous year.

### **Innovative collections**

For all our product lines, we have developed and introduced high-quality collections made using sustainable materials with fashionable designs, wide-ranging color palettes, and a variety of installation options.

In the linoleum business, we launched 'marmoleum cocoa', a particularly sustainable collection that contains recycled linoleum from post-consumer material for the first time and features scattered cocoa bean husks to lend the floor covering a special surface structure. The completely revamped high-quality 'marmoleum solid' collection was prepared for introduction in January 2024. It is climate-positive for the first time, available in sound-absorbing versions in discreet, modern, natural colors, and lends itself particularly to an inviting ambience in the hotel, gastronomy, and retail sectors.

In the vinyl business, the completely redesigned collections of the 'allura' luxury vinyl tiles were launched on the market in March. Along with new colors and designs, there is also a revised sound-absorbing selection with additional installation options. During the year under review, with 'surestep', another innovative collection with unique selling propositions was developed. This is set for launch in the first quarter of 2024.

In the textile business, the 'tessera union' carpet tile collection was launched in September. It combines three design families and is particularly suitable for use in office environments. The soft natural tones can be complemented as desired with accordingly aligned vinyl floor coverings to create a pleasant workspace. Since September, 'flotex next' has been available for the first time, a loose-lay, high-performance Flotex floor covering that can be printed with digital bespoke designs according to customer's desires and is particularly suitable for spaces in the hospitality and leisure sectors.

We opened a new showroom in the heart of Paris in June to present these latest innovations to end customers, architects, designers, distributors, and floor fitters.

**'Strict resource management has reduced the negative effects of the subdued market environment'**

**Jean-Michel Wins**

### **Development of product lines**

Most of the individual product lines reported a decline in demand in line with the difficult market environment. Carpet tiles and needlefelt floor coverings showed slight growth in a competitive environment. This was attributable to the newly introduced collections and a catch-up effect regarding office spaces in Great Britain. The other product lines reported decreases in net sales to varying degrees.

### **Investments in efficiency and environmental added value**

As well as revamping the product ranges, we invested in technologies to make production processes more efficient and support an optimized circular economy.

At the linoleum plant in Assendelft/Netherlands, various technical upgrades were installed to improve the efficiency of production processes. At the vinyl production sites in Coevorden/Netherlands and Reims/France, capacity was expanded to allow used floor coverings to be sorted, cut, and milled for reuse as recycled material. The switch to a new mist filter technology for afterburners in Coevorden progressed as planned, enabling significant reductions in gas consumption and CO<sub>2</sub> emissions. As part of the finishing process in the production of homogenous vinyl floor coverings, newly installed equipment is aiding the handling of heavy rolls and making work processes more efficient.

The expansion of the production plant for Flotex floor coverings in the USA is progressing. The construction work for a new warehouse, the conversion of the production building and the installation of the new production equipment with two production lines for digital printing will take place in 2024.

### **Focused implementation of sales and marketing activities a priority in 2024**

At present, there is no sign of an imminent recovery in the construction industry. Attractive products and services, improved product availability and reliable supply quality allied with proximity to the customer will be key success factors in the present market environment. Our focus will be on targeted implementation of the sales and marketing activities initiated.

In a sustained tense environment, it remains crucial to deploy our funds and resources in an entrepreneurial and focused manner and to continue to react quickly and flexibly to changing market conditions.



# CIRCULAR FLOORING SOLUTIONS

Forbo floor coverings fuse functionality and high product quality with innovative design. They enhance interiors in accordance with the needs of users. With every new development, we strive to make our products and production processes more sustainable and meet the highest functional demands. We keep our finger on the pulse of technical innovation and design trends by maintaining an open dialogue with designers, architects, builders, and suppliers.

Our floor coverings are mostly designed for applications in the project business, which means that they have to be very hard-wearing. They are based on proven, state-of-the-art production and digital printing technologies and combine trendy designs, broad color palettes, innovative embossed structures, and a wide range of installation options using environmentally friendly materials. The new products developed in the year under review meet exacting demands and are suitable for a wide range of applications.

## Climate positive linoleum

The newly launched 'marmoleum cocoa' collection is made exclusively from natural raw materials and now also contains a consistent proportion of recycled linoleum from post-consumer material recovered through our 'back to the floor' program, which we offer in 13 countries. The recycled portion is subject to comprehensive health and safety checks prior to inclusion. Thanks to this further step in the circular economy, this offer is climate positive for the first time. A scattering of cocoa bean husks lends the linoleum a characteristic surface structure. Natural and matte color shades give large spaces with modern décor a calming and cozy ambience.

This novel combination of raw materials was adapted to create another linoleum collection, leading to a completely new high-quality 'marmoleum solid' offering which was prepared for launch in January 2024. The various design themes using natural and subtle color combinations are available in sound-absorbing finishes. They are very versatile in application in modern workplaces and large public spaces and are the preferred choice for hotels, restaurants, and retail outlets.

## Loose-lay Flotex collection

Flotex is a distinctive and extremely hard-wearing textile floor covering. The flock surface and robust waterproof vinyl backing combine the properties of elastic and textile floor coverings. The newly launched

## 'Design, trends, and sustainability combined'

'Flotex next' collection makes the product available for the first time as a loose-lay option, which facilitates rapid installing and saves time and cost at the end of the product's life cycle when it is replaced and recycled. Digital printing technology enables the creation of diverse individual and broad bespoke designs, customized to meet individual customer requirements. The Flotex range is particularly well suited for flooring in highly frequented spaces in hospitality and leisure facilities.

## Innovative vinyl collections for specific applications

In the year under review, two innovative vinyl collections 'surestep' and 'onyx+' were developed for specific applications, and launched in the first quarter of 2024.

The range of 'surestep' safety floor coverings meets the highest standards of anti-slip flooring for the entrance areas of buildings open to the public as well as in the barefoot areas of wet rooms. A scattering of particles ensures non-slip safety underfoot for the product's entire life cycle. The modern designs and colors available include new color tones as well as wood- and stone-look finishes. Matte color tones were created especially for the care sector. The collection is now also available in loose-lay option.

A combination of 'surestep' and 'onyx+' wall coverings are used in many areas of healthcare. Accordingly, the 'onyx+' collection was extended with new design options, ensuring that the two collections optimally match.





The 'onyx+' vinyl wall coverings are used in healthcare wet rooms



The 'marmoleum cocoa' linoleum collection contains linoleum from post-consumer material for the first time and is climate positive



The 'flotex next' range is available with colors and bespoke designs to meet individual requirements thanks to digital printing technology and is now also offered as a loose-lay option



The range of 'surestep' vinyl safety floorings meet high requirements for non-slip floor coverings