



CO- OPERATION.

Every product has its own demands on our conveyor belts in terms of functionality, hygiene, and release or grip properties. What is crucial is how the individual belts work together to ensure everything runs smoothly. We therefore always create our solutions in cooperation with the customer so that we can present tailored solutions to satisfy individual needs.



forbo

MOVEMENT SYSTEMS

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.

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, digital transformation, 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.

Flooring Systems

The Flooring Systems division offers a broad and attractive range of environmentally friendly natural linoleum, high-quality vinyl floors, entrance flooring systems for cleaning and drying shoes, carpet tiles, needle felt, and Flotex, the washable high-tech textile flooring. Thanks to their excellent technical properties and attractive designs, 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 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

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. 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.



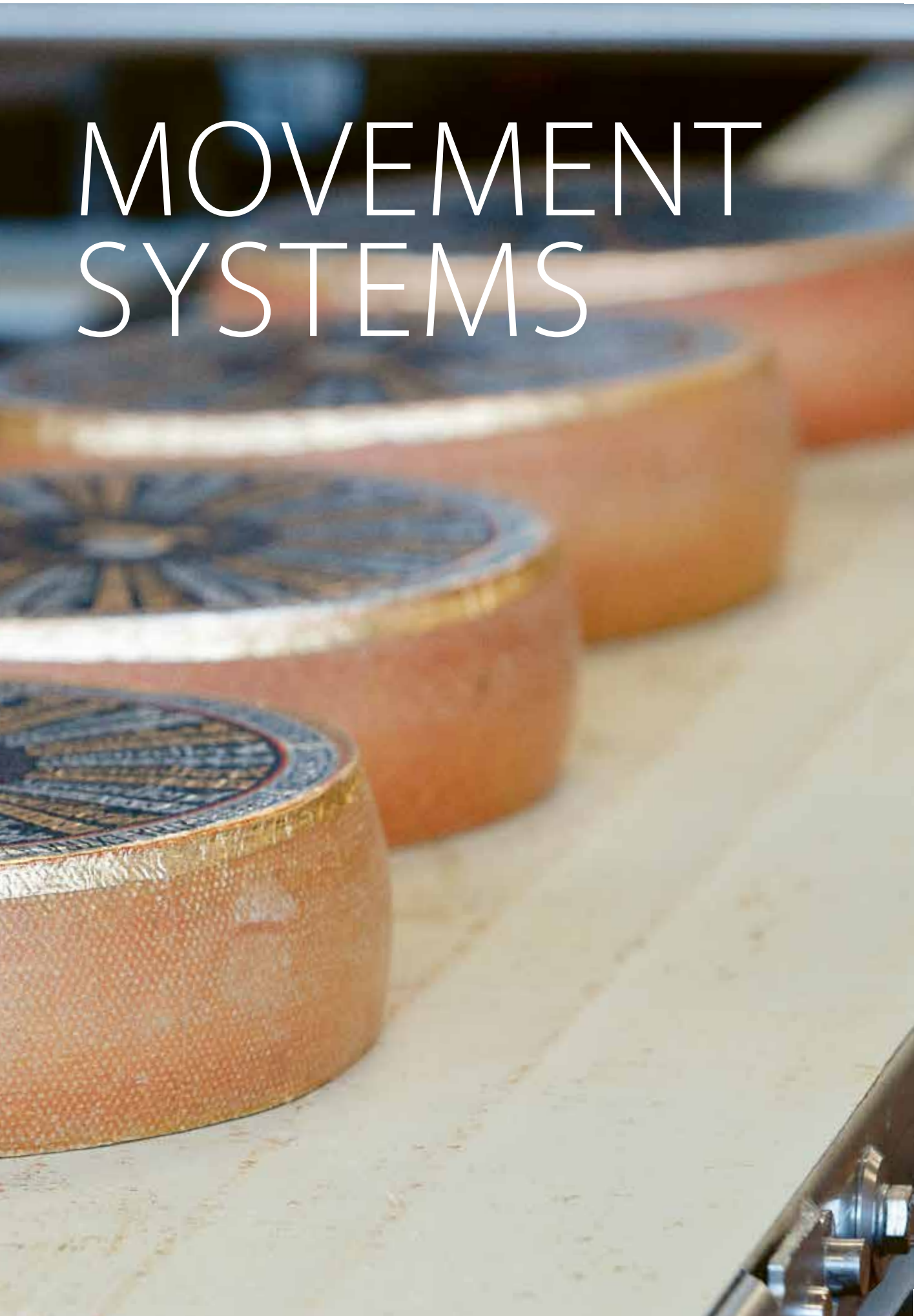


AMBIENCE.



COOPERATION.

MOVEMENT SYSTEMS



A photograph of a cheese processing factory. In the foreground, a white conveyor belt moves several rectangular blocks of yellow cheese. To the right, a worker in a white lab coat is seen from behind, working at a stainless steel counter. On the counter, there are stacks of cheese blocks. The background shows large windows and industrial equipment.

COOPERATION

SEAMLESSLY CLEAN

Dairy and dairy products have very special demands on our belts, particularly with regard to hygiene. By sealing the belt edges, for instance, we reduce the risk of product contamination. Good release properties are essential, as is resistance to hydrolysis. With individual surface textures and structures we develop the ideal conveyor belt for every step in the process – from portioning to filling and packaging – and ensure that everything is perfectly hygienic and runs smoothly.

MOVEMENT SYSTEMS: ATTRACTIVE AND VERSATILE INNOVATIONS

'At Movement Systems too we had to cope with a whole range of local COVID-19 situations at different times. Given our global production setup, our main concern was to protect the health of our employees at our manufacturing and assembly plants, and at the same time we faced the challenge of maintaining operational flexibility and functioning supply chains. The absence of personal contact with our customers for the crucial step of technical consulting on our innovative products was an added restriction. Furthermore, we had to implement individual measures to minimize the negative impact on productivity and costs. We continued at the same time to carry out strategic projects by expanding capacity of the successful product line of plastic modular belts while developing and building up a new product line for homogeneous belts.'

The Movement Systems division generated net sales of CHF 360.7 million in the year under review (previous year: CHF 411.7 million), which reflects a year-on-year decrease of 7.4% in local currencies (-12.4% in the corporate currency). The division's share of Group sales was 32.3%. With only a few exceptions, all markets reported a decrease in sales, though to varying degrees. Operating profit (EBIT) reduced by 27.9% to CHF 35.9 million (previous year: CHF 49.8 million), as a result of the decline in sales, negative currency effects, and the high proportion of fixed costs. We optimized shift work and operating structures in production and assembly in line with the reduced capacity utilization and instituted prudent cost management; together, these measures made themselves felt mainly in the second half. The EBIT margin declined by 2.1 percentage points in the reporting year to 10.0% (previous year: 12.1%).



Marc Deimling
Executive Vice President
Movement Systems

Demand slumped in China as early as the extended Chinese New Year

Given our global production setup, we felt the first effects of the pandemic as early as the spring of 2020, which then triggered local slumps in demand. While some markets closed out the year at or even above the previous year's sales level, all three regions together posted a decline in sales revenue. The Americas was hardest hit, Europe less so, and Asia/Pacific least of all.

In Europe, the key market Germany posted a decline that was by and large in line with the division as a whole. Italy was confronted with very strong falls in demand at times but managed to recover somewhat in the fourth quarter. Other key markets such as Spain, France, and the United Kingdom endured the slump until the end of the year; Switzerland and the Scandinavian countries were less affected. Russia deserves mention as a positive exception.

The Americas region was dominated by trends in the core market, the USA, which was very hard hit especially in the second and third quarters. Sports treadmills – a very important segment in the USA – stalled at times, as did other activities in airports and in industrial manufacturing. On the other hand, Canada posted a slight decrease, while Mexico, a growth market, stayed at the previous year's level owing to the high proportion accounted for by the food segment.

Trends in Asia/Pacific were dominated by the main market, China, which was hit very hard in the first quarter, though it recovered completely in the second half and reported sales growth for the year as a whole. Japan showed increasing signs of a slump in the second half and was down for the year as a whole. Australia remained more or less at the year-back level. Even growth markets such as India were very seriously impacted at times; Thailand and Turkey are positive exceptions.

The food segment defies the pandemic

The food segment, which is the most resistant to economic fluctuations, reported marginal growth. Sales in the logistics segment trended near the previous year's level. On the one hand, we felt a marked slump in demand in the area of airport infrastructure but, on the other, this decline was offset by strong growth from package distribution centers, an upturn that was driven by e-commerce. The pandemic-related restrictions at times seriously affected an equally important segment for us, industrial manufacturing, especially the automotive industry. Paper and printing, raw material processing, and textiles were three segments that posted close to a double-digit percentage decline in demand. One segment that was particularly affected was sports treadmills, which are widely used in fitness centers owing to their durability. The tobacco segment reported a slight increase in sales owing to large-scale projects in Asia/Pacific.

Application-specific innovations

Despite all the many challenges in the year under review, we launched innovative products for a very wide range of customer segments in all product groups.

Deserving of particular mention are the Extremultus and Transtex belts for logistics applications, which are suitable for use in low-temperature areas, particularly in open, unheated distribution centers or cold-storage rooms. We also innovated in Transilon belts for customer-specific industrial applications: a highly conductive belt for the manufacture of flat screens and smartphones; a robust and wear-resistant belt for ultrasound cutting machines for cutting floor coverings, leather or sporting goods such as snowboards; a belt featuring above-average cut resistance for use in the processing of sharp-edged materials in the steel, automotive, and recycling industries; and, not least, innovations for the food industry. Here we developed two new belt types suitable for the transport of unpackaged foods, which

are particularly advantageous for processing dough in industrial bakeries. The new Prolink plastic modular belt series 18, which has a porous surface ensuring good air circulation and drainage, also has a multitude of uses in the food industry.

Investments in growing product groups

While continuing to invest in development and expansion in growth markets, we also invested in new technologies and efficiency-enhancing measures in various assembly and production plants.

A major manufacturing plant in the USA was comprehensively modernized so as to be able to produce new articles for the logistics segment. In Germany, we installed a new roller bearing system in the fabric warehouse of the production plant for 5-meter wide Transilon belts. At the Extremultus site in Switzerland, the thermal oil plant for the presses and coating equipment was completely overhauled and retrofitted with a new control unit and pump.

The division invested substantial amounts in the development and construction of a new product line for homogeneous belts, which involved erecting a new plant at a custom-built production site in Germany. The market rollout is planned for mid-2021, and the new products are aimed primarily at the food industry. In Denmark, we installed additional injection molding machines for the production of Prolink plastic modular belts, a product line that is growing faster than average and features a focused offering for the food industry. The construction of a new building for warehousing/logistics, quality control, and administration will ensure space for a future expansion of capacity.

The companies founded in Poland and Colombia by end of 2019 were built up successfully. In Poland, we took over the operations of a former distributor in mid-2020, while our new local assembly plant in Colombia now supplies neighboring countries.

The focus is on a return to growth

Based on the wide-ranging and above-average investments made both in the reporting year and in past years, we will continue to launch innovative products for growing customer segments and further expand our service offering even in the currently difficult market conditions. We will also focus on streamlining and optimizing the planning of our operating structures, optimizing material flows, and implementing strict cost management.

APPLICATION-SPECIFIC INNOVATIONS

Wherever drive forces are transmitted and automated production and conveyance processes running smoothly, Movement Systems is usually not far away. Our solutions for different constellations and requirements in various industries are known for their innovation, precision, reliability and economy. With our know-how we have profiled ourselves as a competent partner for the development of industry-specific and individual solutions.

Our application know-how in customer-specific production and processing offers customers the corresponding advantages and helps them to improve efficiency. Inspired by these experiences, in the reporting year we also developed various innovations for very different customer segments.

Hygiene-sensitive applications in the food-processing industry

As diverse as the foods are that are conveyed on belts in production, processing and packaging, the various belt solutions and surface coatings are just as specific for these individual requirements, ensuring efficiency, quality, hygiene and the gentle conveyance of the foods. Our innovations combine these advantages over various product lines:

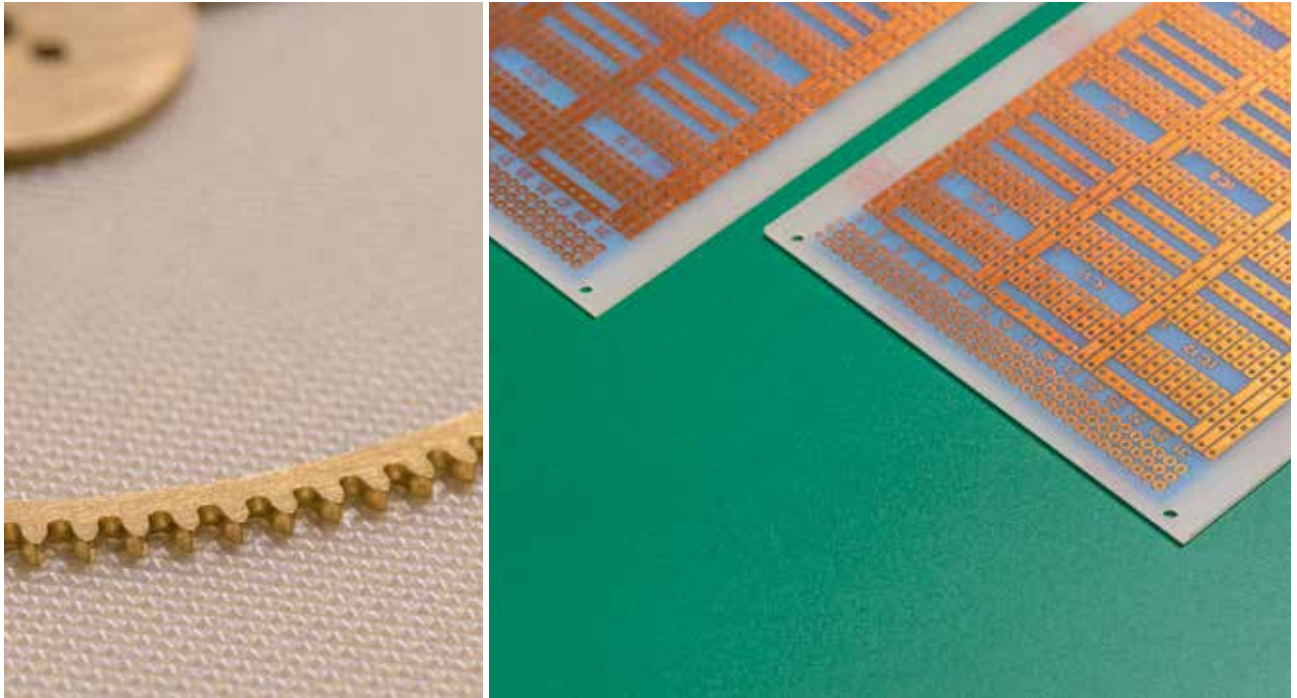
The new Series 18 of Prolink plastic modular belts is lightweight and suitable for straight systems and for process lines with curves. With its permeable surface for good air circulation and drainage, it is especially versatile, with a narrow grid structure suitable for the conveyance of small food articles packed or unpacked. It is especially suitable for use in industrial bakeries for bread, cookies and sweet pastries, on packaging lines or in the processing of meat, vegetables and seafood.



TRANSILON CONVEYOR BELT



PROLINK PLASTIC MODULAR BELT SERIES 18



TRANSILON CONVEYOR BELT

TRANSILON CONVEYOR BELT FOR THE ELECTRONICS INDUSTRY

Two new Transilon belt types with semi-elastic fabric and varying surface textures were developed for the conveyance of unpacked foods that demonstrate their advantages in particular in industrial bakeries for dough processing such as croissants, pastries and breads. The belt material is resistant to hot water and especially suitable for frequent cleaning.

Customer-specific industrial applications

Other newly developed Transilon belt types have very varied and robust properties for specific industrial applications. In the electronics industry a highly conductive green belt avoids electrostatic discharges in the production of flat screens, Smartphones or chip

assemblies. This protects the components from electrical damage and accumulation of dust so that production interruptions that this might otherwise cause can be prevented. The grip offered by the matt surface allows exact positioning, and the color contrast is easy on the eyes so that the usually small and dark components can be readily recognized in the quality control.

Two beige belts with above-average cut-resistance are proving themselves in various production applications and in the steel, automotive and recycling industry. An especially hardwearing belt for ultrasound cutting machines with a thick polyurethane surface is used in systems for cutting composite materials, floor coverings, leather and sport articles such as, for example, snowboards. The surface structure prevents slipping of the product on the belt. Another belt is used in the production of often small and angular metal parts to carry off stamping waste or pressed parts.

‘SURFACES THAT MAKE
THE DIFFERENCE’