

TO OUR SHAREHOLDERS



This E. Schneider

Chairman of the Board of Directors

Jens Fankhänel

Chief Executive Officer

Dear Madam, dear Sir

We made significant progress over the past financial year, successfully advancing strategic projects that will strengthen Forbo's competitiveness and create new market opportunities for the future. In doing so, we focused on measures to maintain profitability, improve operational efficiency and increase flexibility, alongside key investment projects. We also successfully launched new products on the market and further improved the sustainability of our business. Our measures have already shown positive results and are giving us confidence as we move forward, despite the adverse market environment.

We look back on a demanding financial year. Global conflicts, political uncertainties, and inflation are dampening consumer sentiment and our clients' willingness to invest. The macroeconomic environment in Europe has not improved, and the expected recovery in China has not yet set in. Only the markets in the U.S. remained stable. Demand in both divisions remained modest: Flooring Systems was affected in particular by a lack of new construction and renovation projects, while Movement Systems was hampered primarily by our customers' caution to invest.

Net sales in local currencies slightly declined

In the reporting year, Forbo realized in an adverse market environment CHF 1,122.0 million (previous year: CHF 1,175.2 million) in net sales, representing a 1.7% decline in local currencies (volume: – 1.1% and price: – 0.6%). Because of negative currency effects, this corresponds to a 4.5% decrease in net sales in the corporate currency. The three regions exhibited distinctly different developments in local currencies. In the Americas, net sales in local currencies increased by +4.2%, while in the Asia/Pacific net sales decreased by – 0.7% and in the Europe region by – 3.9%.

At Flooring Systems, demand was particularly affected by the lack of new construction and renovation projects, as our customers postponed, scaled down, or even cancelled projects due to market uncertainty and persistently high construction costs. Additionally, project shifts continued in favor of energy-saving investments. Net sales decreased by 1.3% in local currencies to CHF 765.6 million (previous year: CHF 796.5 million) – a 3.9% decline in the corporate currency. In this adverse market environment, we had to make slight reductions in sales prices for selected larger projects. In the U.S., we are pressing ahead with investments in the Flotex production line to accommodate market growth for our unique product.

At Movement Systems, the decline in demand is primarily due to our customers' cautious investment behavior as they have reduced their spending in response to subdued customer sentiment. As a result, net sales decreased by 2.7% in local currencies to CHF 356.4 million (previous year: CHF 378.7 million) – a 5.9% decline in the corporate currency. Sales prices were maintained at the previous year's level. Our efforts to increase productivity at our U.S. organization have not yet delivered the expected results. Uncertainties in the European market have prompted our customers to place orders at shorter notice, resulting in delivery bottlenecks. In China, the second production line was successfully commissioned in the fourth quarter of 2024, enabling us to serve the still attractive Asian market even better. The complete modernization of the production facility in Japan is proceeding according to plan.

Double-digit EBIT margin maintained

A double-digit EBIT margin has been maintained despite declining demand, leading to lower sales volumes, and inflation-related increases in personnel costs. This was achieved through adjusted operational structures and efficiency improvements. Furthermore, lower raw material prices had a positive impact on the annual results.

Operating profit before depreciation and amortization (EBITDA) decreased by CHF 13.6 million (– 7.6%) to CHF 166.3 million (previous year: CHF 179.9 million). The Group's operating profit (EBIT) was CHF 9.3 million lower (– 7.2%) at CHF 120.6 million (previous year: CHF 129.9 million). This resulted in an EBITDA margin of 14.8% (previous year: 15.3%) and an EBIT margin of 10.7% (previous year: 11.1%).

Solid profit margin

The lower operating profit also decreased the Group's profit by 7.0% or CHF 7.2 million to CHF 95.1 million (previous year: CHF 102.3 million), despite a slightly lower tax rate of 21.8% (previous year: 22.4%) and a positive financial result of CHF + 1.0 million (previous year: CHF + 1.9 million).

Strong balance sheet and solid cash flow

Our balance sheet is strong, and our equity ratio has been further increased to 64.1%. Forbo is debt-free and holds net cash of CHF 109.1 million. Additionally, as of year-end 2024, the company owns treasury shares valued at CHF 56.2 million at market price.

With a solid free cash flow of CHF 91.8 million, net cash and treasury shares increased to CHF 165.3 million as of December 31, 2024. This gives us flexibility and opens up business opportunities for the future.

CO₂ reduction targets defined

Sustainability has a long tradition at Forbo. We have been producing linoleum – a floor covering made almost entirely from renewable raw materials and that is biodegradable – since the late nineteenth century, and as part of the current Forbo Group since 1928. Building on this tradition, we want to improve every year and have therefore significantly expanded our sustainability report. We have set binding targets for key indicators, amongst others for CO₂ emissions. In the year under review, we were able to reduce CO₂ emissions (Scope 1 and 2) per square meter produced by 2.5% compared to the previous year.

Changes in the Board of Directors

This E. Schneider will no longer be standing for re-election as a member of the Board of Directors at the Ordinary General Meeting 2025. He joined the Board in 2004 and was Delegate of the Board of Directors and the Forbo Group's CEO until the end of 2013. From 2014 to the beginning of 2023, he was the Executive Chairman of the Board of Directors of Forbo Holding Ltd. He has been leading the company as Chairman of the Board of Directors since April 2023.

As part of its long-term succession planning, the Board of Directors of Forbo Holding Ltd will propose to the Ordinary General Meeting on April 4, 2025, that Bernhard Merki be elected as Chairman of the Board of Directors of Forbo Holding Ltd.

Steady dividend

Due to the solid free cash flow and strong equity base, the Board of Directors will propose to the Ordinary General Meeting an unchanged dividend as in the previous year of CHF 25 per share for the 2024 financial year.

Priorities and outlook for 2025

Priorities in 2025

Innovative and sustainable products and services, high product availability, and proximity to customers are the key success factors in the current market environment. We are thus actively pursuing our defined sales and marketing activities as well as important operational excellence initiatives. In a geopolitical environment marked by tensions, it is crucial for us to deploy our resources and assets in an entrepreneurial manner.

Forbo will remain with the strategy that has proven to be successful in recent years. We have an attractive product portfolio in both divisions and continue to invest in our sustainable range of products and services as well as in growth markets. Digitalization, as well as new and expanded production technologies, enable us to focus on further increasing our efficiency and making the company more sustainable across the board. Furthermore, we will seize external growth opportunities, provided they allow us to add value in the long term.

Outlook for 2025

In view of our strong and debt-free balance sheet, proven strategy, and leading market positions, we are well positioned to prevail in the challenging market environment. Thanks to our targeted investments and innovations, we will further strengthen our competitiveness and create the necessary basis to benefit from rising demand.

Provided the geopolitical and economic environments do not change significantly, we expect to see a slight year-on-year increase in net sales, in local currencies, and profit for the 2025 financial year.

A thank you to our stakeholders

On behalf of the entire Board of Directors, we would like to express our sincere thanks to our shareholders, customers, business partners, and employees. Your trust, support, and commitment are crucial to our success. Despite being faced with a challenging market environment, we have made substantial progress together and were able to press ahead with our strategic initiatives.

The trust you place in us encourages us to act decisively and ensure sustainable growth, even in times of change. We look forward to continuing this journey with you and thank you for your continued support.

Baar, March 2025



This E. Schneider
Chairman of the Board of Directors



Jens Fankhänel
Chief Executive Officer