

A modern interior space, likely a hallway or lobby, featuring a floor with a geometric pattern of grey, white, and orange. Two prominent white cylindrical columns stand in the center. To the right, there are several glass doors with a grid of circular patterns. On the left, a staircase with a metal railing leads up to a mezzanine level with a large window. The walls are white, and the ceiling is a light grey.

FLEXIBILITY.

High-quality floor coverings are distinguished by good design and optimum integration in the room. Thanks to long years of experience, sound know-how and innovative technology, we offer the right floor coverings for the widest possible range of needs in optimum execution and the most modern designs. With our diverse product portfolio we can always offer our customers and sales partners the right applications for every area of a building.



forbo

FLOORING SYSTEMS



FLEXIBILITY.



RELIABILITY.

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 matting systems for cleaning and drying shoes, carpet tiles, needle felt, and Flotex, the washable 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.

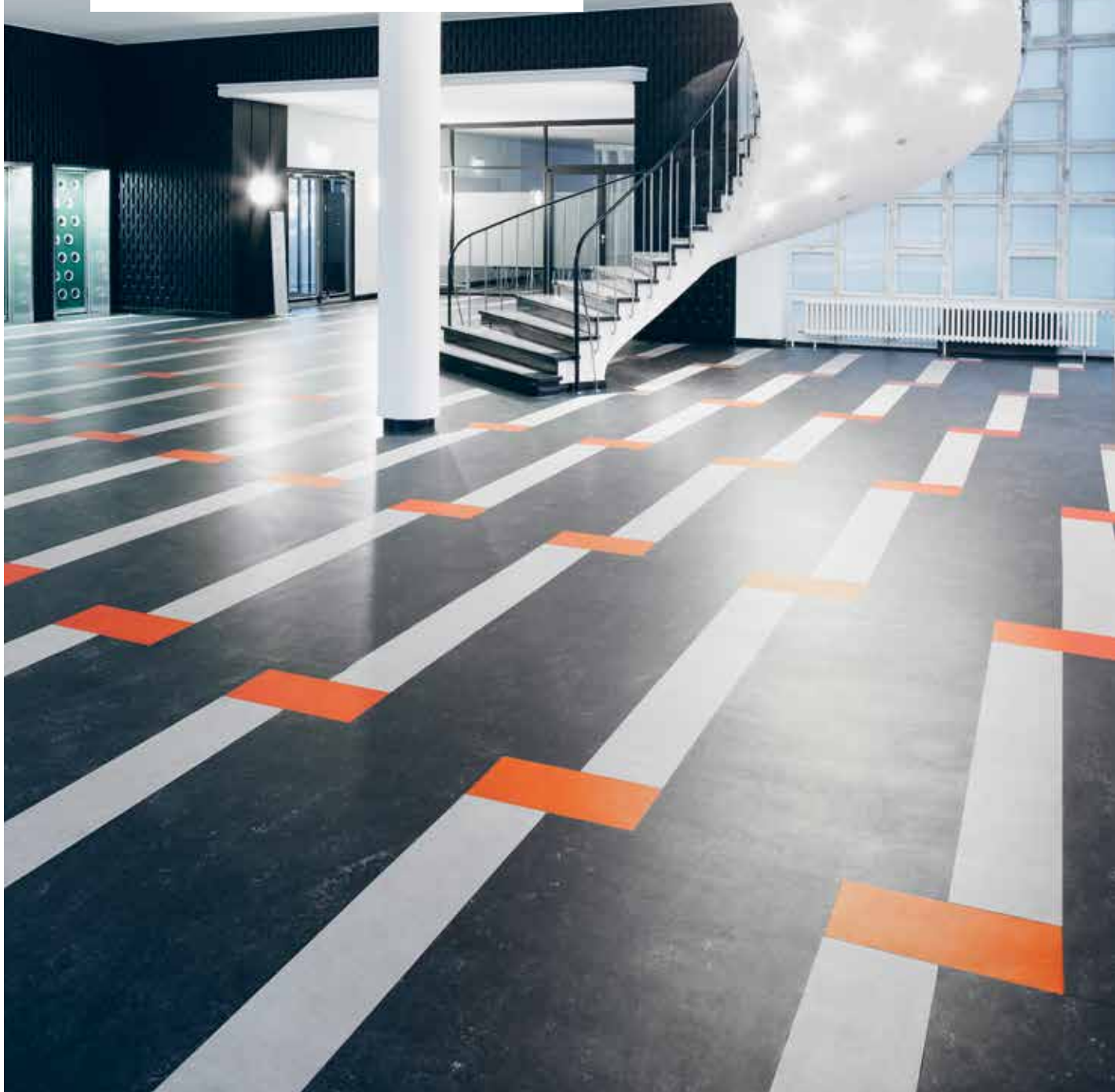


FLOORING SYSTEMS

FLEXIBILITY

SUSTAINABLY DURABLE

Linoleum floor coverings are commonly used in educational facilities because they are very durable, versatile, sustainable and easy to clean. Linoleum is made from the natural raw materials linseed oil, natural resin, wood flour and limestone as well as jute and pigments. In addition to all the practical advantages in the application, our modular floor coverings offer additional, attractive design options as well as uncomplicated handling in transport and installation.



FLOORING SYSTEMS: ATTRACTIVE PRODUCT PORTFOLIO PROVIDES A COMPETITIVE EDGE

‘Once again we added new elements to our product offering this year and enriched our collections with attractive new products in all categories. A special highlight was the launch of three collections from the new line of high-end homogenous vinyl floor coverings. Our growth initiatives included selectively building up distribution resources for the private sector commercial segment, reinforcing our teams in growth markets, raising the service level, and thereby increasing our customer focus. We invested in technological innovations in a large number of operational areas, carried out expansion projects, and in this way streamlined our processes. Thanks to our attractive product portfolio and clearly defined market strategies, we further strengthened our position as a leading systems supplier in the commercial segment.’

The Flooring Systems division generated net sales of CHF 856.6 million in 2017 (previous year: CHF 818.0 million). This represents a solid increase of 4.7% in the corporate currency (+ 3.7% in local currencies). The division’s share of Group sales was 68.7%. All three regions contributed to this growth amid mixed market conditions, though with different growth rates. Operating profit (EBIT) before one-off costs rose by 2.3% to CHF 125.5 million (previous year: CHF 122.7 million) despite the negative impact of higher raw material prices. The EBIT margin before one-off costs declined by 0.3 percentage points to 14.7% (previous year: 15.0%). Factoring in one-off costs from the antitrust proceedings – now concluded – against Flooring Systems in France, operating profit (EBIT) came to CHF 42.1 million.



Matthias P. Huenerwadel

Executive Vice President
Flooring Systems

Solid sales trend

All three regions contributed to this solid sales trend.

Most European markets, especially our core markets in France, Germany, and the Netherlands, reported moderate to above-average growth. Demand was very buoyant in southern and eastern Europe, and somewhat more muted in northern Europe. Sales in the UK declined slightly owing to the economic environment and the resulting atmosphere of restraint.

The Americas region reported marginal sales growth, due mainly to the stabilization and gradual recovery of the growth markets in South America. The main market, North America, reported sales on a par with the previous year.

In the Asia/Pacific region, China, Japan, and South Korea made an above-average contribution to the sales upturn. This gratifying trend was driven by various growth initiatives and the completion of some major customer projects.

After a number of difficult years during the down cycle, the building and construction adhesives activity recovered and reported very satisfactory sales growth overall. Russia and the Netherlands in particular made an above-average contribution to these gains.

Versatile and trendy collections enhance the product portfolio

The division continued to expand its offering for private sector customers by launching new and innovative collections in the year under review. The range now features new formats, a broad spectrum of color and design options, new effects and materials, and advanced functionalities and floor-laying options.

We kicked off 2017 by very successfully launching a host of attractive linoleum collections along with luxury vinyl tiles and a completely new product line of homogenous vinyl floor coverings. We followed this up by focusing on compelling collections in the textile flooring range, in particular for modular applications, in the second half of the year.

We also rolled out various new collections of the Flotex product line in the second half of 2017. Flotex is our high-tech textile flooring that can be cleaned using a pressure washer. It is employed primarily in care facilities, leisure centers, hotels, restaurants, and offices, where its robust durability, good hygiene features for allergy sufferers, and its ease of care make it invaluable. The high-end 3-D digital printing options opened up by the newly installed facility in Château-Renault, France, are promising – the ultra-modern designs and special features of both broadloom and modular tile and plank formats it enables are creating exciting opportunities. The plant's increased output is also impressive.

We added attractive collections to our range of high-end Tessera carpet tiles, which are in especially great demand for office premises. They are influenced by strong design and color trends from the world of architectural décor that we reinforce with fashionable colors and motifs plus new plank formats that are closely coordinated with our new collections of luxury vinyl tiles.

The modular Coral entrance matting systems launched the previous year are now available in a click floor-laying option that greatly simplifies installation – a welcome addition especially in the retail segment.

Above-average growth in vinyl floor coverings

The homogenous vinyl flooring line that was launched with its three inspiring collections in the year under review met with an enthusiastic response internationally, and customers, especially in healthcare, were excited by its designs and material features.

The luxury vinyl tiles again reported double-digit growth in a highly competitive market and impressed customers with a wide range of design and application options. In the linoleum segment, demand for innovative special collections and revitalized furniture linoleum was gratifying. Demand for linoleum in traditional broadloom form was close to the previous year's level. The other product groups – project vinyl, entrance matting systems, carpet tiles, Flotex, and needle felt floor coverings – also contributed to the sales growth.

Wide-ranging capital expenditure

In addition to the many activities to complement the product portfolio, we selectively built up distribution resources for the private sector customer segments and gained a number of new, reputable international key accounts. We supported our growth markets with initiatives for successful development: we added distribution partners to strengthen the sales structures in China; we expanded the distribution team in South Korea; and we reinforced the organization in Turkey by supplementing logistics with a local warehouse.

We installed a new 3-D digital printing line in the USA – in addition to the new facility in Château-Renault, France – for modular Flotex floor coverings, which will start operating in the spring of 2018. This facility can produce small lot sizes with individual designs for the local market with optimized delivery times.

Ongoing implementation of market strategies

Ongoing implementation and development of the defined market strategies will be important for 2018. We have made exceptionally large investments over the past two years to enhance our product portfolio and the related production facilities. We also selectively expanded distribution structures for private sector commercial customers. Now we have to follow up on these activities and initiatives and add support through local market activities.

We are also constantly bolstering our organization with local operational investments to minimize delivery times and further raise the service level. Cost consciousness plus target procurement measures will ensure that we successfully meet the challenges coming our way from higher raw material prices.

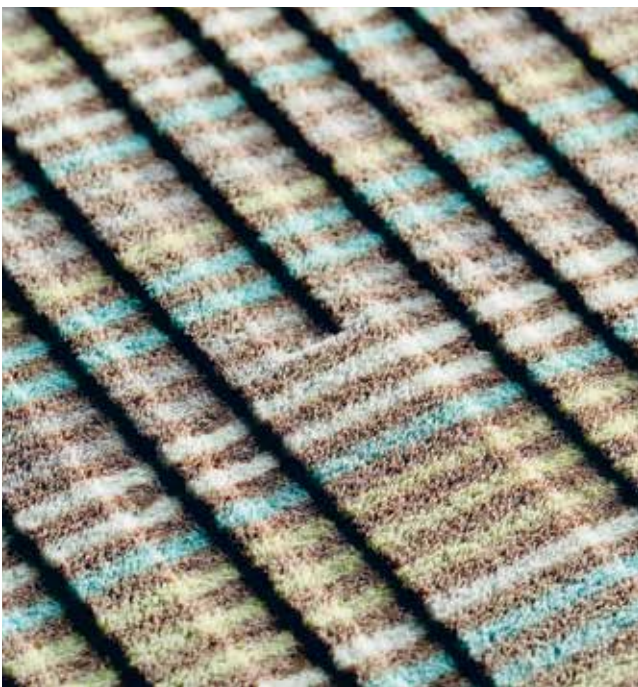
TEXTILE COLLECTIONS FOR A WARM AMBIENCE

Forbo floor coverings combine functionality and excellent product quality with innovative designs; they enhance interior spaces, whose character and appearance are geared to the needs of the people using these spaces. With every new development we are constantly making our products and production processes more sustainable and environmentally friendly, thus increasing the quality of the air in the room to meet the most stringent demands. In the reporting year we kept pace with the pulse of technical innovation and design trends.

At the start of 2017 Flooring Systems launched a number of attractive collections ranging from linoleum to luxury vinyl tiles and homogenous vinyl floor coverings. The focus in the second half of the year was mainly on new technologies and additions to the product range, featuring attractive designs for textile floorings.

Flotex – versatile and varied

Flotex is a robust, high-tech textile floor covering that is phthalate-free. It is power-washable with water, easy to maintain, and is produced exclusively by Forbo. More than 80 million nylon-6.6 fibers per square meter are injected and anchored electrostatically in an impermeable vinyl base. Due to its robustness, its hygiene advantages for allergy sufferers, anti-slip properties, and its excellent acoustic properties, Flotex is ideal for use in care facilities and nursing homes, the catering sector, leisure centers, and office premises. The 2017 fall collections are diverse and distinguished by state-of-the-art, three-dimensional designs coupled with special embossment textures for broadloom material as well as for modular tile and plank formats. The Cityscape collection, for instance, features fascinating designs: its embossed lines change in the light depending on the angle the flooring is viewed from. The new plank collection encompasses six new designs, each of them available in multiple color variations. The planks in the new 25 × 100 cm format give designers and architects a host of opportunities for creativity with different color combinations and floor-laying patterns.



FLOTEX WITH SPECIAL EMBOSING



LUXURY VINYL TILES IN COMBINATION WITH TESSERA CARPET TILES



COLLECTION TESSERA DIFFUSION



CORAL CLICK SYSTEM

High-end Tessera carpet tiles

Carpet tiles give a room a special character, generate a warm atmosphere, and are especially suitable for office premises or cozy hotel settings. We have expanded our range of high-end Tessera carpet tiles, adding fashionable colors and designs along with new plank formats that are coordinated with the new collections of luxury vinyl tiles. The different formats can be combined with each other and can be laid without transition strips, making them an even more attractive option. The new Tessera Seagrass planks are very appealing with their soft, striated look and 12 natural colors ranging from light to dark. Yet another collection is geared to maximizing floor-installing options. Depending on whether the tiles have a monolithic, half-width offset, quarter-turned or randomly patterned configuration, different aesthetic effects can be achieved.

Despite the generous fiber weight, which enhances comfort, our carpet tiles are sustainable in the way they are produced. Recycled material makes up over 60%, and they are manufactured entirely with electricity from renewable resources.

Modular click entrance matting systems

The modular Coral entrance matting systems launched in 2016 are now also available with a click version. These versatile tiles with textile inserts can be used in all types of building and are especially suitable for simple installation in retail stores because they do not have any metal components that interfere with electronic identification devices.

‘MODULARITY INCREASES
CREATIVE ABILITY’