



# VERSATILITY.

Sustainability, functionality, and attractive designs are a high priority in the development of our floor coverings. These create spaces with a comfortable ambience and scope to realize creative ideas.

In our production processes, we take care to use environmentally compatible materials, renewable energy, and smart logistics to ensure the best possible eco-balance. Forbo is the world's leading manufacturer of linoleum, a floor covering that is completely CO<sub>2</sub>-neutral, biodegradable and made from natural materials.



forbo

FLOORING 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.

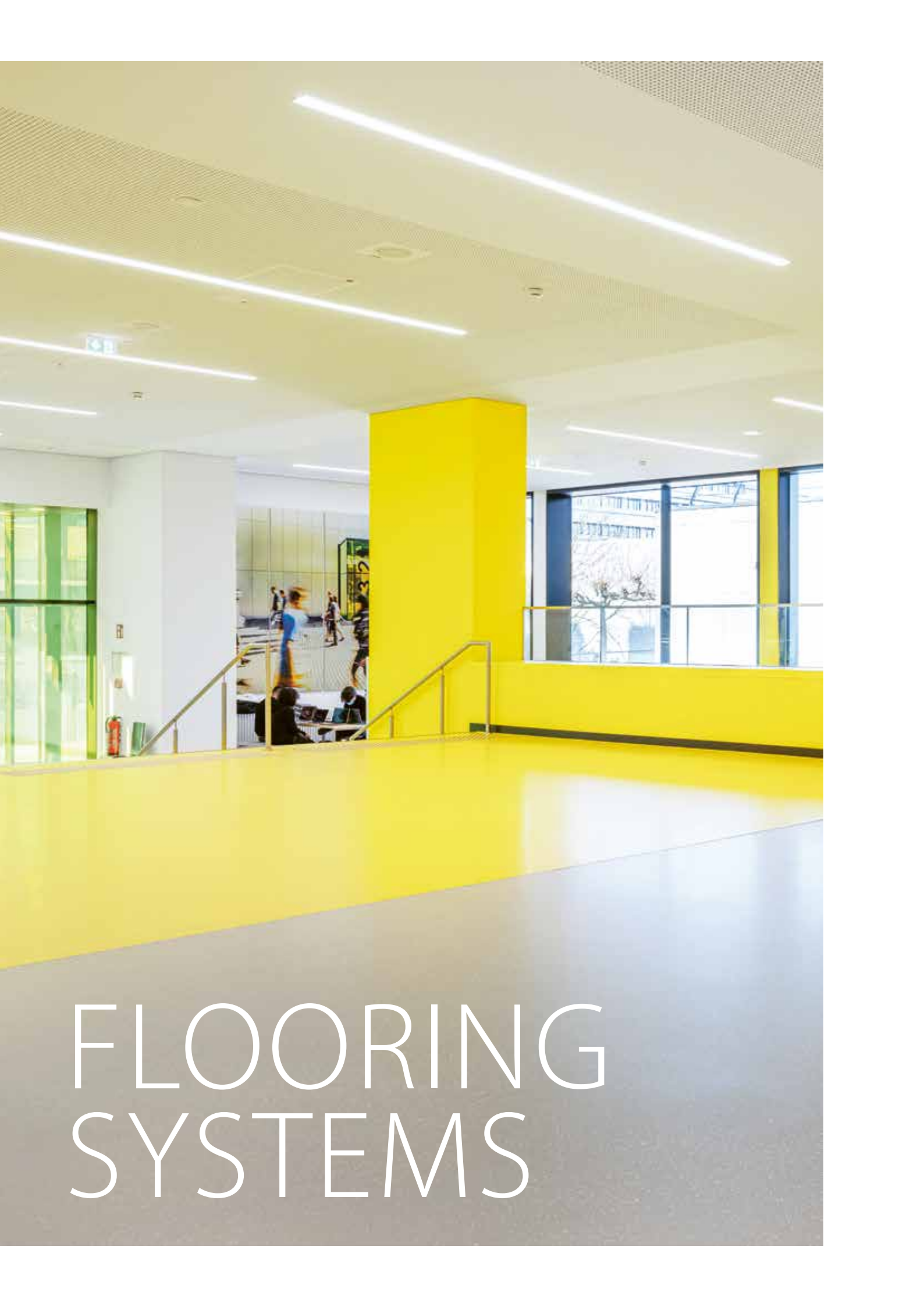




**VERSATILITY.**



**EFFICIENCY.**



# FLOORING SYSTEMS



**VERSATILITY**

# SUSTAINABLE AND DURABLE

Our attractive floor coverings feature good hygiene properties, long service life and versatility in use. For applications in the educational sector, it is particularly important that floor coverings can withstand heavy use and offer color concepts that help create an ideal learning environment. In addition, every space has its own requirements, which we strive to satisfy with modular solutions and a wide choice of colors, structures, formats, and functions.

# FLOORING SYSTEMS: STRONGER ALL-ROUND

‘Our markets and customer segments continued to improve in the reporting year and have largely recovered. Various bottlenecks in the availability of raw materials, delays in our supply chains, and reduced installation capacities continually presented us with new challenges. The massive price hikes in raw materials demanded a highly professional response from us, with an ongoing cost focus and price increases to maintain the level of profitability and earnings. Overall, we can look back on a successful year despite the difficult circumstances. We intensified efforts to implement our strategic goals with a focus on growth and strengthening our sales organizations, and also handled the Brexit situation well.’

The Flooring Systems division posted net sales of CHF 851.8 million in the 2021 business year (previous year: CHF 757.0 million), a rise of 12.5% in the corporate currency (11.7% in local currencies). The division accounted for 67.9% of Group sales in 2021. We achieved this increase despite the growing shortage and price rises affecting construction materials and a lack of installation capacity at customer projects in certain markets, which led to some projects being delayed. Operating profit (EBIT) increased by 19.4% to CHF 131.2 million (previous year: CHF 109.9 million), mainly because of the improved capacity utilization of production plants due to higher sales, and an increase in productivity. This was counteracted by a sharp rise in raw material prices and freight costs, although these negative effects were offset to some extent by price increases on our part. The EBIT margin was up by 0.9 percentage points to 15.4% (previous year: 14.5%).

#### **Adjusted for currency effects, sales above pre-pandemic levels**

All three regions recorded substantial sales growth, also due to some successful international key account activities: Asia/Pacific saw the greatest effect, with double-digit growth also in the Americas and a similarly positive picture in Europe. Adjusted for currency effects, sales were higher than the pre-pandemic levels of 2019.



Jean-Michel Wins  
Executive Vice President  
Flooring Systems

The sales picture in Europe was mixed. The markets in Southern Europe and France, which were strongly affected by COVID-19 the previous year, showed strong double-digit growth, while most other markets, namely Germany, the Netherlands, Great Britain, Switzerland, and Scandinavia, grew strongly, though not at double-digit levels. Russia posted another above-average sales increase, after a successful prior-year period, with similar growth in other Eastern European markets.

The rise in sales in the Americas region was underpinned by the marked recovery in the main market, USA, despite local bottlenecks affecting logistics, international freight, and installation capacities at customer projects. The main drivers of growth were projects in the education and healthcare sectors. In Canada, growth was driven by state-sponsored projects in the healthcare sector and aged care. Brazil and smaller markets in South America reported double-digit sales increases.

The above-average growth in the Asia/Pacific region was driven mainly by the catch-up effect in China, which had seen many construction freezes resulting in major project postponements in the previous year. Projects in the semi-conductor industry and in the healthcare sector drove the sales growth in particular. Most markets in Southeast Asia posted a gratifying upturn in sales, as did the growth markets of South Korea and Turkey. Australia reported moderate growth. Japan, which had benefitted from the Olympics effect the previous year, stagnated.

The building and construction adhesives activity again generated pleasing growth, to which all three main markets – the Netherlands, Germany, and Russia – contributed.

#### **Attractive new collections in all product groups**

In the reporting year, we developed and launched modern, high-quality collections with unique selling points across all product groups.

At the same time, we worked on a number of innovations in the linoleum unit, which will be incorporated into future collections. One of these is 'TopshieldPro', a coating developed based on extensive testing, which offers improved protection against scratches and abrasion and is much more resistant to disinfectants. The newly launched 'marmoleum linear' collection can be combined in a variety of ways using natural colors and designs.

In the vinyl unit, we created 'sarlon diversity', a particularly wide-ranging collection featuring a newly developed surface technology, 'XtremPUR™', which is resistant to discoloration, staining and scratches, more slip-resistant and easier to clean. We created the new luxury vinyl tiles collection 'effecta', targeting the Russian market with local in-trend colors. The high-performance homogenous vinyl floor coverings 'sphaer energetic' are suitable for use in areas with heavy traffic. In the textile unit, we introduced various new Flotex, carpet tile, and needle felt collections, in some cases designed for local markets or specific customer segments. The 'coral world series 2021' is a very wide-ranging new collection of entrance flooring systems, which feature roll and mat formats as well as tile and plank formats, with a variety of floor-installing options.

#### **Growth in all product groups**

In line with the sales trend, the different product groups also reported higher sales, though to differing degrees. Linoleum floor coverings generated pleasing growth, in particular because of a further increase in the number of projects in the education and health sectors. Most product lines of the versatile and application-specific vinyl floor covering collections reported above-average performance across the board. In textile floorings, Flotex, needle felt floor coverings, and entrance flooring systems returned solid growth rates, though carpet tiles remained subdued, which can be ascribed to the very hesitant recovery in the office segment.

#### **Increased investments**

In addition to numerous initiatives to enhance the product portfolio, we invested in renewals at various production plants with the aim of developing new products and promoting innovations but also of modernizing and streamlining production processes. This invariably also involved environmental improvements. Examples include newly installed coating and cutting systems, modernized planning and control equipment, and the replacement of specific machinery and afterburners.

The manufacturing site for vinyl floor coverings in France installed a next-generation digital printer. It ensures flawless print quality, improved speed, and product and process compatibility. This gives us greater flexibility in the variety of colors available for new designs and in the creation of additional color combinations and pattern repeats. Further advantages include the option of production in small batches, shorter routes to market and implementation of customer-specific designs. The newly installed multipurpose coating facility for entrance flooring systems in the Netherlands enables automatic application of a self-adhesive film on the back of tiles. The innovative new combined cutting technique 'pro-cut' facilitates automatic cutting to measure. At the building and construction adhesives production site in the Netherlands, the powder plant was renewed, and the warehousing facilities were extended.

#### **Strengthened for 2022**

We start the new year stronger. Our attractive product portfolio, innovative installation options, and strengthened sales organization with greater customer focus and enhanced service levels, combined with numerous digitization advances, ensure that we are well positioned to take advantage of profitable growth opportunities. All this is further underpinned by a global communications initiative with special focus on our CO<sub>2</sub>-neutral linoleum floor covering. The steep rise in raw material prices is likely to continue and we will have to compensate by increasing operational efficiency and price adjustments.



# SUSTAINABLE AND FUNCTIONAL

Floor coverings from Forbo combine functionality and high product quality with innovative designs. They enhance interiors in accordance with the needs of the users. With every new development we are constantly making our products and production processes more sustainable, while fulfilling the highest demands in terms of functionality. Thanks to regular exchange with designers, architects, building owners and suppliers, we have our finger on the pulse of technical innovation and the latest design trends.

Our floor coverings are mostly designed for applications in the non-residential construction business, which means that they have to be very hardwearing. They are based on tried-and-tested and state-of-the-art production and digital print technologies, and combine trendy

designs, a diverse range of colors and innovative textures in environmentally friendly materials. Diversely inspired, in the reporting year we also developed attractive new products for a wide range of applications.

### **Authentic, sustainable linoleum floor coverings**

Forbo's linoleum is without compensation completely CO<sub>2</sub>-neutral (cradle to gate), biodegradable, bacteria-inhibiting and the world's most environmentally friendly resilient floor covering. It is made from natural, renewable materials such as linseed oil, jute, natural resin, limestone powder, and wood flour. In order to bring the attractiveness of this authentic floor covering closer to various stakeholders with the aid of innovative presentation formats, a roadshow started in the Netherlands in August 2021 which will travel through 20 countries in Europe up to fall 2022. The newly launched 'marmoleum linear' collection is dominated by neutral, natural shades with a calming and, due to the striped look, a direction-giving effect. They are especially suitable for applications in the healthcare and education sectors as well as in office and administration buildings. Developed on the basis of a new recipe, the linoleum surface covering, 'TopshieldPro', will be



ENTRANCE FLOORING SYSTEMS 'CORAL WORLD SERIES 2021'



LINOLEUM 'MARMOLEUM LINEAR'



VINYL COLLECTION 'SARLON &amp; MODUL' UP DIVERSITY'



VERSATILE VINYL DESIGNS IN DIGITAL PRINT

launched in spring 2022. It increases the resistance and protection, in particular with regard to scratches and disinfectant agents.

**New production technology extends design diversity in vinyl coverings**

The newly installed digital printer for vinyl coverings in France and the newly developed surface technology XtremPUR™ formed the basis for the relaunch of various vinyl collections with sound-absorbent properties as well as easy and fast installation options and formats, combined under the collection name 'sarlou & modul' up diversity'.

Diverse designs with surprising effects or loose-lay versions are convincing customers in applications in training facilities, in offices, in the healthcare sector as well as in multi-unit housing refurbishments. They show their advantages optimally in renovation projects where a rapid change of floor coverings is required. They are phthalate-free and certified with regard to anti-bacterial properties.

**Extensive collection renewal of entrance flooring systems**

The new, very extensive collection of entrance flooring systems 'coral world series 2021' includes eight product lines for the widest possible range of applications, and is based on the latest color trends, coordinated and easily combinable with other Forbo collections. Alongside the usual sheet and mat formats, they are also available in easy-to-install tile formats. The range has an increased proportion of recycled polyamide, which is an additional benefit for the environment.

'DIVERSE INSTALLATION OPTIONS ARE IN DEMAND'