

MEDIA AND FINANCIAL ANALYST MEETING

ZURICH, THURSDAY, MARCH 2, 2023

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WELCOME & INTRODUCTORY REMARKS

THIS E. SCHNEIDER

FINANCIAL RESULTS 2022

ANDREAS JAEGER

ACTIVITIES & FOCUS

URS CHRISTEN

STRATEGY UPDATE & OUTLOOK 2023

THIS E. SCHNEIDER

QUESTIONS & ANSWERS

THIS E. SCHNEIDER WELCOME & INTRODUCTORY REMARKS



- Demanding market environment impacted by supply chain challenges, increased raw materials, energy, logistics, and other costs
- Good volume growth in H1 2022 – strong decline in demand in H2 2022
- Significant increase in cost base and workforce in H1 2022
- Corrective measures taken to address operational and structural issues since late summer 2022
- Strategically important projects pursued and investments in value creation continued
- Attractive flooring collections launched in Flooring Systems and application-specific innovations developed in Movement Systems

Sales growth in all regions thanks to sales price rises

Net sales growth of 3.1% to CHF 1,293.2 million (8.5% in local currency)

Declining volumes and a significant rise in cost structure

EBIT of CHF 132.6 million (–25.9%) and EBIT margin of 10.3%

Lower earnings reflected in Group profit

Group profit of CHF 101.4 million (–28.2%)

ANDREAS JAEGER FINANCIAL RESULTS 2022



- Solid growth in H1 2022 followed by lower market demand in H2 2022, which negatively impacted sales and results
- Strong build-up of workforce and structures in H1 2022 led to a higher cost base in H2 2022
- Subsequent delayed reaction in H2 2022 to volume drop caused underutilization of production capacity and weighed on production costs
- Significant increase in input costs, particularly raw materials and energy, were passed on to customers with a time lag
- Rising production costs combined with challenges in sales and production planning drove up inventories

FORBO GROUP CONSOLIDATED INCOME STATEMENT

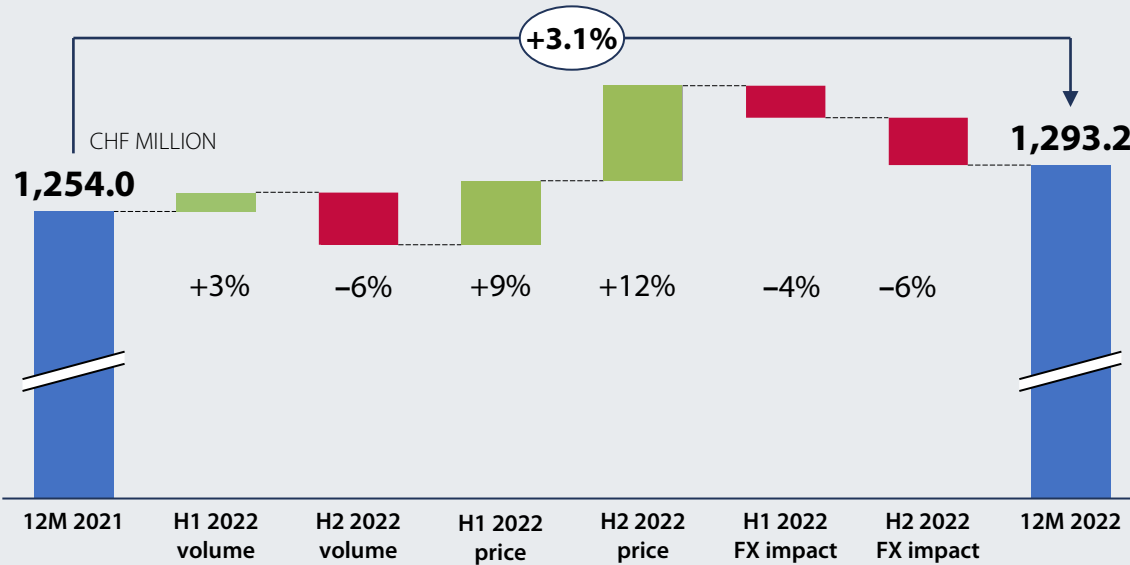


CHF MILLION	2022	2021	Δ CHF & LC
Net sales	1,293.2	1,254.0	+3.1% / LC +8.5%
Gross profit	440.8	451.0	-2.3%
Operating expenses	-308.2	-272.0	
EBITDA	193.4	235.6	-17.9%
Depreciation and amortization	-60.8	-56.6	
Operating profit (EBIT)	132.6	179.0	-25.9%
Financial result	-1.6	2.2	
Group profit before taxes	131.0	181.2	-27.7%
Income taxes	-29.6	-40.0	
Group profit	101.4	141.2	-28.2%
Earnings per share undiluted in CHF	71.76	91.63	-21.7%
FTE	5,390	5,532	-2.6%

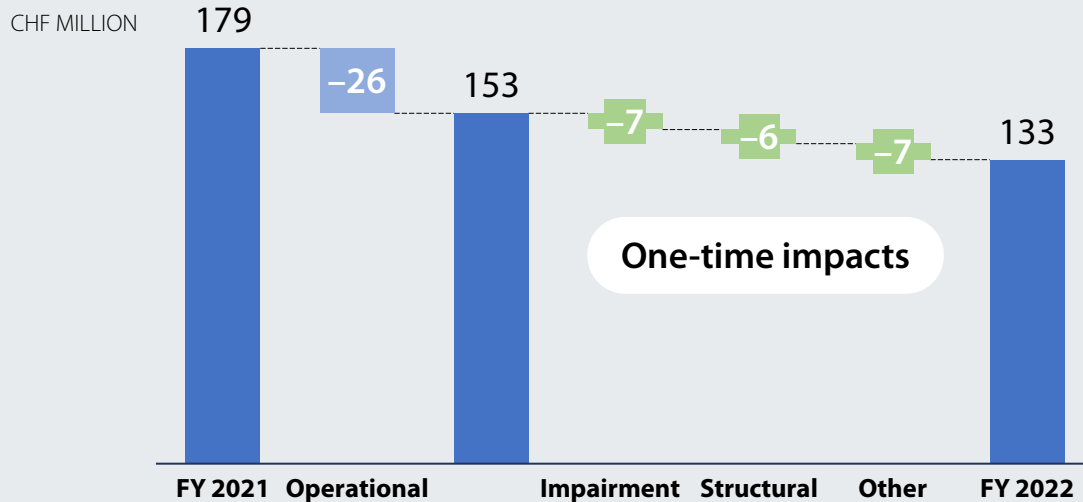
- Higher sales driven by sales price increases
- Lower gross profit as a result of lower volumes, delay in adjusting structure and time lag in passing on higher costs
- Rise in operating expenses due to higher cost base and one-time impacts
- Increased depreciation from impairment in Russia

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NET SALES BRIDGE 2022



- Sales growth in local currencies of 8.5%; positive sales performance in all three regions
- Reduction in demand from late summer 2022 onwards
- Rising price increases over the course of 2022
- Negative foreign exchange impact of CHF 67 million



OPERATIONAL

- Lower market demand drove down volumes and thus EBIT
- Increased sales prices mainly covered higher costs for raw materials, energy, and logistics
- Build-up of workforce and structures in H1 2022 led to a higher cost base
- Delayed reaction to lower demand caused underutilization of production capacity
- Significant negative foreign exchange impact

ONE-TIME IMPACTS

- Impairment in Russia
- Structural adjustments
- Other

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CONSOLIDATED BALANCE SHEET



CHF MILLION	2022	2021
Non-current assets	388.6	428.0
Current assets	571.6	553.6
Cash and cash equivalents	46.7	93.3
Working capital	524.9	460.3
Total assets	960.2	981.6
Shareholders' equity	550.1	521.8
Equity ratio	57.3%	53.2%
Total liabilities	410.1	459.8
Current liabilities	291.6	314.5
Non-current liabilities	118.5	145.3
Total shareholders' equity and liabilities	960.2	981.6

- Reduced cash due to lower result and increased inventories
- Higher inventories caused by increased costs and challenges in coordinating sales and production planning
- Reduction in non-current assets and liabilities significantly impacted by foreign exchange difference

Net cash of CHF 21.4 million (exclusive leasing) plus own shares of CHF 78.6 million

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CONSOLIDATED CASH FLOW STATEMENT

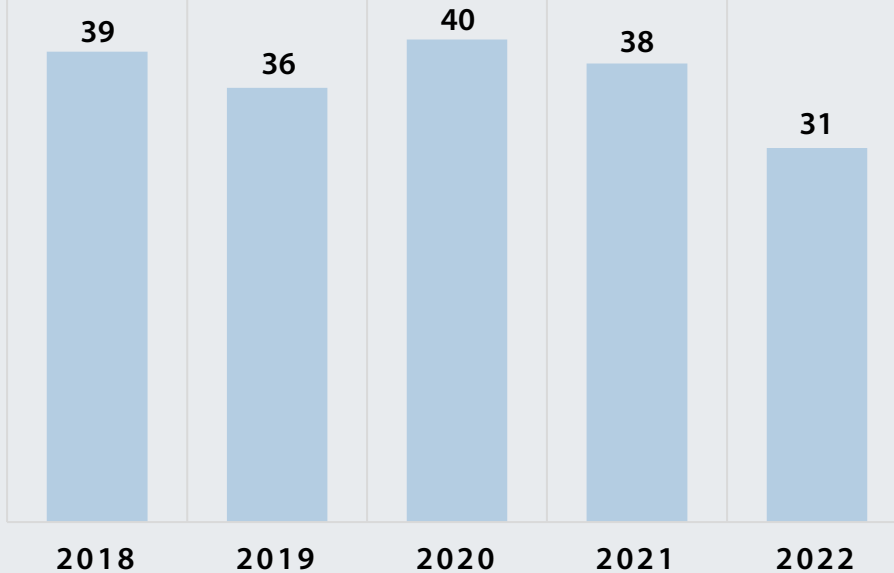


CHF MILLION	2022	2021
Cash flow from operating activities	80.6	166.5
Cash flow from investing activities	-30.1	-38.4
Free cash flow	50.5	128.1
Cash flow from financing activities	-93.9	-290.2

Free cash flow down from CHF 128 million to CHF 51 million as a result of lower earnings and higher net working capital

- Higher inventory caused by higher costs and challenges in sales and production planning
- Higher accounts receivables driven by increased sales

CHF MILLION



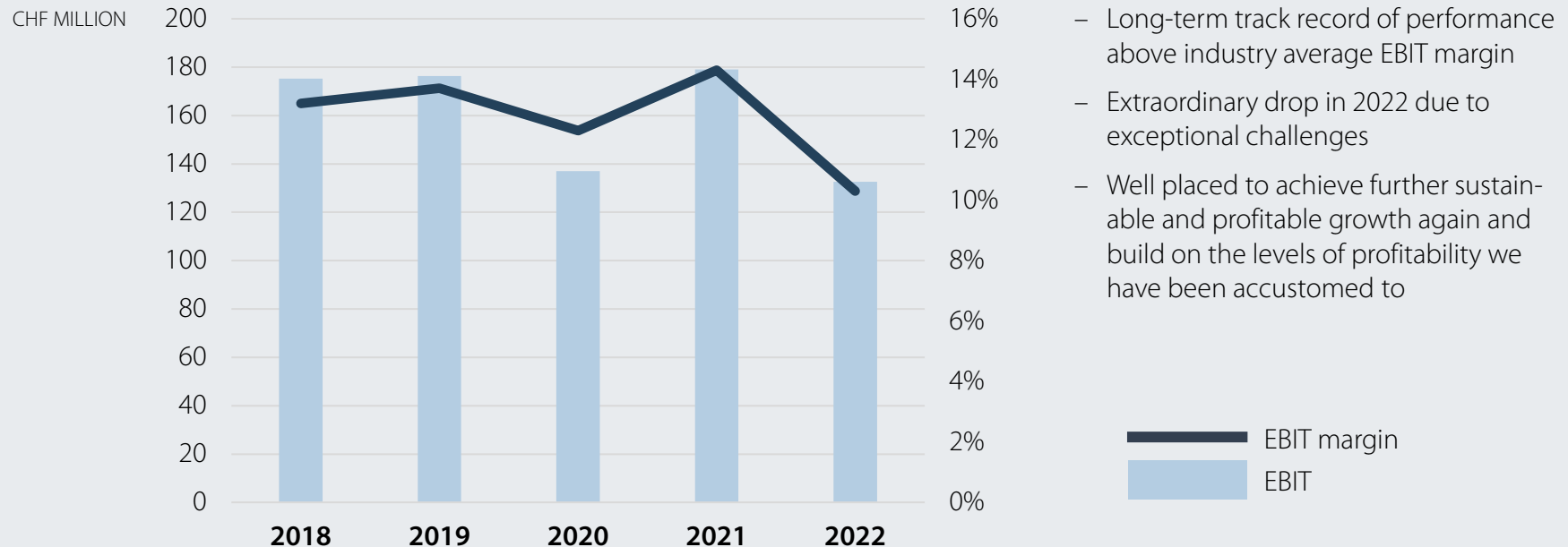
Lower capital expenditure in 2022 due to delays in delivery of production systems and machine elements by suppliers

REPLACEMENT
57%



43%
**RATIONALIZATION
& EXTENSION**

EBIT and EBIT margin 2018–2022

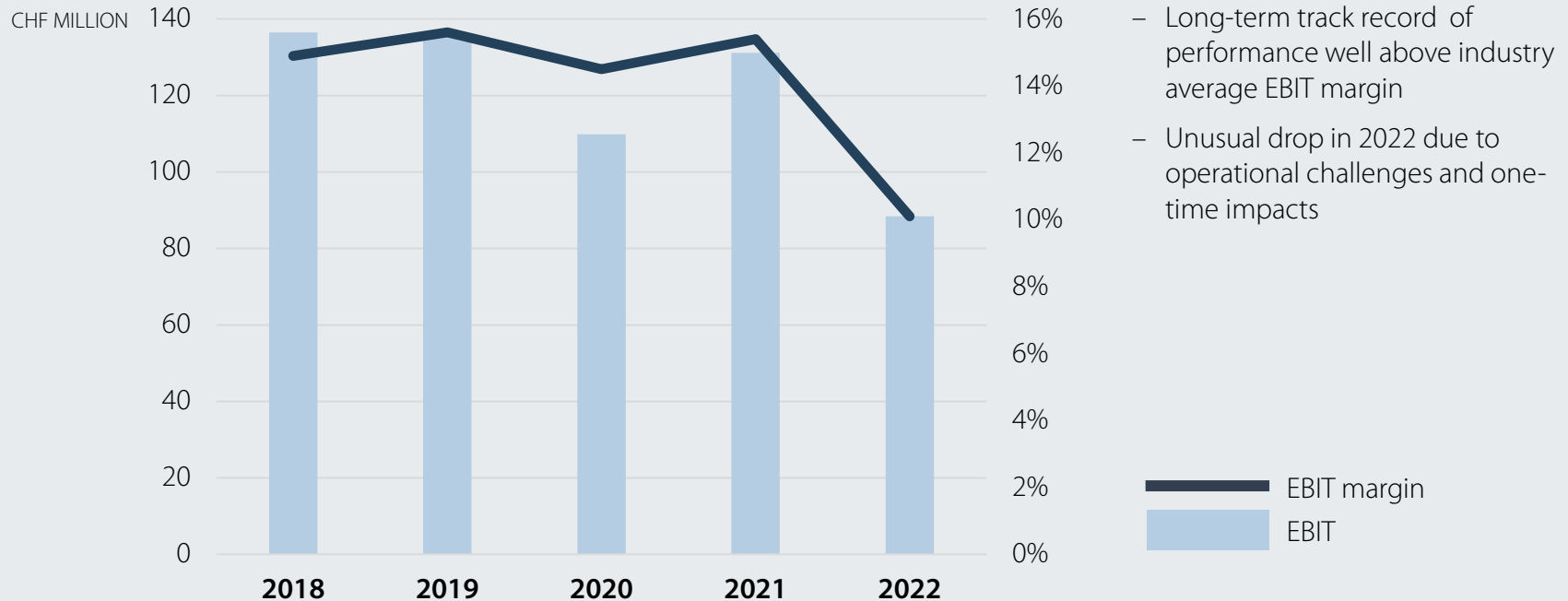


URS CHRISTEN ACTIVITIES & FOCUS



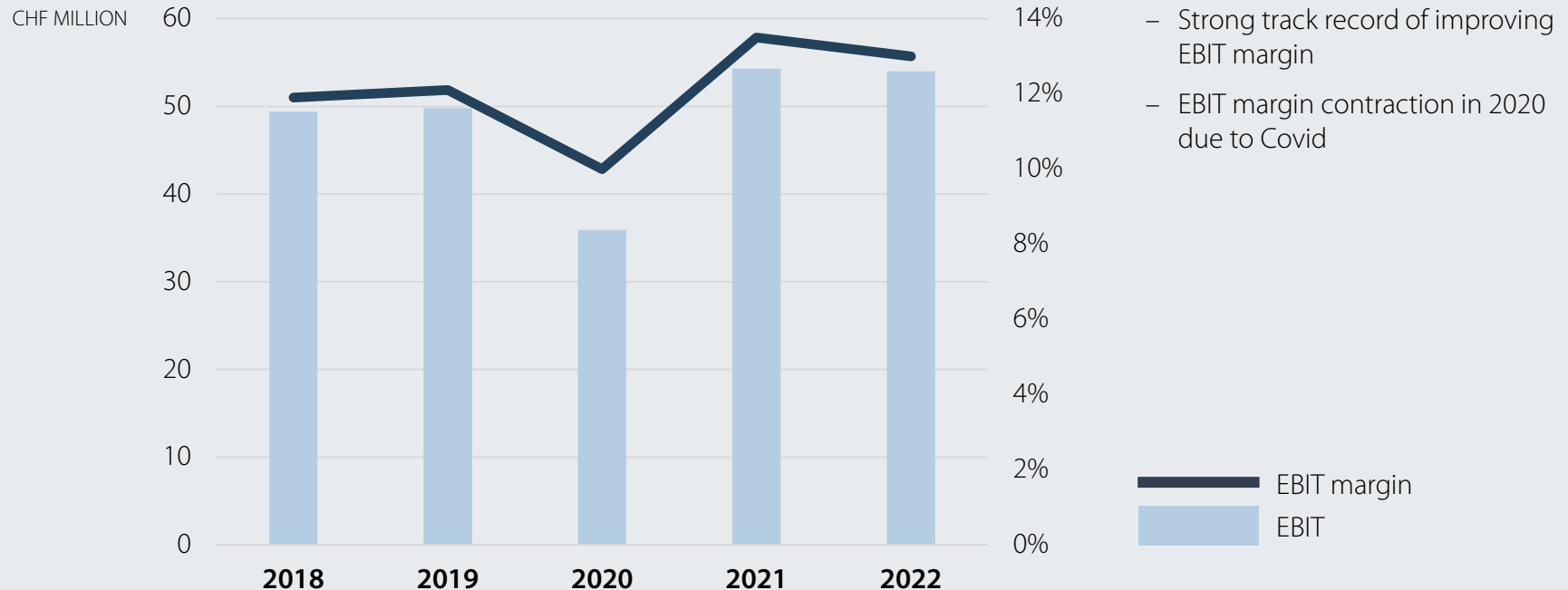
- Positive volume development in H1 2022 – reduced demand from late summer 2022, intensified in Q4 2022
- Project postponements due to increased costs for building materials; shift away from renovation projects to energy-saving projects
- Sales growth thanks to price increases in all regions and all product lines
- Supply chain challenges, rising raw materials, energy, and logistics costs
- Continued investments, particularly to promote circular economy/sustainability
- High-performance and innovative collections launched in all product lines

EBIT and EBIT margin 2018–2022



- Solid business year despite significantly higher costs for raw materials, energy, and logistics
- Sales growth thanks to sales price increases in all regions
- Treadmills, raw material processing, and industrial production segments recorded double-digit sales growth
- Lower sales growth in the logistics segment after strong demand in previous years
- Broad-based investments in infrastructure, technologies, and production capacity
- Launch of application-specific, high-value innovations for various customer segments in all product lines

EBIT and EBIT margin 2018–2022



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MEASURES TAKEN TO ADDRESS THE CHALLENGES/ISSUES



CHALLENGES/ISSUES

- Significant increase in raw materials, energy, logistics, and other costs
- Increase in cost structure in H1 2022 versus volume decline in H2 2022
- Increased workforce in H1 2022 on good volume growth in H1 2022
- Short-term bottlenecks in supply chains
- Increase in inventories; decline in free cash flow
- Challenges in coordination between sales and production planning
- Lack of focus on key priorities

MEASURES TAKEN

- Significant and continuous sales price increases in 2022; to be continued in 2023
- Reversal of oversized structure
- Workforce adjustments in H2 2022 to reflect strong volume decline in H2 2022; to be continued in 2023
- Close cooperation between research & development and purchasing to evaluate the substitution of materials
- Continuous release of (safety) stock and focus on inventory management
- Clearly structured coordination between sales and production planning initiated
- Number of projects reduced; reporting and decision-making processes simplified → focus on essentials

- Sales price increases to address higher costs, particularly rising personnel costs
- Proximity to local markets to respond to developments in timely and agile manner
- Targeted sales & marketing activities to foster growth
- Commissioning of second production line in China (Movement Systems)
- Major expansion of Flotex production in USA (Flooring Systems)
- Increase in operational efficiency in all areas
- Further acceleration in our sustainability efforts supported by investments in innovation and technology

Sustainability DNA

Fully carbon-neutral linoleum without offsetting	Use of phthalate-free plasticizers in vinyl floor coverings	Vinyl floor coverings containing up to 25% recycled material	Various textile products contain 100% regenerated Econyl yarn	Conveyor belt made from renewable raw materials	Energy-saving conveyor belt – allowing energy savings of up to 50%	Continuous improvements in all areas
World market leader				1 st in the world	1 st in the world	

Sustainability highlights 2022

Newly introduced “Topshield Pro” linoleum surface prolongs product life span	Installed technology allows offcuts from vinyl production to be used for producing Flotex backing	New technology allows recycled vinyl flooring to be fed in production of acoustic vinyl floor coverings	Introduction of new “Ecofiber” conveyor and processing belt with tension members made of recycled PET	Various production optimizations in different places to reduce (fossil) energy consumption
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THIS E. SCHNEIDER STRATEGY UPDATE & OUTLOOK 2023



- Growing population and wealth are boosting demand for construction (Flooring Systems)
- Rising labor costs are driving need for automation (Movement Systems)
- High share of replacement/renovation business
- Increasing demand for service offers
- Differentiation via quality, reliability, and innovation
- Increasing acceptance of value-based pricing

- Differentiation through innovative, broad, and high-quality product portfolios with unique selling propositions
- Strong global market positions
- Presence in attractive growth markets
- Diversified customer base in different industries/segments/regions
- Robust foundation with long-lasting customer relationships
- Global footprint to serve our customers locally
- Predominantly direct business with deep market insights and customer intimacy
- Proven sustainable products addressing our customers' needs

- Create global leadership positions in clearly defined market segments based on customer focus, high level of service, innovation, sustainability, digital transformation, and a strong global brand
- Shape markets and drive profitable growth through a strong market orientation
- Build significant positions in growth markets
- Acquire companies for product extensions, consolidation, and/or increased market access
- Develop a high-performance culture and provide relevant skills and competencies at all levels



**CLEAR
PATH
TO
VALUE
CREATION**

- Drive profitable growth through targeted sales & marketing activities
- Foster entrepreneurial mindset
- Focus on strategy execution

Provided the geopolitical and economic environment does not change significantly and barring any foreign exchange fluctuations, we expect:

- Slightly higher net sales in local currencies compared with the previous year
- Group profit in the magnitude of CHF 130 million

- All members of the Board of Directors to stand for re-election with the exception of Jens Fankhänel (CEO with effect from March 1, 2023)
- This E. Schneider to stand for election as full-time Chairman of the Board of Directors
- Dividend of CHF 23 per share
- Authorization for a share buyback program

QUESTIONS & ANSWERS

