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2014 BUSINESS YEAR

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Sales well above previous year – Strong operating profit – A further double-digit increase in Group profit – Earnings per share significantly increased – Increase in tax-exempt distribution to CHF 16 per share

Forbo remains on course for success in 2014. In the year under review, Forbo generated net sales of CHF 1,226.8 million (previous year: CHF 1,199.7 million). This gratifying performance is equivalent to an increase of 4.6% in local currencies, though it comes to 2.3% when calculated in the corporate currency owing to negative currency effects. Forbo again reported double-digit growth both in Group operating profit (EBIT) and in Group profit from continuing operations. EBIT rose by 10.1% to CHF 149.4 million (previous year: CHF 135.7 million), while Group profit from continuing operations was up by 12.0% to CHF 123.4 million (previous year: CHF 110.2 million). Earnings per share increased by 16.4%.

Baar, March 17, 2015

Forbo remains on course for success

Forbo's three-pronged strategy – creating added value for its customers with high-end products and services, strengthening its distribution channels in growth markets, and systematically opening up new market segments outside the public sector – paid off again in 2014.

Both divisions positioned their attractive product portfolio so that they generated above-average growth and gained market share even in the developed markets. In the consolidated income statement, though, the appreciation of the Swiss franc once again eroded the strong sales performance in local currencies.

Profitability, already at a high level, was further increased by targeted investments along the entire value chain and by the distribution of innovative and high-quality products. In order to continue growing sales and profitability in future too, Forbo significantly increased investments in expanding capacity and raising efficiency.

Sales well above previous year

The success of our determined efforts to expand market segments in the private sector at Flooring Systems more than offset public sector sales, which are flat or even declining. At Movement Systems, the investments in growth markets, particularly in recent years, are now

having a positive impact. In local currency terms, Flooring Systems reported gratifying sales growth of 3.4%, while Movement Systems generated a significant increase in sales of 7.8%.

Overall, sales in the Asia/Pacific and Africa region showed the strongest growth, which came to +7.7%, while North, Central and South America reported comparable growth of +7.1% and Europe likewise recorded gratifying sales growth of +3.3% amid mixed market conditions.

Profitability continues to grow

Despite the ongoing expansion of business activities in growth markets, investments in production plants, and substantial expenditures for the development of high-end products plus various global market launches, Forbo again succeeded in significantly increasing profitability in both divisions. The drivers were higher sales, new and innovative products offering customers substantial added value, and further productivity gains.

Strong operating profit

Both divisions reported a significant improvement in operating profit before depreciation and amortization (EBITDA), which rose by 7.6% to CHF 185.1 million (previous year: CHF 172.1 million).

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Forbo reported operating profit (EBIT) of CHF 149.4 million (previous year: CHF 135.7 million), which was again a double-digit gain of 10.1%.

Profitability again considerably higher

Both divisions also considerably improved their operating profit margins. The EBITDA margin rose by 0.8 percentage points to 15.1% (previous year: 14.3%). The EBIT margin was up by 0.9 percentage points to 12.2% (previous year: 11.3%).

Further double-digit growth in Group profit

Driven by the substantial improvement in operating profit and bolstered by financial income of CHF 4.9 million (previous year: CHF 5.2 million), growth in Group profit from continuing operations was again in the double-digit range – up 12.0% to CHF 123.4 million (previous year: CHF 110.2 million).

The program to repurchase the company's own shares in the reporting year has resulted in earnings accretion. Earnings per share from continuing operations (undiluted) therefore rose disproportionately by 16.4% to CHF 61.92 (prior year period: CHF 53.21).

Performance of the divisions

The **Flooring Systems** division posted net sales of CHF 884.6 million (previous year: CHF 873.5 million). In local currencies, this is a gain of 3.4%, though in the corporate currency the increase came to 1.3% owing to the negative impact of currency fluctuations. The division accounts for 72.1% of Group sales. The steady increase in sales since mid-2013 is the fruit of systematically implementing the company's strategy, which focuses on offsetting the downturn in orders in the public sector by the development of new market segments in the private sector. Forbo achieves this by strengthening its distribution channels and gearing its product portfolio to the needs of these customer segments. The gratifying increase in sales as well as the optimization of process flows had a positive impact on operating profit (EBIT), which rose to CHF 123.4 million (previous year: CHF 113.3 million). This equates to an increase of 8.9%. The EBIT margin came to 14.0% (previous year: 13.0%), a year-on-year increase of 1.0 percentage points.

The **Movement Systems** division generated net sales of CHF 342.2 million (previous year: CHF 326.2 million), which reflects a significant increase of 7.8% in local currency terms. In the corporate currency, however, adverse currency effects reduced this gratifying growth to 4.9%. The division accounts for 27.9% of Group sales. The substantial increase in sales and the related gains in market share were driven by all regions. The systematic implementation of Forbo's strategy with its clear focus on innovative products offering considerable added value for its customers, along with productivity gains along the entire value chain, had a positive impact on operating profit (EBIT), which rose to CHF 37.0 million (previous year: CHF 31.7 million). This equates to a significant increase of 16.7%. The EBIT margin came to 10.8% (previous year: 9.7%), a year-on-year increase of 1.1 percentage points.

Balance sheet remains in great shape

Owing to the share buyback, shareholders' equity as at December 31, 2014 decreased to CHF 738.8 million (previous year: CHF 786.8 million). The equity ratio still remains at a high level of 67.4% (previous year: 69.8%).

In the year under review, net cash decreased by CHF 54.3 million to CHF 252.6 million (previous year: CHF 306.9 million). The decline was due on the one hand to higher investments designed to secure our future operational activities and on the other hand to the share buyback program in the reporting year. In addition, as at December 31, 2014, Forbo held 261,150 of its own shares valued at year end at CHF 259.7 million. Of this total, 158,467 shares are held for purposes of a capital reduction.

Proposals to the Ordinary General Meeting

Dividend increase from CHF 14 to CHF 16

Owing to the good operating performance, the Board of Directors will propose to the Ordinary General Meeting the distribution of a dividend of CHF 16 per share for the 2014 business year (previous year: CHF 14), which equates to an increase of CHF 2 per share. This dividend will be paid out to shareholders as a tax-exempt distribution from capital contribution reserves.

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Elections to the Board of Directors

All the current members of the Board of Directors will stand for re-election for a further one-year term of office.

Share buyback program

The Board of Directors will propose to the Ordinary General Meeting the cancellation of the company's own shares repurchased to date as part of the share buyback program. At the same time, the Board of Directors proposes the repurchase, over a period of three years, of further own shares up to a maximum of 10 percent of the share capital via a second trading line on the SIX Swiss Exchange or by another means in order to reduce capital.

Outlook for 2015

The current global political and economic situation is difficult to assess.

Since the Swiss National Bank decided to no longer peg the Swiss franc to the Euro exchange rate on January 15, 2015, the foreign exchange markets have also been in turmoil and this has had a knock-on effect on economic developments.

In recent years, Forbo has greatly strengthened its global presence and now operates in various economic zones with different currencies, which on the whole has had a stabilizing effect on the Group. Thanks to its strong strategic positioning, Forbo again anticipates an increase in sales and profitability in local currencies in 2015.

However, sales and profit in the corporate currency will be eroded once the local results are translated into Swiss francs. Forbo has therefore taken a number of additional measures so that it can offset these currency effects by an even better operational performance.

Barring any change in the foreign exchange situation, Forbo anticipates to generate a Group profit from continuing operations in 2015 that is at the same level as in the previous year.

You can find further information in the version of the 2014 Annual Report published this morning on the Internet:

www.forbo.com – Investors

Forbo is a leading producer of floor coverings, building and construction adhesives, as well as power transmission and conveyor belt solutions. The company employs more than 5,100 people and has an international network of 24 production and distribution companies, 6 assembly operations, and 42 pure sales organizations in a total of 36 countries. Forbo is headquartered in Baar in the canton of Zug, Switzerland.

Forbo Holding Ltd is listed on SIX Swiss Exchange (security number 354151, ISIN CH0003541510, Bloomberg FORN SW, Reuters FORN.S).

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Financial overview Forbo Group

	2014 CHF m	2013 CHF m	Change	
			Corporate currency	Local currencies
Net sales	1,226.8	1 199.7	+2.3%	+4.6%
Flooring Systems	884.6	873.5	+1.3%	+3.4%
Movement Systems	342.2	326.2	+4.9%	+7.8%
Operating profit (EBIT)	149.4	135.7		+10.1%
EBIT margin	12.2%	11.3%		
Group profit from continuing operations	123.4	110.2		+12.0%
Group profit	123.6	117.6		+5.1%

	2014	2013	
Earnings per share from continuing operations (undiluted)	CHF 61.92	CHF 53.21	+16.4%
Equity ratio	67.4%	69.8%	