

RESPON- SIBILITY.

The production of foodstuffs demands absolutely uncompromising standards of hygiene – at every step of the way. Our high-quality conveyor belts are fine-tuned to each manufacturer's individual requirements. They not only guarantee the highest quality and hygiene but also ensure that delicate goods are conveyed carefully.



forbo

MOVEMENT SYSTEMS



CHARACTER.



RESPONSIBILITY.

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.

Flooring Systems

The Flooring Systems division offers a broad and attractive range of environmentally friendly linoleum, high-quality vinyl floors, entrance flooring 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 over 65 percent, Forbo is the world leader in linoleum.

Flooring Systems also provides ready-made adhesives for flooring installations and ceramic tiles as well as leveling compounds for the construction industry under the trade name Eurocol.

Movement Systems

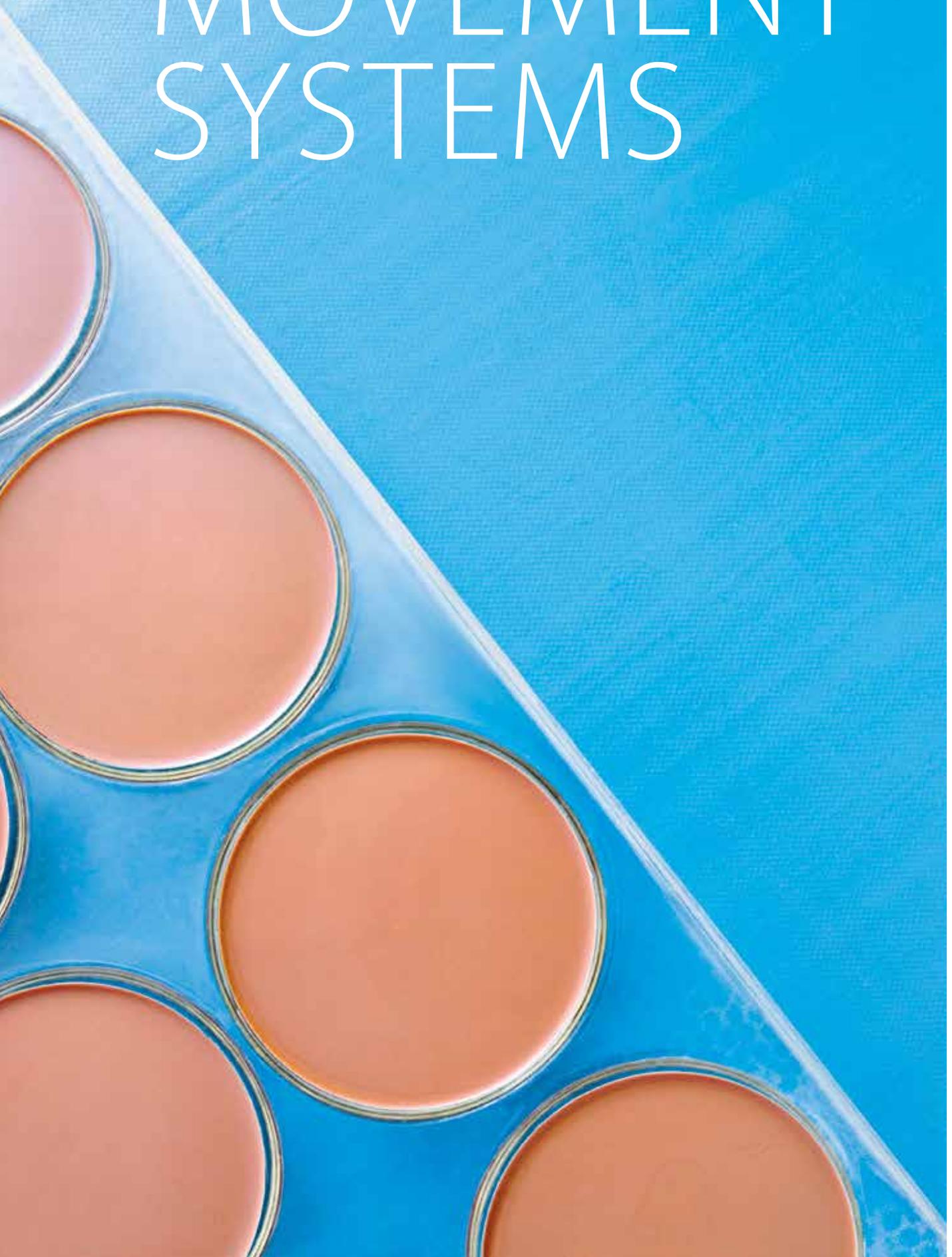
Movement Systems is a global industry leader for sophisticated conveyor and processing belts, synthetic modular belts, top-quality power transmission belts, as well as timing and flat belts made of synthetic materials. These products are known under the brand name Siegling. They are used in a wide range 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.

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, 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.

MOVEMENT SYSTEMS



RESPONSIBILITY

CONSCIENTIOUS HANDLING

In addition to ensuring that all hygiene requirements are met, producers of fine chocolate creations must see to it that their goods are carefully and gently transported. Our conveyor belts play a crucial role in this respect for parameters such as surface structure, release properties and innovative belt edge sealing. We not only provide added value to our customers through functional application features and the high-end materials of our products but we are also an innovation partner, helping them to find comprehensive solutions.



MOVEMENT SYSTEMS: IMPRESSIVE PRODUCT RANGE AND SERVICE

'We can look back on 2015 as another successful year for Movement Systems. Systematic efforts to implement the strategy in all the division's business areas had a positive impact on all fronts. We considerably increased both sales and earnings in all regions. The growth drivers were innovative and application-specific product innovations with features that generate added value in our customers' production or logistics processes across a broad spectrum of industries. These were backed up by growth-promoting investments, new global manufacturing processes, and other optimization measures along the entire global value chain, which have given a further major boost to our productivity and efficiency. We are on the right path to further strengthen our market position.'

The Movement Systems division generated net sales of CHF 347.8 million in the year under review (previous year: CHF 342.2 million), which reflects a substantial increase of 6.7% in local currency terms. In the corporate currency, however, adverse currency effects pared this growth back to 1.6%. The division accounts for 30.5% of Group sales. All regions contributed to this encouraging upturn in sales. Even the more traditional, saturated markets reported market share gains. This performance, coupled with consistently executed operational activities designed to improve global processes across the board, again had a very positive impact on operating profit (EBIT), which climbed to CHF 42.9 million (previous year: CHF 37.0 million). This is equivalent to a significant increase of 15.9%. The EBIT margin came to 12.3% (previous year: 10.8%), a year-on-year increase of 1.5 percentage points.

All regions contributed to sales growth

All regions and, almost without exception, all markets contributed to this strong sales growth with a variety of growth stimuli. In Europe it was particularly encouraging that the main market Germany reported an up-



Jean-Michel Wins
Executive Vice President
Movement Systems

turn after years of subdued performance. Growth markets such as Turkey, Russia and the Czech Republic also contributed to this success with sales gains, although modest in scale. Switzerland reported a negative impact on sales from the strong Swiss franc. Growth in the Americas region was driven by long-standing, close cooperation with major accounts in North America in customer segments such as logistics and food processing on the one hand, and gratifying major orders in the food-processing industry in Mexico on the other hand. Asia/Pacific repeated its strong growth performance. One of the reasons was better-than-average sales in India, South Korea and Southeast Asia, where we have focused on expanding the local sales and assembly organizations in recent years. Important factors energizing this growth were major projects such as equipping the Incheon airport in South Korea and large-scale orders for the textile industry in India. In China, however, we are feeling the slowdown in the economy.

All customer segments reported higher sales

Following years of strategically focused development, the Prolink plastic modular belts product group again posted double-digit growth and has now established itself in the Asia/Pacific region. These belts are used mainly in the food-processing industry, logistics and industrial manufacturing, wherever conventional Transition conveyor belts, owing to their design, are not entirely suitable for some conveying and processing tasks. Efforts to build up the business in Extremultus power transmission belts were also successful.

It is especially encouraging that we posted expansion in all customer segments. We reported double-digit growth in the logistics, food-processing, and tobacco industries on the back of reliable, customer-specific solutions that are based on innovative product range extensions with high-end quality features. Sales also showed an encouraging uptrend in the other segments – textiles, treadmills, industrial production, raw materials and paper/printing – owing to highly successful belt and application solutions.

Innovation partner for our customers

Movement Systems not only supplies a wide range of conveyor and power transmission belts but is also a reliable provider of technical know-how for total solutions and an innovation partner for original equipment manufacturers and end customers. In new product developments, small details often play a crucial role in the interaction of application features and the materials used. In the year under review, we again committed significant resources to expanding the product portfolio and to developing specific applications in complex facilities.

With the new generation of the energy-saving conveyor belt AmpMiser™ 2.0, launched in the year under review, our customers make big extra savings in energy. The belts, equipped with a patented special anti-friction layer, excel when goods have to be constantly conveyed and several belts are being used: at airports and in logistics and postal distribution centers. In this type of application, energy savings of up to 50 percent have been measured in whole conveying systems.

In the food-processing industry we have launched belt types that meet the most demanding hygiene requirements owing to their surface structure and their special belt edge sealing. The seal keeps oil, grease, moisture and bacteria from penetrating the belt. The belt's especially low-friction and easy-to-clean running side texture means that cleaning the conveyor belt is done quickly and quite easily.

The innovations in the reporting year include the new series 11 ProLink plastic modular belts. These lightweight belts have been specially designed for tight-radius conveying systems to ensure top performance and reliability. Owing to their curve radius, these belts provide a maximum of flexibility and can be configured for use in a wide range of applications. Their unique design makes it possible to install space- and

cost-saving conveying systems that are resistant to hot water and to cleaning and disinfectant agents.

We also focused efforts on expanding the product portfolio of Extremultus flat belts. The new Grip Star™ flat belt is used mainly in packaging plants for processing paper, cartons, corrugated cardboard and tissue-based products. With the new coating, products can be processed safely and efficiently, leaving no marks. Grip Star™ has all the advantages of rubber but without the latter's disadvantages such as brittleness and cross-cracking.

We have invested in various fabrication and production plants. In order to increase service capacity, we have equipped a number of support points with new and additional service tools such as heat presses.

Taking small steps to top performance

In 2016, we will continue to systematically execute the strategic initiatives in all the division's business areas by aligning our product range specifically to the needs of the customer segments and targeting expansion of our distribution and service organizations.

In addition, in the new year we will continue the initiatives already underway in order to optimize processes across the board. In the year under review, we achieved a number of improvements, including establishing global manufacturing processes and launching efficiency projects in reel production. We see further potential in the processes and methods involved in operations, production planning, supply chain management and quality, which will improve our efficiency and raise our industry standard.

SECTOR-SPECIFIC INNOVATIONS CONVINCE

Not always visible, but present almost everywhere, Movement Systems is making sure that a wide range of production steps run smoothly and efficiently. Our solutions are distinguished by high economy, precision and reliability. Forbo has again distinguished itself in the reporting year as a competent partner in the development of sector-specific and future-oriented solutions for power transmission, conveying and producing.

New generation of energy-saving conveyor belts

One of Movements Systems' key corporate objectives is to maximize environmental friendliness and to enhance product value at the same time. On this basis, we successfully conduct research and development by closely liaising with OEMs and end users. The new generation of energy-saving conveyor belts AmpMiser™ 2.0 is a further example of this. Due to a significantly reduced coefficient of friction, AmpMiser™ 2.0 belts make an impact where energy losses in a conveyor are usually the greatest: in the friction between the underside of the belt and the slider bed. By adding a patented Texglide coating to the underside fabric, a smooth layer is created that permanently acts like a dry lubricant and thus minimizes energy consumption. AmpMiser™ 2.0 conveyor belts excel in areas where items are constantly conveyed and where many belts are in use, for example at airports and in logistics or distribution centers. Total energy savings of up to 50% have been measured in these types of applications. Further advantages are the suitability for zinc slider beds and the reduction of CO₂ emissions due to lower energy consumption.



Plastic modular belts for tight curve radii

Due to their construction, conventional conveyor belts are not always suitable for certain conveyor and processing tasks. As an optimum complement to these, Movement Systems is focusing on expanding its product offer in the area of plastic modular belts. In the reporting year, special curved belts were developed which are particularly lightweight and distinguished generally by their tight radii, which allow space and cost-saving system construction. The individual modules are flexibly connected with one another and made endless by inserting hinge pins. They offer the

smallest currently available curve radius at high power transmission and are thus unique on the market – they allow a space saving of up to 33% compared with standard belts. These belts are used predominantly in bakeries where dough-based products are manufactured and further processed, such as baked goods, baguettes or pizzas.

All-round hygienic belt

Prosan™, a special belt for the processing of dough, offers all-round hygiene and was developed specifically for the food-processing industry. Thanks to the Frayfree belt construction, unsealed belts have almost completely fray-free edges. With the optional Smartseal belt edge sealing, this gives rise to a fully protected, durable belt body that offers maximum hygiene: oil, grease, dampness and bacteria cannot penetrate the belt. The belt also offers a new running side texture which is especially low-friction and easy to clean so that the belt can be cleaned quickly and easily.

‘COMPETITIVE ADVANTAGE
THROUGH APPLICATION
KNOW-HOW’

