flooring. movement.

MEDIA RELEASE
2015 BUSINESS YEAR

Sales in local currencies slightly higher – Currency-adjusted earnings slightly higher year-on-year – Operating profit margins up – Currency-adjusted Group profit just above previous year – Earnings per share increased once again – Increase in tax-free cash distribution to CHF 17 per share

The strong Swiss franc provided a major challenge for Forbo in the 2015 business year. In the year under review, the Forbo Group reported net sales of CHF 1,139.1 million (previous year: CHF 1,226.8 million), a gain of 1.1% in local currencies. Owing to the very negative currency effects, this is equivalent to a decline of 7.1% in the corporate currency. Group operating profit (EBIT) declined by 4.4% to CHF 142.8 million (previous year: CHF 149.4 million), and Group profit from continuing operations was down by 6.2% to CHF 115.7 million (previous year: CHF 123.4 million). Currency-adjusted, both EBIT and Group profit showed a slight increase compared with the previous year. Earnings per share rose by 0.4% to CHF 62.14 (previous year: CHF 61.92).

Baar, March 15, 2016

2015 – a challenge
In the 2015 business year Forbo had to deal with major challenges. The strong Swiss franc had a discernible impact on the company's results. The generally subdued business performance in the first half of 2015 did not change appreciably in the second half of the year. In the year under review, the two divisions reported divergent results. Movement Systems again increased sales and earnings considerably, whereas Flooring Systems could not match the previous year's results even on a currency-adjusted basis, despite increased marketing activities and new offerings in the product portfolio.

In the wake of the Swiss National Bank discontinuing its euro minimum exchange rate in January 2015, both sales and earnings in the corporate currency were strongly impacted by exchange rates. The Swiss franc, which firmed significantly against most of the currencies important for Forbo’s business such as the euro, the pound sterling and the Japanese yen, clearly left its mark when local currency results were translated into the corporate currency. The foreign currency translation effect shaved a good CHF 100 million off sales and about CHF 18 million off operating profit (EBIT).

Despite these challenging conditions, Forbo's two divisions both expanded their already attractive product portfolios by adding new innovations, invested further in the development of high-end products, and continued to strengthen its distribution channels, especially in growth markets. Owing to the ongoing situation on the foreign exchange markets, Forbo initiated a series of additional cost optimization measures in order to partially offset the impact of the strong Swiss franc by an even better operating performance.

Sales in local currencies slightly higher than previous year
Challenging conditions in core markets that are crucial for the business of Flooring Systems led to a slight decline in sales, and the geographic weighting of business operations exacerbated the negative currency impact. All regions contributed to the solid growth at Movement Systems. The division's strong presence in growth markets was a major factor in the positive performance. In local currency terms, Flooring Systems reported a slight sales decrease of 1.1%, while Movement Systems generated an encouraging sales increase of 6.7%. Net sales of the Group as a whole were up 1.1%, a slight increase over the previous year.

Overall, sales in local currencies in the Asia/Pacific and Africa region showed the strongest growth, which came to +6.2%, while North, Central and South America grew +2.8%, and Europe recorded a slight sales decline of 0.5% amid very mixed market conditions.

Currency-adjusted earnings slightly higher year-on-year
Adjusted for currency effects, earnings increased slightly. In addition to focusing on efficiency gains and continuous optimization of processes and procedures, Forbo initiated a number of measures designed to ensure future growth.

The Flooring Systems division expanded its broad portfolio with new designs and embossing, launched the establishment of production for a new product group – homogeneous vinyl floor coverings – and targeted distribution channels for further growth. The Movement Systems division, too, again launched a number of technologically demanding developments with added value for customers; in addition, the range of services was increased and optimized and additional production capacity was created.

Operating profit margins slightly higher
Owing to the strong Swiss franc, operating profit before depreciation and amortization (EBITDA) decreased by 5.6% to CHF 174.8 million (previous year: CHF 185.1 million). Group operating profit (EBIT) declined by 4.4% to CHF 142.8 million (previous year: CHF 149.4 million).

Currency-adjusted, both EBITDA and EBIT showed a slight increase compared with the previous year.

The EBITDA margin was up by 0.2 percentage points to 15.3% (previous year: 15.1%). The EBIT margin rose by 0.3 percentage points to 12.5% (previous year: 12.2%).

Currency-adjusted Group profit slightly higher year-on-year
Owing to the strong Swiss franc and to financial income of CHF 1.6 million (previous year: CHF 4.9 million), which was lower than in previous years, Group profit from continuing operations declined by 6.2% to CHF 115.7 million (previous year: CHF 123.4 million). After adjustment for currency effects, however, Group profit was slightly higher than the previous year.

Owing to the share buybacks, earnings per share increased slightly compared to the previous year despite the decline in profit caused by currency fluctuations. Earnings per share from continuing operations (undiluted) rose by 0.4% to CHF 62.14 (previous year: CHF 61.92).

Performance of the divisions
The **Flooring Systems** division posted net sales of CHF 791.3 million (previous year: CHF 884.6 million). This corresponds to a decrease of 1.1% in local currencies; owing to the negative impact of currency fluctuations, the decrease in the corporate currency came to 10.5%. The division accounts for 69.5% of Group sales. By expanding the product portfolio for specific applications in the private sector, Flooring Systems posted encouraging growth figures in various customer segments, especially for shop fittings, hotels, and catering and leisure services as well as in the manufacturing industry. These gains were eroded, however, by weaker demand in important core markets. In addition, public sector investment is still weak. Despite measures on the cost side, the strong Swiss franc combined with a slight downturn in sales impacted negatively on operating profit (EBIT), which declined by 11.0% to CHF 109.8 million (previous year: CHF 123.4 million). The EBIT margin came to 13.9% (previous year: 14.0%), slightly below the previous year by 0.1 percentage points.

The **Movement Systems** division generated net sales of CHF 347.8 million (previous year: CHF 342.2 million), reflecting a substantial year-on-year 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).

MEDIA RELEASE
2015 BUSINESS YEAR

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.

Balance sheet remains in great shape
In the year under review, net liquidity decreased by CHF 137.3 million to CHF 115.3 million (previous year: CHF 252.6 million). The decline was due on the one hand to the share buyback program in the reporting year and on the other hand to the consistently high level of investments designed to secure future operational activities.

In addition, as at December 31, 2015, Forbo held 281,542 of its own shares, valued at year-end at CHF 332.8 million (previous year: CHF 259.7 million). Of this total, 190,000 shares are ear-marked for the capital reduction in accordance with the decision of the 2016 Ordinary General Meeting. The equity ratio still remains at a high 61.3% (previous year: 67.4%).

Proposals to the Ordinary General Meeting

Dividend increase from CHF 16 to CHF 17
In view of the solid balance sheet and slightly higher earnings per share despite the strong Swiss franc, the Board of Directors will propose to the Ordinary General Meeting that the dividend for the 2015 business year should be increased from CHF 16 to CHF 17 per share. This dividend will be paid out to shareholders as a tax-exempt distribution from capital contribution reserves.

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 that the company's own shares repurchased to date as part of the share buyback program be canceled.

Outlook for 2016
Forbo expects market conditions to remain demanding and challenging in the 2016 business year. Economic and political circumstances can change quickly. However, Forbo will stick to its strategy and will continue to expand both its global presence and its product range.

Thanks to the good strategic positioning the Group has achieved, and barring any change in the foreign exchange situation, Forbo anticipates a slight increase in net sales and Group profit from continuing operations in 2016.

You can find further information in the version of the 2015 Annual Report published this morning on the Internet:

www.forbo.com – Investors

Forbo is a leading manufacturer of floor coverings, building and construction adhesives, as well as power transmission and conveyor belt solutions. The company employs more than 5,200 employees and has an international network of 24 production facilities and distribution companies as well as 42 pure sales organizations in 35 countries across the globe. Forbo is headquartered in Baar in the canton of Zug, Switzerland.

The Group company Forbo Holding Ltd is listed on the SIX Swiss Exchange (securities number 354151, ISIN CH0003541510, Bloomberg FORN SW, Reuters FORN.S).

Contact person:

This E. Schneider
Executive Chairman of the Board of Directors
Phone +41 58 787 25 49
www.forbo.com

Financial overview of the Forbo Group

	2015 CHF m	2014 CHF m	Change	
			Corporate currency	Local currencies
Net sales	**1,139.1**	**1,226.8**	**-7.1%**	**+1.1%**
Flooring Systems	791.3	884.6	-10.5%	-1.1%
Movement Systems	347.8	342.2	+1.6%	+6.7%
Operating profit (EBIT)	**142.8**	**149.4**		**-4.4%**
EBIT margin	**12.5%**	**12.2%**		
Group profit from continuing operations	**115.7**	**123.4**		**-6.2%**
Group profit	**115.7**	**123.6**		**-6.4%**

	2015	2014	
Earnings per share from continuing operations (undiluted)	**CHF 62.14**	**CHF 61.92**	**+0.4%**
Equity ratio	**61.3%**	**67.4%**	