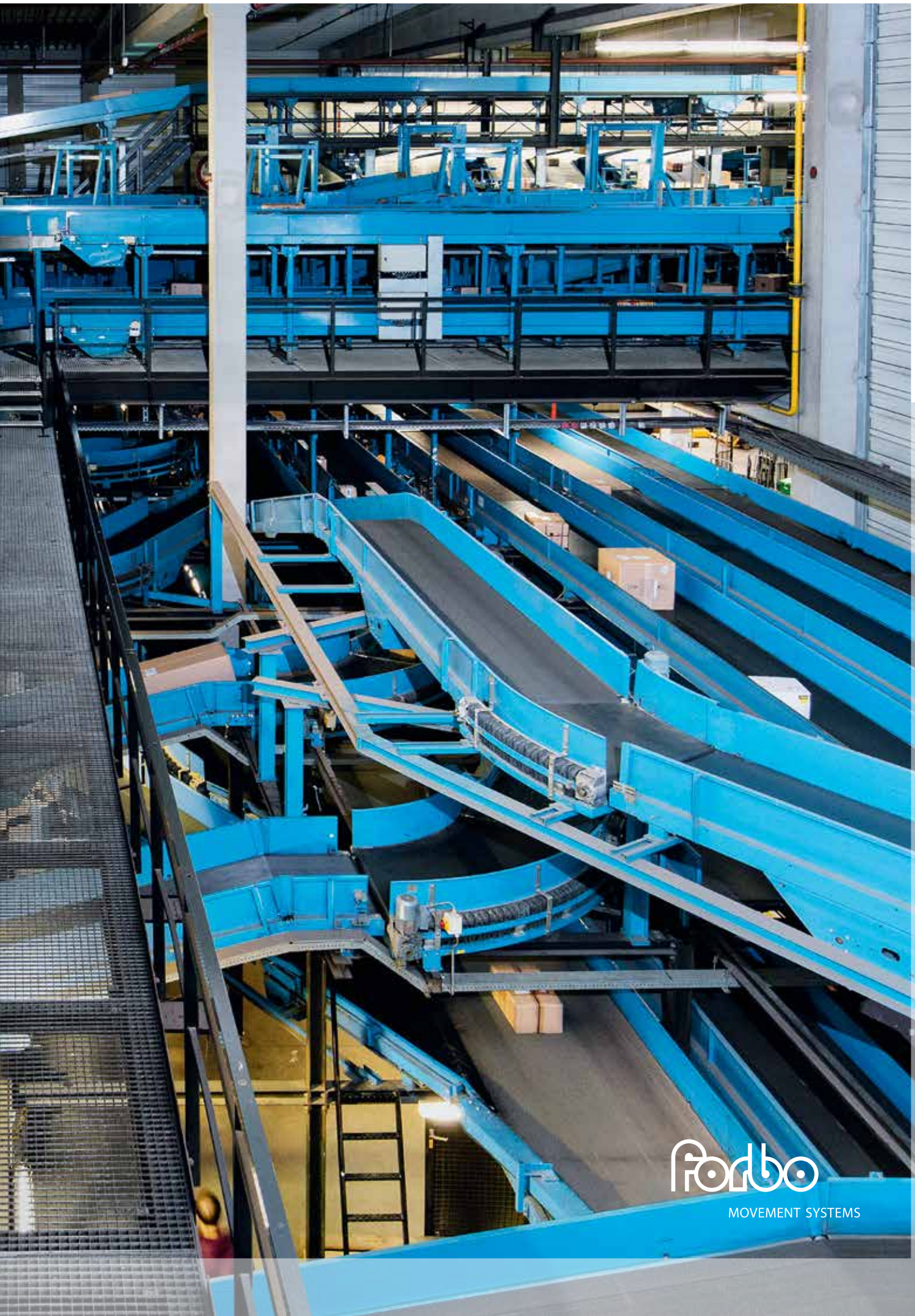
PROGRESS.

The pace of life is speeding up, and the world is increasingly in motion – packages in transport, people on the go, or goods on conveyor belts. Passing almost unnoticed but in the background everywhere, conveyor systems make things run smoothly, and our solutions ensure optimized processes. Our incentive, day in day out, is to develop even better products and generate even greater value – making us the ideal partner for industries that seek to innovate and look to the future.

Siegling – total belting solutions



forbo

MOVEMENT SYSTEMS


ESTHETICS.


PROGRESS.

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 natural linoleum, high-quality vinyl floors, entrance matting 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 floor covering installations, parquet flooring, 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

PROGRESS

SMOOTH-RUNNING PROCESSES

A conveyor belt that doesn't lose energy through friction – hardly likely. But we put it within reach! AmpMiser™ 2.0, our innovation in the conveyor industry, boasts a unique and patented sliding coat on the belt's underside that reduces energy consumption by up to 50 percent. Sustainable for the environment and cost-effective for logistics and distribution centers: we make things run more smoothly.

MOVEMENT SYSTEMS: SUCCESS DRIVEN BY INNOVATION AND RELIABILITY

'2016 was another successful year for Movement Systems. The good performance was driven by a wide range of activities to implement the strategy in all areas of the division's organizations. Our innovative and application-specific product innovations, which generate added value for our customers' production or logistics processes across a wide range of industries, further strengthened our global market position. Another important factor was the focused expansion in growth markets that we have pursued in recent years. We also took great strides in the operational areas. Globally speaking, we optimized various processes in fabrication, production and the supply chain, achieved efficiency gains owing to a number of local investments and new tools, and increased our productivity once more.'

Jean-Michel Wins
Executive Vice President
Movement Systems

The Movement Systems division generated net sales of CHF 367.5 million in the year under review (previous year: CHF 347.8 million), which is equivalent to a gratifying year-on-year increase of 5.7%, or 3.7% in local currencies. The division accounted for 31.0% of Group sales. This sales growth was driven by a convincing performance in virtually all our markets. The market downturn in the USA, which began in the first half of the year, continued into the second half. Higher sales and consistently executed operational activities designed to improve global processes across the board had a positive impact on operating profit (EBIT), which rose to CHF 45.3 million (previous year: CHF 42.9 million). This is equivalent to an increase of 5.6%, despite additional capacity expansion in China. The EBIT margin was unchanged from the previous year at 12.3%.

Solid sales growth

Almost all markets contributed to the good sales performance with a variety of growth stimuli. The Europe region remained on the growth path and was able to make the largest contribution. Despite a mixed market environment, all markets played a positive role. In Italy, we acquired Tema S.r.l. in Parma, an existing customer that sells fabric conveyor belts as well as plastic modular belts. This move gives us an additional Forbo service point in northern Italy.

The Asia/Pacific region also contributed to the sales increase. One reason was above-average growth in South Korea and Southeast Asia on the back of major orders. India, Japan and China also reported a steady increase in sales.

The Americas region barely matched the previous year's level, due mainly to muted demand in the USA, caused by business trends in key customer segments such as industrial manufacturing and raw materials processing.

All strategic customer segments posted sales growth

We posted gratifying sales growth in all strategic customer segments, even though regional sales and market trends were very mixed. Demand was well above average in the food processing and sports treadmill customer segments across all regions, but the areas of logistics, textiles, industrial manufacturing, raw materials, and paper/printing also performed well. The uptrend was underpinned by impressive and reliable customer-specific solutions based on innovative product

range extensions with high-quality features. The tobacco customer segment saw a downturn in demand compared to the previous year; this was due to lower investment volumes, especially in Asia/Pacific.

Innovation partner for our customers
Movement Systems not only supplies a wide range of conveyor and power transmission belts but is also a reliable source of technical know-how for total solutions and an innovation partner for original equipment manufacturers and end customers.

For the textile industry, we have launched a high-quality belt for manufacturing nonwovens on special cross-lapper machines. The web is passed at high speed through the cross-lapper on conveyor belts so that each layer is at right angles to the last, and it is then positioned for needle punching. In needle punching barbed needles are pushed through the web layers so that they become bonded with each other. Heating in an oven activates the bonding fibers introduced into the web. During cooling, they stick to the carrier fibers and stabilize the web. The conveyor belts employed on the cross-lapper stand out for their low weight, allowing fast processing speeds on high-speed machines, and for their chemical resistance to treatment with greasy materials that are used to increase gloss and suppleness. They are particularly suitable for the manufacture of geotextiles, which are permeable fabrics.

Another innovation introduced during the year under review is the new Series 13 Prolink plastic modular belt, which was developed specifically for conveyor configurations in the manufacture of small products. The transfer gap between two belts is small enough for angles with a radius of as little as 3 mm to be possible. This means that tiny products such as candies, coffee cream portion packs or small pastries can be transferred without difficulty from one belt to another, minimizing the risk of damage to the product or of a goods backup.

The new high-grip coating, which features versatile use for various types of belts, ensures better adhesion of the goods on the belt. This is especially useful for inclines when conveying boxes in the meat, poultry and fish industries, where moisture and grease can cause the cases to slide, or in cutting machines in the production of sausage or cheese slices, where precise product positioning, product acceleration or product braking play an important role. These belts meet the highest hygiene standards and feature high chemical resistance to fats, oils and cleaning agents.

Investments to drive future growth
In various fabrication and production plants we have invested in new technologies and measures to boost efficiency in order to support sustainable growth. After we brought a further coating facility on stream in the USA in the second half of 2015, we are now building a new plant in Pinghu, China, to provide additional production capacity for Transilon processing belts, aimed mainly at the Asia/Pacific market. The plant should be inaugurated in mid-year 2018.

Focus on product portfolio and top operating performance
In 2017, too, we will continue to align our product range specifically with the needs of the customer segments and expand of our distribution and service organizations, also in growth markets. In addition to our main product group, Transilon conveyor belts, we will drive expansion of the Prolink plastic modular belts and Extremultus power transmission belts in 2017.

We will forge ahead with the numerous operational measures at all fabrication and production sites and optimize the integration of the relevant global processes.

With all these focused activities, we will continue to optimize the entire global value chain, increase customer satisfaction and further improve both productivity and efficiency at the same time.

VALUED INNOVATION PARTNER

Not always visible, but present almost everywhere nonetheless, Movement Systems is making sure that a wide range of production steps run smoothly and efficiently. Our solutions are distinguished by high cost efficiency, precision and reliability. In the year under review, Forbo again profiled itself as a competent partner in the development of industry-specific and future-oriented solutions for driving, conveying, and producing.

Special coating for the food industry

The new high-grip coating was developed especially for various belt types with a wide range of applications, in particular for the food processing industry. The coating allows better adhesion of the goods being conveyed on the belt. It is especially suitable for the inclined conveyance of crates and boxes in the fish and meat industry, where moisture and grease can cause slippage, and good grip properties help to ensure a smooth process. Another belt is used in cutting machines for slicing meat and cheese, where precise product positioning, product acceleration and the reduction of the belt speed all play an important role. The functional layer in combination with the fine texture offers optimum product adhesion. These belts also fulfill the highest hygiene standards and have high chemical resistance against greases, oils and cleaning agents.

HIGH-GRIP COATING

PROLINK

Plastic modular belt with a delicate touch
In the product portfolio of Prolink plastic modular belts, the new Series 13 has belts especially for production and packing processes in which tiny products such as sweets, portions of coffee cream, or small pastries, as well as other small goods such as rolls of adhesive tape, are conveyed. The transfer gap between two belts is correspondingly small, so that curves up to a radius of 3 mm can be realized. This means that even tiny products can be passed from belt to belt without problems, thus minimizing the risk of damage to the products or of a goods backup. The optimum design of the sprocket teeth and the underside of the belt ensure excellent sprocket engagement, safe belt tracking and easy cleaning. The Series 13 is available in two different surface structures which ensure optimum product release even with sticky or adhesive goods.

'OBVIOUS ADVANTAGES THAT OFFER ADDED VALUE'

Elastic conveyor belts for logistics centers
Logistics and distribution centers are benefiting from the newly developed, elastic conveyor belts which can be used to convey all kinds of piece goods such as parcels, cardboard boxes, or other goods packed in a variety of ways. The belts in the newly developed EL line are ideal for applications with short axle intervals, for example in systems with cross-belt sorters, where conveyor belts join the main flow direction from the side and transfer the goods there. Due to the innovative belt construction with a semi-elastic fabric tension member, the belts can be stretched or pre-tensioned by up to 5 percent. There is no need for tensioning devices, which eliminates the costs for complicated tensioning stations. Due to the thin, single-layer belt construction, it is possible to realize especially narrow curve radii. Even very small items can be easily transferred from one belt to the next.

EL LINE

EL LINE