



EXCELLENCE.

Due to their individual surface textures, our belts fulfill a wide range of different functions in the food processing industry, thus guaranteeing trouble-free production processes from A to Z: conveying, heating, cooling, drying, cutting, packing and lots more. The utmost priority and the key to success is compliance with worldwide hygiene standards.



forbo

MOVEMENT SYSTEMS

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.

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, digital transformation, 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.

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 high-tech 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 about 70 percent, Forbo is the world leader in linoleum.

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

Movement Systems

Movement Systems is a global industry leader for sophisticated conveyor and processing belts, plastic 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.





DIVERSITY.



EXCELLENCE.



MOVEMENT SYSTEMS

EXCELLENCE

COMPLETELY FUNCTIONAL

Our belts guarantee smooth operation in every process step and ensure compliance with the most demanding hygiene standards. In the production of baked goods, the excellent release properties of the surface texture are especially important to ensure that the dough does not stick to the belt, thus saving the amount of flour needed for processing. Innovative belt edge seals, a smooth belt run to ensure gentle conveyance, as well as easy cleaning are what distinguish our belts from the others, thus ensuring decisive competitive advantages.



MOVEMENT SYSTEMS: SUCCESSFUL IN HIGHLY COMPETITIVE CUSTOMER SEGMENTS

'The construction of the new production site in Pinghu/China, dominated the reporting year, and it proved a challenge for many organizational areas locally and internationally. The operational departments of our largest and most modern production facility have been well-established since autumn 2018. The large and complex coating machine is also in operation. The qualification and certification of a wide range of product types should be completed in the coming months, followed by the production of large batches. Innovative products coupled with specific application know-how were the key to our cross-border success stories for all our product groups. At the same time, we continued to invest in the development and expansion of distribution and service locations, which has further strengthened our market position.'

The Movement Systems division generated net sales of CHF 413.8 million in the year under review (previous year: CHF 389.8 million), which reflects strong year-on-year growth of 6.2% in the corporate currency (+ 5.1% in local currencies). The division accounted for 31.2% of Group sales. All three regions as well as most markets and all customer segments contributed to varying degrees to this gratifying rise in sales. Various factors, however, weighed on operating profit (EBIT), which came to CHF 49.4 million, roughly the previous year's level (previous year: CHF 49.3 million). A strong rise in raw-material prices and higher logistic costs were partly responsible, while the major capacity expansion in China and, to some extent, in Germany too increased depreciations and led to a build-up of personnel, which weighed disproportionately on the income statement in the initial start-up phase. The EBIT margin declined accordingly to 11.9% (previous year: 12.6%).



Marc Deimling
Executive Vice President
Movement Systems

Strong sales growth once again

All three regions made a solid contribution to the very good growth again in the past year. Europe's share was slightly above-average. Special mention should be made of Southern and Eastern Europe. All the countries of Southern Europe turned in a convincing performance and gained market share despite a challenging environment. Eastern Europe too was positive across the board. The core market Germany reported solid growth. Northern Europe posted double-digit sales growth owing to the takeover of an existing distribution partner in Norway in early May 2018, a move that strengthened both our position in the local market in the food segment and our service structure.

The Americas region reported good sales growth overall, and this was backed up by satisfactory double-digit growth rates in Mexico and Canada in addition to the core market USA. USA itself performed solidly, with major projects in the logistics and food processing segments acting as important drivers.

The picture in Asia/Pacific was very positive. The core markets, China and Japan, reported satisfactory growth, while smaller markets in Southeast Asia and India registered double-digit sales gains. South Korea and Turkey were also positive performers. This growth was based on a broad array of customer segments, with major projects in logistics/airports, industrial manufacturing, and sports treadmills.

Highly competitive logistics segment booming worldwide

The individual trend in strategic customer segments is shaped in many cases by major projects and by the service and replacement business. Technical expertise and application know-how play a key role here. In the year under review, we reported better-than-average growth in all regions for the food processing and logistics segments; in the case of logistics this was due in particular to the boom in online commerce alongside local and international airport projects as well as courier service providers. New logistics centers are being built, and at the same time capacity at existing locations is being expanded to cope with ever shorter delivery deadlines. We enlarged our service teams to meet these changing demands and we expanded specialized training for maintenance personnel at customer sites.

Other customer segments that enjoyed above-average demand were raw-materials processing and industrial manufacturing, with major automotive industry projects playing a leading role. Sports treadmills and textiles were two further segments reporting solid growth. Demand in the tobacco and paper and printing industry segments was modestly positive; paper and printing was slightly in decline, in line with the general market trend.

Customer-specific innovations

Following versatile belt developments for the logistics segment the previous year, the division developed numerous innovative products in the year under review – particularly in the food sector – for very specific applications that offer significant benefits and increase efficiency in both production and processing.

A new antistatic belt type – used in the manufacture of biscuits and crackers on cutting lines – was developed for facilities in which the belt has to be especially cutting- and punching-resistant and is able to provide the necessary resistance (damping performance) as well as positional accuracy of the dough pieces for cutting. Another new series of stable and robust plastic modular belts ensures excellent stability and traction when conveying plastic containers in the meat and dough sectors. Another series is designed for packaging lines featuring smooth, enclosed surfaces for goods, for instance small fruits, that have to be conveyed across narrow transfer gaps.

A high-temperature and UV-resistant conveyor belt has been developed for the industrial manufacturing segment for use in paint drying on spraying lines. These systems ensure that UV paints and lacquers, as employed for instance in furniture manufacture, dry quickly.

Investments in technology and efficiency

While continuing to invest in development and expansion in growth markets, we also invested in new technologies and efficiency-enhancing measures in various fabrication and production facilities.

Our new high-performance mixing plant for production pastes came on stream at our main production site in the USA. This enabled us to increase both efficiency and capacity.

A state-of-the-art waterjet cutting machine for perforated operations was developed and built especially for our needs at our fabrication center in Slovakia. It is very flexible in use, can process belts up to four meters wide, but can also perforate small already endless belt types. Furthermore, perforations can now be made in any shape in addition to round perforations, according to the customer's need.

The biggest capital expenditure item of Movement Systems at present, however, is the new plant in Pinghu, which will provide additional production capacity for Transilon processing belts, mainly for the Asia/Pacific region.

Operational challenges persist

Putting the large and complex coating machine in Pinghu fully into operation will be the focus especially in the first half of 2019 so that we can make full use of the additional capacity for the Asia/Pacific region.

Global operational processes in the supply chain, fabrication, and manufacturing areas are being more harmonized in detail in order to further enhance effectiveness and efficiency. We will continue to focus our efforts on activities in growth markets.

At the same time we are working on innovative service concepts that will yield new options within the framework of Industry 4.0 as well as on expanding the product portfolio in order to gain access to new market segments. For this purpose, interdisciplinary project teams are working on new technologies for production and fabrication.

INDUSTRY-SPECIFIC INNOVATIONS

You will find Movement Systems present wherever power is transmitted and automated production and conveyor processes have to run smoothly. Our solutions for different configurations and requirements across a wide range of industries are renowned for innovation, precision, reliability, and cost effectiveness. In the year under review, Movement Systems again demonstrated that it is a professional partner in the development of industry-specific and customized solutions.

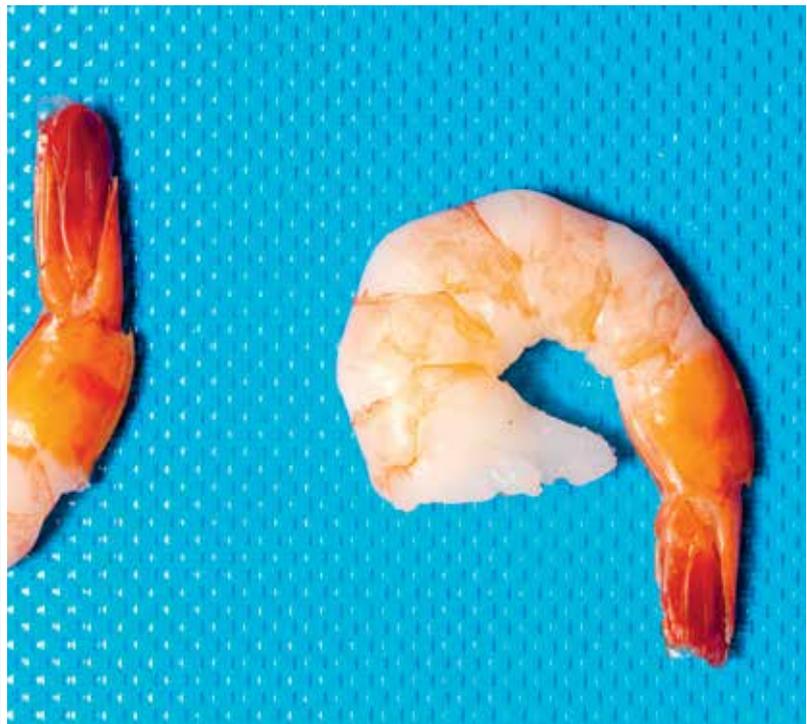
To match the variety of foodstuffs that are conveyed on conveyor belts for production, processing and packaging, belt solutions and surface coatings have to be specifically tailored to these individual requirements so as to ensure efficiency, quality, hygiene, and careful transmission of foods. The innovations Movement Systems launched in the year under review combine these advantages across various product lines.

Belts are blue for a reason

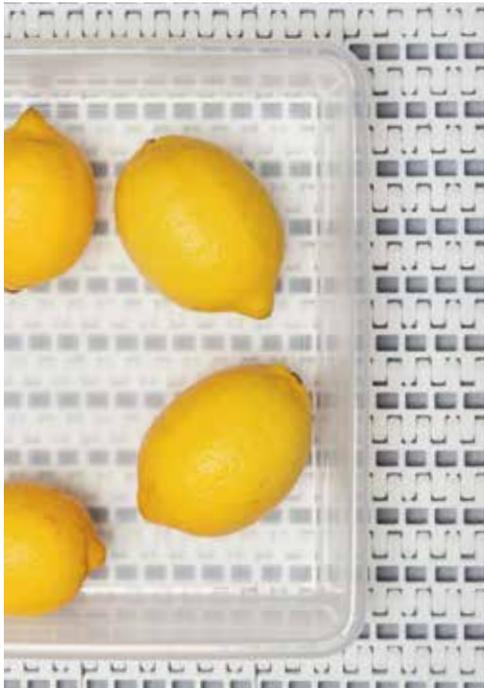
We developed two new blue Transilon conveyor belts with the 'Diamond' top-face specifically for the bakery and fish-processing industries. The surface structure increases traction, or grip, for foodstuffs that do not lie flush with the belt surface but also ensures the easy release of softer foods such as dough products, pasta or thinly sliced fish or meats. Since the color blue does not occur in natural foods, blue-colored belts make it easier and quicker to spot contaminants than on the traditional white belts used in the food industry. The second belt is even more closely geared to the needs of the bakery and confectionery industries, for chocolate-coated delicacies. The low-shrinkage belt features good heat conductivity along with firmness in the cooling tunnel that guarantees flawless product quality.



TRANSILON BELT FOR CHOCOLATE COATINGS



TRANSILON BELT FOR FISH-PROCESSING INDUSTRY



PLASTIC MODULAR BELT SERIES 8



TRANSILON-HIGH-TEMPERATURE BELT

We developed two other blue elastic Extremultus flat belts specifically for packaging, measuring, and labelling of foods such as cheese slices, sliced meats, fish fillets, and sushi as well as noodles and pasta. One of the two belts is a little more elastic and versatile in use; it is more resilient against animal fats, oils and aggressive cleaning agents and prevents moisture build-up.

Extended line of plastic modular belts

A new Series 8 line of stable and robust plastic modular belts ensures excellent stability and traction when conveying empty or full plastic containers for process-

ing and packaging of meat, fruit and vegetables, as well as bakery goods. With its rigid modular construction, goods can be conveyed over long distances. The new Series 13 features an enclosed, smooth top-face, making it ideal for the transport of light foods; it is versatile in use for conveying, drying, cooling and packaging of snacks such as croissants, bagels and donuts.

High-temperature belt for paint drying

A high-temperature and UV-resistant conveyor belt has been developed for the industrial manufacturing segment for use in paint drying on spraying lines. Special abrasion-resistant and easy-to-clean belts have great benefits in the drying tunnel for the automated production processes used in paint drying. These systems ensure that UV paints and lacquers, as employed for instance in furniture or window and door element manufacture, dry quickly.

**'BELT PROPERTIES
ARE DECISIVE'**