CONNECT.

HALF-YEAR REPORT 2018

SUCCESSFUL FIRST HALF OF 2018

SIGNIFICANT SALES GROWTH	**+10.3%**
ABOVE-AVERAGE INCREASE IN OPERATING PROFIT	**+10.9%**
STRONG INCREASE IN GROUP PROFIT	**+8.9%**

flooring. movement.

forbo

The Forbo Group – a leading manufacturer of floor coverings, building and construction adhesives, as well as power transmission and conveyor belt solutions – reported net sales of CHF 668.8 million in the first half of 2018 (prior-year period: CHF 606.3 million), which equates to strong growth of 10.3% (+ 5.8% in local currencies). Operating profit (EBIT) rose by CHF 10.9% to CHF 75.3 million (prior-year period before one-off costs: CHF 67.9 million). The EBIT margin improved to 11.3% (prior-year period before one-off costs: 11.2%). Group profit from continuing operations rose by 8.9% to CHF 58.7 million (prior-year period before one-off costs: CHF 53.9 million) despite a higher tax rate.

Dear shareholders,

Forbo posted a very successful first half of 2018, with strong growth in both sales and profit. Both divisions and all three regions contributed to this success. The growth drivers at Flooring Systems were the attractive, recently launched flooring collections along with consistent marketing activities in the private sector commercial segment and in growth markets. Movement Systems impressed major customers in a number of strategic customer segments with its high-quality, application-specific products and services.

Conversion of local results into the corporate currency resulted in a positive currency effect for both sales and profit compared with the first half of 2017. The gains were driven mainly by the performance of the euro and the pound sterling. Seen over the whole year, this effect will be more neutral. The currency situation has more of an impact on Flooring Systems than on Movement Systems due to the geographic weighting of their respective business activities.

The provision for the one-off costs arising from the antitrust proceedings at Flooring Systems in France, done in the first half-year 2017, has been neutralized in this part of the report in the prior-year period figures to ensure better comparability ('prior-year period before one-off costs').

Significant sales growth

In the first half of 2018, Forbo generated higher net sales of CHF 668.8 million (prior-year period: CHF 606.3 million), reflecting an increase of 10.3% (+ 5.8% in local currencies). Both divisions and all the regions contributed to varying degrees to this gratifying growth. Flooring Systems posted sales growth of 11.3% (+ 5.9% in local currencies). This was due, on the one hand, to its activities and initiatives in developing its sales structures for customers in the private sector commercial segment and, on the other hand, to above-average performance in certain growth markets. Movement Systems reported a sales increase of 8.2% (+ 5.5% in local currencies). This result was also driven by the very gratifying gains made in some growth markets and the above-average growth across the board in most European markets.

Double-digit increase in operating profit

Despite a steep rise in raw material prices, operating profit showed an above-average increase because the higher costs were offset by the successful launch of innovative products, enhanced service quality, as well as efficiency gains.

Operating profit before depreciation and amortization (EBITDA) came to CHF 95.1 million (prior-year period before one-off costs: CHF 86.3 million), corresponding to an increase of 10.2%. The EBITDA margin remained unchanged at 14.2% (prior-year period before one-off costs: 14.2%). Operating profit (EBIT) grew by 10.9% from CHF 67.9 million before one-off costs in the previous year to CHF 75.3 million. The EBIT margin improved to 11.3% (prior-year period before one-off costs: 11.2%).

Strong increase in Group profit

Despite a higher tax rate, Forbo increased Group profit from continuing operations by 8.9% to CHF 58.7 million (prior-year period before one-off costs: CHF 53.9 million).

Earnings per share from continuing operations (undiluted) rose by 9.5% to CHF 34.49 (prior-year period before one-off costs: CHF 31.49).

Equity ratio remains high

Shareholders' equity at the end of June 2018 stood at CHF 648.1 million (year-end 2017: CHF 661.2 million). The equity ratio was 61.2% (year-end 2017: 61.9%), approximately at the prior-year level.

Solid liquidity and treasury shares

Net cash came to CHF 125.5 million at June 30, 2018 (year-end 2017: CHF 195.0 million). In addition, Forbo held treasury shares worth CHF 174.2 million, based on the share price at the end of June 2018 (year-end 2017: CHF 143.8 million). Of this, CHF 119.6 million (valued at the share price at the end of June 2018) is earmarked for capital reduction latest at the Ordinary General Meeting in 2020.

Performance of the divisions

The **Forbo Flooring Systems** division reported net sales of CHF 462.7 million in the first half of 2018 (prior year period: CHF 415.9 million), which is equivalent to a strong sales increase of 11.3% (+5.9% in local currencies). All the regions contributed to this increase. The growth in local currencies was driven mainly by Asia/Pacific, the Americas also posted double-digit growth, while sales in Europe were on the whole encouraging even in a divergent market environment. Sales performance in the first half, however, was very mixed. The countries with better-than-average growth were Central, Southern and Eastern Europe, the USA, and some countries in Asia/Pacific such as China and Australia. This extremely positive picture was countered by modest – and in some cases negative – growth in the Netherlands, Scandinavia, and the UK. The building and construction adhesives activity posted pleasant sales growth on the whole, though it was driven mainly by Russia.

Operating profit (EBIT) rose by CHF 11.7% to CHF 58.4 million (prior-year period before one-off costs: CHF 52.3 million). This gain was the result of higher sales owing to volume and price increases, although it was diminished by raw material prices that rose yet again. The EBIT margin remained unchanged at 12.6% (prior-year period before one-off costs: 12.6%). We will continue to focus in the coming months on exploiting the potential of our attractive product portfolio – in which we have invested heavily in recent years – with focused market activities and an optimum level of service quality. We will also continue to compensate the previous year's above-average rise in raw material prices by obtaining higher prices for our products. Efficiency increases plus additional procurement measures will help us to successfully meet the challenges from raw material price developments.

The **Forbo Movement Systems** division reported net sales of CHF 206.1 million in the first half of 2018 (prior-year period: CHF 190.4 million), which is equivalent to a gratifying sales increase of 8.2% (+ 5.5% in local currencies). All the regions made a positive contribution to this uptrend. Growth in local currencies was driven mainly by Europe, while Asia/Pacific and the Americas, too, posted solid growth. Most markets in Europe performed well, especially Germany and Southern Europe. At the beginning of May 2018, we acquired a small distributor in Norway. This company will strengthen our position in the local food industry customer segment, offer additional potential as a new direct entry in this market, and reinforce our service structure in Scandinavia. Traditional markets in Asia/Pacific such as Japan and China performed very well, while smaller growth markets such as India, Indonesia, and Thailand developed better-than-average. Demand in North America remained stable, which led to further solid growth.

Operating profit (EBIT) rose by 5.7% to CHF 24.1 million (prior-year period: CHF 22.8 million), despite higher raw material prices. The EBIT margin declined to 11.7% (prior-year period: 12.0%). In the second half, we will continue to work on optimizing various global areas of operation in order to further improve customer satisfaction with delivery times and increase both our productivity and our efficiency. We will continue to expand our product offering with innovative ideas that are tailored specifically to the needs of our varied customer segments.

Outlook for 2018

Our forecast for the full year 2018 has not changed. The overall environment remains challenging because the currency exchange situation, raw material price trends, and developments on individual markets are still volatile owing to political and macroeconomic conditions.

As announced in the spring, barring any change in the foreign exchange situation and assuming a similar business environment as in the previous year, we continue to anticipate for the full year 2018 a slight increase in net sales and Group profit from continuing operations before one-off costs and special tax effects (2017 business year: CHF 127.6 million).

This E. Schneider
Executive Chairman

Stephan Bauer
CEO

Forbo Holding Ltd
Baar, July 27, 2018

Key figures at a glance

Unaudited, CHF m	First half 2018	First half 2017	Change
Net sales	**668.8**	**606.3**	**+ 10.3% corporate currency** **+ 5.8% local currencies**
EBITDA	**95.1**	**86.3**	**+ 10.2%**
EBITDA adjusted[1]	95.1	1.3	
EBITDA margin	**14.2%**	**14.2%**	
Operating profit (EBIT)	**75.3**	**67.9**	**+ 10.9%**
Operating profit (EBIT) adjusted[1]	75.3	– 17.1	
EBIT margin	**11.3%**	**11.2%**	
Group profit from continuing operations	**58.7**	**53.9**	**+ 8.9%**
Group profit from continuing operations, adjusted[1]	58.7	– 31.1	
Earnings per share from continuing operations (undiluted)	**CHF 34.49**	**CHF 31.49**	**+ 9.5%**
Earnings per share from continuing operations (undiluted), adjusted[1]	CHF 34.49	CHF – 18.19	

1) Previous year factoring in the provision done in the first half-year 2017 for the one-off costs resulting from the antitrust proceedings at Flooring Systems in France.

Consolidated balance sheet and income statement

Condensed consolidated balance sheet

Unaudited, CHF m	30.6.2018	31.12.2017
Assets		
Current assets	**636.4**	**638.2**
Cash and cash equivalents	125.7	195.4
Trade and other receivables and accrued income and deferred expenses	274.6	216.2
Inventories	236.1	226.6
Non-current assets	**423.0**	**429.3**
Deferred tax assets and other non-current financial assets	44.8	39.3
Property, plant, and equipment, intangible assets and goodwill	378.2	390.0
Total assets	**1,059.4**	**1,067.5**

Shareholders' equity and liabilities		
Current liabilities	**272.3**	**275.3**
Trade payables	82.2	105.9
Current financial debt	0.1	0.2
Current provisions, accrued expenses and deferred income, current tax and other liabilities	190.0	169.2
Non-current liabilities	**139.0**	**131.0**
Non-current financial debt	0.1	0.2
Employee benefit obligations, non-current provisions, and deferred tax liabilities	138.9	130.8
Total liabilities	**411.3**	**406.3**
Shareholders' equity	**648.1**	**661.2**
Total shareholders' equity and liabilities	**1,059.4**	**1,067.5**

Condensed consolidated income statement

Unaudited, CHF m	First half 2018	First half 2017
Continuing operations		
Net sales	**668.8**	**606.3**
Cost of goods sold	– 411.7	– 369.5
Gross profit	**257.1**	**236.8**
Operating expenses	– 181.8	– 253.9
Operating profit	**75.3**	**– 17.1**
Financial result	– 0.3	0.0
Group profit before taxes	**75.0**	**– 17.1**
Income taxes	– 16.3	– 14.0
Group profit from continuing operations	**58.7**	**– 31.1**
Group profit from discontinued operations after taxes		**2.2**
Group profit	**58.7**	**– 28.9**
Group profit attributable to shareholders of Forbo Holding Ltd	58.7	– 28.9
Earnings per share, total		
Basic earnings per share in CHF	34.49	– 16.91
Diluted earnings per share in CHF	34.49	– 16.91
Earnings per share from continuing operations		
Basic earnings per share in CHF	34.49	– 18.19
Diluted earnings per share in CHF	34.49	– 18.19

The accompanying notes are an integral part of the Half-Year Report.

Consolidated comprehensive income statement and statement of changes in equity

Consolidated comprehensive income statement		
Unaudited, CHF m	First half 2018	First half 2017
Group profit	**58.7**	**–28.9**
Items that will not be reclassified to the income statement:		
Remeasurements of employee benefit obligations, net of tax	1.5	3.6
Items that are or may be subsequently reclassified to the income statement:		
Translation differences	–8.8	–1.6
Other comprehensive income, net of tax	**–7.3**	**2.0**
Total comprehensive income	**51.4**	**–26.9**
Total comprehensive income attributable to shareholders of Forbo Holding Ltd	51.4	–26.9

Consolidated statement of changes in equity first half 2018					
Unaudited, CHF m	Share capital	Treasury shares	Reserves	Translation differences	Total
January 1, 2018 (before application of IFRS 9)	**0.2**	**–0.1**	**945.1**	**–284.0**	**661.2**
Effect of application of IFRS 9 (net of tax)			–0.4		–0.4
January 1, 2018 (restated)	**0.2**	**–0.1**	**944.7**	**–284.0**	**660.8**
Group profit			58.7		58.7
Other comprehensive income, net of tax			1.5	–8.8	–7.3
Total comprehensive income			**60.2**	**–8.8**	**51.4**
Share-based payments			2.6		2.6
Treasury shares		–0.0	–34.3		–34.3
Dividend payment			–32.4		–32.4
June 30, 2018	**0.2**	**–0.1**	**940.8**	**–292.8**	**648.1**

Consolidated statement of changes in equity first half 2017					
Unaudited, CHF m	Share capital	Treasury shares	Reserves	Translation differences	Total
January 1, 2017	**0.2**	**–0.1**	**941.4**	**–320.1**	**621.4**
Group profit			–28.9		–28.9
Other comprehensive income, net of tax			3.6	–1.6	2.0
Total comprehensive income			**–25.3**	**–1.6**	**–26.9**
Share-based payments			2.5		2.5
Treasury shares		0.0	0.2		0.2
Dividend payment			–32.5		–32.5
June 30, 2017	**0.2**	**–0.1**	**886.3**	**–321.7**	**564.7**

The accompanying notes are an integral part of the Half-Year Report.

Consolidated cash flow statement

Condensed consolidated cash flow statement		
Unaudited, CHF m	First half 2018	First half 2017
Group profit	**58.7**	**–28.9**
Depreciation of property, plant, and equipment, and amortization of intangible assets	19.9	18.4
Increase in net operating working capital	–82.3	–73.1
Other adjustments for non-cash items	5.3	85.3
Net cash flow from operating activities	**1.6**	**1.7**
Purchase of property, plant, and equipment, and intangible assets	–10.2	–15.3
Purchase of business operations, less acquired cash and cash equivalents	–1.4	
Other cash flows from investing activities	0.5	0.4
Net cash flow from investing activities	**–11.1**	**–14.9**
Dividend payment	–32.4	–32.5
Cash outflow (–)/inflow from transactions with treasury shares, net	–24.4	0.3
Other cash flows from financing activities	–0.2	–0.2
Net cash flow from financing activities	**–57.0**	**–32.4**
Decrease in cash and cash equivalents	–66.5	–45.6
Translation differences on cash and cash equivalents	–3.2	–0.6
Cash and cash equivalents at beginning of year	195.4	209.7
Total cash and cash equivalents as at June 30	**125.7**	**163.5**

The accompanying notes are an integral part of the Half-Year Report.

Notes to the condensed consolidated half-year financial statements (unaudited)

01 General information

This condensed consolidated interim report of Forbo Holding Ltd and its subsidiaries (hereinafter 'the Group') covers the six-month period from January 1, 2018, to June 30, 2018 (hereinafter 'reporting period'), and was drawn up in accordance with International Accounting Standard 34 (IAS 34) 'Interim Financial Reporting'. The consolidated half-year financial statements do not include all information reported in the consolidated full-year financial statements and should therefore be read in conjunction with the consolidated financial statements as at December 31, 2017.

The consolidated half-year financial statements have not been audited by the auditors. They were approved for publication by the Board of Directors on July 26, 2018.

02 Group accounting principles

The accounting principles applied in the consolidated half-year report are in line with the accounting policies set out in the 2017 Annual Report with the following exceptions:

The following relevant new standards of the International Accounting Standards Board (IASB) were applied for the first time in the business year that began on January 1, 2018:

– IFRS 9 'Financial instruments'
– IFRS 15 'Revenue from contracts with customers'

Standards, interpretations or amendments that have been published but are not yet mandatory have not been adopted early.

IFRS 9 'Financial instruments' includes new requirements for classification and measurement of financial assets and liabilities, recognition of impairments, and general hedge accounting. The implementation of the new standards led to only minor deviations from the figures reported previously.

The implementation of IFRS 9 had no impact on equity or debt instruments since the Group does not employ such instruments. The application of IFRS 9 affected only the calculation and presentation of valuation allowances for doubtful trade receivables.

According to the previous standard, IAS 39, allowances for doubtful trade receivables were made if they concerned losses that had already occurred ('incurred loss model'). Under the new standard, however, allowances for doubtful trade receivables were made for expected credit losses ('expected loss model'). Forbo employs the simplified model 'provision matrix' for allowances for doubtful trade receivables. In this provision matrix, expected losses on receivables are determined on the balance sheet date on the basis of past experience of default probability and of future-oriented expectations based on experience with the customers and market conditions.

In accordance with the transition method chosen, under IFRS 9, the prior-year period was not restated. The reassessment of the valuation of trade receivables resulted in an increase in the valuation allowance for bad debts of CHF 0.5 million (CHF 0.4 million after tax) as per January 1, 2018. This amount was taken to equity.

IFRS 15 'Revenue from contracts with customers' provides a comprehensive framework for specifying whether, when, and to what extent revenues are recognized. Particularly with regard to the provisions governing the point in time or the period of time for recognition of revenue, the decisive factor is no longer the transfer of risks and opportunities but the transfer of control of the goods and services to the customer.

NATURE OF PRODUCT OR SERVICE Nature and time of performance obligation, significant payment terms
FLOORING SYSTEMS The revenue is generated by the sale of goods that are recorded at a point in time in accordance with the agreed terms. The sale of goods is based on fixed prices. In some cases, goal-oriented, variable volume discounts are granted. Volume rebates are deducted from sales in the amount of expected cash outflows. The payment terms are in line with general business terms and conditions and range from 30 to 60 days. The warranty periods granted for goods are in line with the general business terms and conditions in the sector; in some cases, these may be longer than prescribed by law. Provisions are made on the basis of the expected cash outflow for known warranty claims and those expected in future.

MOVEMENT SYSTEMS
The nature and time of the performance obligation and the payment terms are identical with those for Flooring Systems.

In addition, Movement Systems provides service concerning the seamless connection of belting products. These services are recognized separately as revenue at the point in time the service is provided.

The Group implemented IFRS 15 with effect on January 1, 2018, using the cumulative effect method. The implementation of IFRS 15 had no effect on the consolidated balance sheet, the consolidated income statement or the consolidated statement of changes in equity since the business models employed by Forbo, in particular the time of the transfer of control of the goods, is identical with the transfer of risks and opportunities under the old standard.

The preparation of the consolidated half-year financial statements requires management to use estimates and assumptions that may affect reported revenues, expenses, assets, liabilities, and contingent liabilities at the date of the financial statements. If the estimates and assumptions used by management to the best of its knowledge at the date of the financial statements happen to differ from subsequent actual facts, the original estimates and assumptions will be adjusted in the reporting period in which the facts have changed. The consolidated half-year financial statements do not contain any significant new estimates and assumptions used by management compared with the consolidated financial statements as at December 31, 2017.

Income tax expenditure is estimated on the basis of average actual tax rates during the current business year.

03 Segment information

The Group is a global producer of Flooring Systems and Movement Systems. The divisions correspond to the internal management structure and are run separately because the products that they manufacture, distribute, and sell differ fundamentally in terms of production, distribution, and marketing.

Flooring Systems develops, produces, and sells linoleum, vinyl floorings, entrance matting systems, carpet tiles, and needle felt floor coverings as well as the various accessory products required for installing, processing, cleaning, and care of flooring.
In the Movement Systems division, the Group develops, produces, and sells high-quality conveyor and processing belts, as well as plastic modular belts, and drive, timing and flat belts made of synthetic materials.
Corporate includes the costs of the Group headquarters and certain items of income and expenses which are not directly attributable to a specific business.

The Flooring Systems and Movement Systems divisions are reportable segments. The identification of reportable segments is based on internal management reporting to the Group's Executive Chairman and its Chief Executive Officer and hence on the financial information used to review the performance of the operational units in order to reach a decision on the allocation of resources.

The Executive Chairman and the Chief Executive Officer assess the performance of the segments based on their operating result (EBIT). The net financial result is not allocated to the divisions since it is Corporate Treasury that exercises central control over the financial result.

First half 2018

Unaudited, CHF m	Flooring Systems	Movement Systems	Corporate/ Elimination	Total
Total net sales	462.7	206.2	– 0.1	668.8
Inter-segment sales		– 0.1	0.1	
Net sales to third parties	462.7	206.1		668.8
Operating profit (EBIT)	58.4	24.1	– 7.2	75.3
EBITDA	72.6	29.3	– 6.8	95.1
Operating assets	574.1	292.2	22.6	888.9
Capital expenditure	6.8	3.4	0.0	10.2
Number of employees (June 30)	3,276	2,439	42	5,757

First half 2017

Unaudited, CHF m	Flooring Systems	Movement Systems	Corporate/ Elimination	Total
Total net sales	415.9	190.5	– 0.1	606.3
Inter-segment sales		– 0.1	0.1	
Net sales to third parties	415.9	190.4		606.3
Operating profit (EBIT) before provision for anti-trust proceedings France	52.3	22.8	– 7.2	67.9
Provision for anti-trust proceedings France	– 85.0			– 85.0
Operating profit (EBIT)	– 32.7	22.8	– 7.2	– 17.1
EBITDA	– 19.2	27.4	– 6.9	1.3
Operating assets	537.0	240.4	19.8	797.2
Capital expenditure	6.8	8.5	0.0	15.3
Number of employees (June 30)	3,225	2,320	41	5,586

Reconciliation of division results to the income statement and balance sheet:

Unaudited, CHF million	First half 2018	First half 2017
Total segment result (EBIT)	**75.3**	**– 17.1**
Financial result	– 0.3	0.0
Group profit before taxes	**75.0**	**– 17.1**

Unaudited, CHF million	30.6.2018	31.12.2017
Total operating assets	**888.9**	**832.8**
Non-operating assets	170.5	234.7
Total assets	**1,059.4**	**1,067.5**

The following table shows revenue broken down by geographic region and by the two product groups that are identical with the reportable segments.

Net sales per segment by region

	Flooring Systems		Movement Systems	
Unaudited, CHF m	First half 2018	First half 2017	First half 2018	First half 2017
Regions				
Europe	353.4	318.6	86.1	73.6
North, Central and South America	71.9	65.8	67.8	67.1
Asia/Pacific and Africa	37.4	31.5	52.2	49.7
Total net sales to third parties	**462.7**	**415.9**	**206.1**	**190.4**

04 Changes in the scope of consolidation

Forbo Finanz AG acquired 100% of the capital of Transmeca AS in Oslo, Norway effective May 2, 2018. Transmeca AS was an existing customer of Forbo that sells and distributes fabric conveyor belts. Transmeca AS is now an additional service point for the Movement Systems division in Norway. In the period under review, no further changes took place in the scope of consolidation.

05 Balance sheet

The change in cash and cash equivalents can be found in the consolidated cash flow statement. The CHF 58.4 million increase in trade and other receivables at June 30 versus year-end 2017 plus the CHF 9.5 million increase in inventories were mainly timing-related.

Property, plant, and equipment declined to CHF 258.8 million in the first half of 2018, with investments in property, plant, and equipment coming to CHF 10.1 million versus depreciation of CHF 16.8 million. Intangible assets declined by CHF 3.0 million in line with amortization to CHF 119.4 million.

Financial liabilities consist of leasing obligations for fixed assets carried in the balance sheet.

The CHF 23.7 million decrease in trade accounts payable, like the increase in trade receivables, was timing-related. The other non-financial positions in current liabilities increased by CHF 20.8 million, especially for accrued expenses and other liabilities. The largest difference versus year-end is due to the withholding tax of CHF 9.0 million from the buyback of treasury shares in June in 'Other current liabilities'.

Non-current liabilities increased by a total of CHF 8.0 million owing to higher provisions for litigation. Pension liabilities decreased by CHF 2.1 million mainly owing to slightly higher discount rates in Switzerland and the UK.

Compared with December 31, 2017, shareholders' equity decreased by CHF 13.1 million to CHF 648.1 million. The increase in shareholders' equity by the amount of Group profit of CHF 58.7 million is offset mainly by the dividend payout of CHF 32.4 million and treasury share transactions of CHF 34.3 million. The equity ratio stood at 61.2% as per June 30, 2018.

06 Income statement

Net sales of CHF 668.8 million were 10.3% higher than in the prior-year period. The sales increase came to 5.8% in local currencies.

The cost of goods sold increased compared with the prior-year period owing mainly to higher raw material prices proportionate to net sales.

Operating profit (EBIT) in the period under review came to CHF 75.3 million, which was CHF 92.4 million higher than the prior-year period. A provision of CHF 85.0 million for the antitrust proceedings in France was charged to the prior-year period. Factoring out this effect, operating profit (EBIT) in the reporting period would have been CHF 7.4 million or 10.9% higher than the prior-year period.

Financial income in the reporting period was negative at CHF – 0.3 million owing to higher currency exchange losses, compared with the breakeven result in the prior-year period.

Income tax amounted to CHF 16.3 million, corresponding to a tax rate of 21.7%. The tax rate in the prior-year period came to 20.6% after factoring out the effect of the provision for the antitrust proceedings in France.

The resulting Group profit from continuing operations came to CHF 58.7 million, which was CHF 4.8 million, or 8.9%, higher than the prior-year period, without the effect of the provision for the antitrust proceedings in France.

Undiluted earnings per share on the basis of the average number of shares in circulation amounted to CHF 34.49 in the reporting period (prior-year period: CHF – 16.91). The Long-Term Incentive Plan (LTI) did not result in any significant dilution effect. Diluted earnings per share also came to CHF 34.49 (prior-year period: CHF – 16.91).

07 Cash flow statement

As in the prior-year period, owing to the timing-related increase in net operating working capital, cash flow from operating activities was only slightly positive at CHF 1.6 million. The item 'Other adjustments for non-cash items' in cash flow from operating activities comprised in the prior-year period the creation of a provision of CHF 85.0 million for the antitrust proceedings in France.

Cash flow from investing activities comprises the cash outflow of CHF 10.2 million for investments in property, plant, and equipment and intangible assets, CHF 1.4 million in connection with the acquisition of the share capital of Transmeca AS in Norway, and cash inflow of CHF 0.5 million from interest.

Cash flow from financing activities reflects primarily payment of the dividend of CHF 32.4 million and treasury share transactions of CHF 24.4 million.

08 Main exchange rates applied

The following exchange rates against the CHF have been applied for the most important currencies concerned:

			Income statement average exchange rate, 6 months		Exchange rate on balance-sheet date	
Exchange rates			**2018**	**2017**	**30.6.2018**	**31.12.2017**
Euro countries	EUR	1	1.1700	1.0766	1.1540	1.1705
USA	USD	1	0.9671	0.9948	0.9975	0.9763
United Kingdom	GBP	1	1.3300	1.2522	1.3046	1.3203
Japan	JPY	100	0.8890	0.8851	0.9028	0.8674

09 Events after the balance sheet date

Between the balance sheet date and the date of publication of this Half-Year Report, no events occurred that could have a significant effect on the 2018 half-year financial statements.

Calendar

Media and financial analysts' conference for the 2018 business year:	Tuesday, March 5, 2019
2019 Ordinary General Meeting:	Friday, April 5, 2019
Half-Year Report 2019:	Friday, July 26, 2019

Our Half-Year Report is published in German and in English translation.

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