flooring. movement.

MEDIA RELEASE
2013 BUSINESS YEAR

Sales in local currencies slightly above previous year – substantial increase in operating profit – significant increase in Group profit – rise in tax-free cash distribution to CHF 14 per share

Forbo again performed well in a challenging and mixed market environment. After Group sales decreased slightly in the first half of the year, it increased again in the second six-month period to CHF 1,199.7 million (previous year: CHF 1,201.1 million), which is roughly the same as the previous year. This works out to a sales increase of 0.3% in local currencies but equates to a slight decrease of 0.1% in the corporate currency. After factoring out effects from accounting changes (restatements), operating profit (EBIT) rose by 12.7%, while Group profit from continuing operations showed a significant increase of 19.2%. After factoring in the restatements, EBIT came to CHF 135.7 million (previous year restated, without special items: CHF 126.1 million), and Group profit from continuing operations came to CHF 110.2 million (previous year restated, without special items: CHF 96.1 million).

Baar, March 18, 2014

Successful year in 2013 in a challenging market environment

Forbo again performed well in a challenging and mixed market environment. The successful launch of high-margin and innovative products and collections, new market opportunities outside the public sector, and further productivity gains enabled Forbo to substantially increase its earning power and profitability, amid stable sales. The two divisions significantly raised both their gross margin and their operating margin on the strength of higher value added and more efficient processes in production and logistics.

Sales in local currencies slightly higher than previous year

Flooring Systems to a large extent offset the slump in demand in the public sector and in individual European markets by opening up new market segments. Movement Systems increased sales in all regions and successfully compensated for what was in some cases strong depreciation of currencies in its markets, especially in Japan. After Group sales decreased slightly in the first half, it increased again in the second six months of the year.

In local currencies, Flooring Systems reported a small decline in sales of −0.4%, while Movement Systems posted a sales gain of +2.4% in a very mixed market environment. On the whole, sales in the Asia/Pacific and Africa region grew fastest (+3.5%); the North, Central and South America region posted +1.0% higher sales, while Europe recorded a marginal decline of −0.5% owing to the prevailing economic conditions.

Strategic focus confirmed

In order to reduce dependence on public spending and take even greater advantage of the potential in the growth markets, Forbo has launched a number of strategic projects in recent years. Their purpose was to add high-margin products to the product portfolio and to open up new sales channels outside the existing market segments and established geographic markets. In these areas, Forbo posted significantly higher sales growth, especially in the second half of the year.
The focus on high-margin products and the extension of the portfolio have led to a further improvement in the gross margin.

Special effect from accounting restatement

The first-time application of the revised accounting standard IAS 19 in the 2013 business year led to changes in the reporting of pension fund liabilities, and as a result the previous year's figures had to be restated.

Accordingly, operating profit (EBIT) increased in the year under review by CHF 1.0 million (previous year: CHF 6.3 million). At the same time land and buildings were recognized at amortized cost. Operating profit (EBIT) accordingly rose by CHF 2.6 million in 2013 (previous year: CHF 2.6 million).
The above-mentioned restatements resulted in an aggregate increase in operating profit (EBIT) in the year under review of CHF 3.6 million (previous year: CHF 8.9 million) and an aggregate increase in Group profit of CHF 2.8 million (previous year: CHF 6.0 million).

Substantial improvement in operating profit
After factoring out the above-mentioned restatement effects due to the accounting change, both divisions substantially improved both operating profit before depreciation and amortization (EBITDA) and operating profit (EBIT). The Group's EBITDA rose by 6.5%, while EBIT was up by 12.7%. The EBITDA margin rose by 0.9 percentage points and came to 14.3%, while the EBIT margin increased by 1.3 percentage points and came to 11.3%.

After application of these restatements, Group EBITDA came to CHF 172.1 million (previous year restated, without special items: CHF 166.9 million), while EBIT stood at CHF 135.7 million (previous year restated, without special items: CHF 126.1 million).

Significant increase in Group profit
Forbo's strong balance sheet enables it to invest some of its surplus liquidity in the capital markets. The strong capital markets were instrumental in Forbo's financial profit of CHF 5.2 million (previous year: CHF –5.5 million).

On the back of the considerably improved operating result plus the gratifying financial result, Group profit from continuing operations, rose significantly by 19.2% prior to the application of the revised accounting standard. After the restatements, Group profit from continuing operations came to CHF 110.2 million (previous year restated, without special items: CHF 96.1 million).

Performance of the divisions
The **Flooring Systems** division generated net sales of CHF 873.5 million, which was roughly the same as the previous year (CHF 873.9 million). This is equivalent to a slight decline of 0.4% in local currencies. The division's share of Group sales came to 72.8%. Flooring Systems compensated to a large extent for the decrease in sales in the public sector by opening up new market segments in the private sector and new geographic markets. Measures to increase efficiency along the entire value chain had a positive impact on operating profit (EBIT), which rose to CHF 113.3 million (previous year restated, without special items: CHF 109.1 million). Adjusted for the restatement effect, this comes to an increase of 6.5% over the previous year. The division's EBIT margin increased by 0.8 percentage points and came to 13.0% after factoring in the restatement effects.

The **Movement Systems** division generated net sales of CHF 326.2 million in the year under review (previous year: CHF 327.2 million), which marked an increase of 2.4% in local currency terms. All regions contributed to this performance, although sales in individual markets were very mixed. In the corporate currency, however, sales declined marginally by 0.3% owing to negative currency effects, especially in Japan. The division's share of Group sales was 27.2%. Measures to increase efficiency, especially in production and assembly processes, had a positive impact on operating profit (EBIT), which rose substantially to CHF 31.7 million (previous year restated: CHF 27.6 million). Adjusted for the restatement effect, this comes to an increase of 15.2% over the previous year. The division's EBIT margin increased by 1.3 percentage points and came to 9.7% after factoring in the restatement effects.

Strong balance sheet
Despite the share buyback, shareholders' equity as at the end of December 2013 rose to CHF 786.8 million (previous year: CHF 729.2 million). The equity ratio rose significantly to 69.8% (previous year restated: 60.1%).

In the 2013 business year, Forbo increased net cash from CHF 258.3 million to CHF 306.9 million. In addition, as at December 31, 2013, Forbo held treasury shares valued at CHF 165.6 million at the year-end share price.

Proposals to the Ordinary General Meeting

Increase in the dividend from CHF 12 to CHF 14
The Board of Directors will propose to the Ordinary General Meeting the distribution of a dividend of CHF 14 per share for 2013 (previous year: CHF 12). This dividend will be paid out to shareholders as a tax-exempt distribution from capital contribution reserves.

Change in the Chair of the Board of Directors
As announced a year ago, Dr. Albert Gnägi, who has been Chairman of the Board of Directors for the past nine years, will not stand for re-election at the Ordinary General Meeting in spring 2014 as he will have then reached the statutory age of retirement. The Board of Directors proposes to the Ordinary General Meeting the election of This E. Schneider, who has been Delegate of the Board of Directors and CEO for the past ten years, as Executive Chairman of the Board of Directors.

Elections to the Board of Directors
At the same time, the Board of Directors proposes electing Claudia Coninx-Kaczynski as a new member of the Board of Directors. She has a degree in law from the University of Zurich and a Master of Law from the London School of Economics. Amongst others, Claudia Coninx-Kaczynski is also a member of the Board of Directors of Tamedia AG.

All the other current members of the Board of Directors are proposed for re-election for a term of one year.

Share buyback program
The Board of Directors will propose to the Ordinary General Meeting that the treasury shares that have been repurchased on the SIX Swiss Exchange via the second trading line be destroyed. The Board of Directors will also propose that over the next three years further treasury shares up to 10 percent of the total share capital be repurchased in order to reduce capital. The repurchase shall take place via a second trading line on the SIX Swiss Exchange or via some other means.

Outlook for 2014
On balance, Forbo anticipates a slightly improved, though very mixed, economic environment in the 2014 business year. With its two divisions, Forbo is very well positioned, and can call on the necessary resources to enable it to implement its strategy systematically and to focus on achieving operational excellence and an impressively strong market performance.

Barring any significant change in the current economic conditions, especially with regard to exchange rates and raw material prices, Forbo expects a slight increase in sales and somewhat higher Group profit from continuing operations in the 2014 business year compared with the year 2013.

You can find further information in the version of the 2013 Annual Report published this morning on the Internet:

www.forbo.com – Investor Relations – Financial Publications

Forbo is a leading producer of floor coverings, building and construction adhesives, as well as power transmission and conveyor belt solutions. The company employs more than 5,000 people and has an international network of 24 production and distribution companies, 6 assembly operations and 40 sales organizations in a total of 36 countries. Forbo is headquartered in Baar in the canton of Zug, Switzerland.

Forbo Holding Ltd is listed on SIX Swiss Exchange (security number 354151, ISIN CH0003541510, Bloomberg FORN SW, Reuters FORN.S).

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MEDIA RELEASE
2013 BUSINESS YEAR

Key Group financial figures

	2013 CHF m	2012 CHF m restated		Change Corporate currency	Local currencies
Net sales	**1,199.7**	**1,201.1**		**–0.1%**	**+0.3%**
Flooring Systems	873.5	873.9		–0.1%	-0.4%
Movement Systems	326.2	327.2		–0.3%	+2.4%
Operating profit (EBIT)	**135.7**	**126.1**	1)		**+7.6%**
EBIT prior to restatements	***132.1***	***117.2***	1)		***+12.7%***
EBIT margin	**11.3%**	**10.5%**	1)		
EBIT margin prior to restatements	***11.0%***	***9.8%***	1)		
Group profit from continuing operations	**110.2**	**96.1**	1)		**+14.7%**
Group profit from continuing operations prior to restatements	***107.4***	***90.1***	1)		***+19.2%***
Group profit	**117.6**	**213.3**	2)		

[1] without special items
[2] including extraordinary income from the sale of the industrial adhesives activity and from the change in pension plan in the Netherlands

	2013	2012 restated	Change
Earnings per share from continuing operations (undiluted)	**CHF 53.21**	**CHF 58.73**	**– CHF 5.52**
Equity ratio	**69.8%**	**60.1%**	**+ 9.7 percentage points**