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Forbo sells industrial adhesives activities to H.B. Fuller for CHF 370 million

The Forbo Group – a leading manufacturer of floor coverings, adhesives, as well as power transmission and conveyor belt solutions – is selling its industrial adhesives activities, including synthetic polymers, to H.B. Fuller. The implementation of the transaction is subject to certain conditions and is expected to take place as soon as March 2012.

Baar, December 22, 2011

Forbo has signed an agreement with H.B. Fuller Company for the sale of its industrial adhesives activities, including synthetic polymers, part of its Bonding Systems division. This transaction does not include the activities of the building and construction adhesives unit.

In the 2010 business year, the Bonding Systems division, with industrial adhesives, synthetic polymers and building and construction adhesives, posted sales of CHF 606.6 million (with industrial adhesives and synthetic polymers accounting for CHF 499.3 million and building and construction adhesives CHF 107.3 million). Bonding Systems currently has a headcount of 1,400 and production facilities in Europe, North America and Asia.

The activities affected by the transaction have a headcount of around 1,100 and will generate sales of approximately CHF 510 million in the 2011 business year, together with EBITDA of roughly CHF 31 million. Industrial adhesives are an important production factor in the assembled goods, packaging, textile, and automotive industries. Synthetic polymers are sold, inter alia, to customers in the adhesives, coatings and construction industries.

The building and construction adhesives activity, which is not included in the transaction, has its main markets primarily in Benelux, Germany, and Eastern Europe with Russia, and has around 300 employees. Forbo is currently looking at various strategic options for this business area.

Creating added value

With industrial adhesives, over the past few years Forbo has steadily expanded its presence in growth markets, reinforced its market position and developed high-value products for strategic market segments. This activity has thus become significantly more attractive within the framework of global market consolidation. Over recent months Forbo has been analyzing the business outlook for the Bonding Systems division and reached the conclusion that additional competitive advantages and margin stability in this highly fragmented market will mainly be possible via economies of scale. The sale of this activity to H.B. Fuller allows Forbo to participate in the market consolidation and creates added value for all stakeholders.

This transaction will create one of the world's largest market participants in the area of industrial adhesives. The sale of the industrial adhesives and synthetic polymers activities of the Bonding Systems division will be made for a price of CHF 370 million.

The transaction will be executed subject to certain conditions, including the approval of the cartel and antitrust authorities of individual countries. It is expected that the transaction will be completed as soon as March 2012.

This E. Schneider, Delegate of the Board of Directors and CEO of the Forbo Group, made the following comments: "During the past few years we have successfully driven forward the Bonding Systems division by investing in the development of new product technologies and introducing innovative and environmentally-friendly applications to the market. We have

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adjusted our product portfolio, won new customer segments and international key customers as well as opened up new growth markets. Due to the market environment, it would no longer be sensible to expand further alone while there would also no longer be the prospect of achieving the same level of success. We are convinced that the industrial adhesives and synthetic polymers activities will be able to successfully continue their progress under the new set-up.”

Jim Owens, President and Chief Executive Officer of H.B. Fuller, added: “The addition of Forbo’s industrial adhesives and synthetic polymers activities will significantly strengthen our market position worldwide and provide us with attractive growth opportunities over the long term. We will create synergies through the purchase of raw materials, optimally complement each other from a geographic perspective – in particular in Europe and Asia – and will thus be able to generate added value for our customers around the world and set ourselves even further apart from the competition. We believe we are the ideal owner of these combined industrial adhesives businesses and as a result of this transaction will emerge as a clear leader in the global adhesives industry.”

H.B. Fuller Company

H.B. Fuller is one of world’s leading providers of adhesives, sealants, coatings and other specialty chemicals. The company was founded in 1887 and is headquartered in St. Paul, Minnesota, USA. H.B. Fuller employs approximately 3,300 team members and in 2010 generated net revenue of USD 1.36 billion. H.B. Fuller Company is listed on the New York Stock Exchange.

Forbo Group

Forbo is a leading manufacturer of floor coverings, adhesives as well as power transmission and conveyor belt solutions. The company employs a workforce of some 6,000 and has an international network of 41 production facilities and distribution companies as well as 47 pure sales organizations in 35 countries across the globe. In the 2010 business year it generated net sales of CHF 1,789.7 million. Forbo is headquartered in Baar in the canton of Zug, Switzerland.

More information on the company can be found on the website www.forbo.com.

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

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