MEDIA RELEASE
BUSINESS YEAR 2010

Another record result – Strong increase in profitability in all three divisions – Dividend doubled

Forbo looks back on a very successful year. In 2010, the Group generated net sales of CHF 1,789.7 million, an increase of 6.0% versus 2009 in local currencies. However, the strong Swiss franc reduced this by 5.6%, so that top line growth in the corporate currency came to 0.4% (previous year: CHF 1,782.4 million). All three divisions reported a significant improvement in operating profit before depreciation and amortization (EBITDA), which rose by 29.5% to CHF 244.3 million (previous year: CHF 188.6 million). The Group's operating profit (EBIT) increased substantially by 52.6% from CHF 121.8 million in the previous year to CHF 185.9 million. The return on invested capital from operations rose from 8.6% to 12.5%. Group profit for 2010, including an extraordinary gain from the sale of securities, came to CHF 163.3 million, which was more than double the previous year (previous year: CHF 76.1 million). Net debt fell significantly to CHF 43.6 million (previous year: CHF 255.1 million).

Baar, March 15, 2011

Firmly on the growth path
Demand in Forbo's most important markets recovered strongly in 2010, and key customer segments returned to the growth path. Various factors such as the expansion of Forbo's sales and distribution organization, the structural adjustments made in the past two years, new and innovative products, plus a strong customer focus are yielding results.

Sales growth in local currencies in the various regions was mixed. Asia/Pacific/Africa posted the biggest increase with +20.3%, North/ Central/ South America grew by +10.5%, while Europe lifted sales by +2.1%.

The strong Swiss franc, however, hampered growth in the corporate currency. Since Forbo generates about 98 percent of its sales abroad, especially in the euro and dollar zones, local sales were reduced by about CHF 100 million after translation into the corporate currency.

Another strong increase in profitability
A number of factors spearheaded the sustainable growth in profitability: the structural adjustments carried out in 2008 and 2009 to counter the economic downturn, the successful measures to increase efficiency, a strategy focused on attractive market segments, and new and impressive products with greater added value. All three divisions reported substantially higher operating profit margins than the previous year. The EBITDA margin rose from 10.6% to 13.7% year-on-year, while the EBIT margin increased from 6.8% to 10.4%.

Record-high result for Forbo
Forbo increased net income, without taking into account of an extraordinary gain from the sale of securities, by 72.3% from CHF 76.1 million the previous year to CHF 131.1 million, thus beating its record result in 2007 by a wide margin. In addition, Forbo generated an extraordinary financial gain of CHF 43.0 million before tax (CHF 32.2 million after tax) from the sale of securities. As a result, Group profit more than doubled to CHF 163.3 million (previous year: CHF 76.1 million).

Performance of the three divisions
The **Flooring Systems** division reported sales of CHF 873.9 million, equivalent to top line growth in local currencies of 2.2% year-on-year. However, negative currency effects of 5.6% reduced sales in Swiss francs by 3.4% (previous year: CHF 904.4 million). The division's share of Group sales was 48.8%. Owing to the omission of integration and restructuring expenses from the previous year and greater efforts to prune low-margin sales, operating profit (EBIT) showed a strong 33.6% increase to CHF 134.7 million (previous year: CHF 100.8 million) despite moderate sales growth. The EBIT margin rose to 15.4% (previous year: 11.1%).

The **Bonding Systems** division generated sales of CHF 584.7 million; in local currencies, this marked a significant increase of 9.5% versus the previous year. In Swiss francs, however, sales growth came to 3.0% (previous year: CHF 567.5 million) owing to a negative currency effect of 6.5%. The division's share of Group sales reached 32.7%. However, the effect of the encouraging sales growth is not fully reflected in the result because margins were eroded by bottlenecks in the worldwide availability of raw materials along with a steep rise in raw material prices. The division nevertheless lifted operating profit (EBIT) by 15.6% to CHF 37.7 million (previous year: CHF 32.6 million). The EBIT margin rose to 6.4% (previous year: 5.7%).

The **Movement Systems** division generated sales of CHF 331.1 million, equivalent to a substantial increase of 10.8% in local currencies versus the previous year. In Swiss francs, however, top line growth came to 6.6% (previous year: CHF 310.5 million) owing to negative currency effects of 4.2%. The division's share of Group sales was 18.5%. Owing to this satisfactory sales trend, the streamlining of structures, and the omission of the restructuring expenses from the previous year, operating profit (EBIT) increased by a significant CHF 25.0 million from a barely positive CHF 0.5 million in 2009 to CHF 25.5 million. The EBIT margin also rose steeply to 7.7% (previous year: 0.2%).

Substantial reduction in net debt
Shareholders' equity came to CHF 729.7 million at the end of December 2010 (previous year: CHF 679.6 million), which is equivalent to a healthy equity ratio of 48.8% (previous year: 38.9%). As per December 31, 2010, Forbo had cash, cash equivalents and securities amounting to CHF 218.8 million, plus 373,990 treasury shares worth CHF 220.7 million at year-end. Net debt fell significantly to CHF 43.6 million (previous year: CHF 255.1 million).

Dividend to be doubled
In view of the increase in profit, the Board of Directors will propose to the Ordinary General Meeting that the dividend for the 2010 business year be doubled from CHF 6 per share in 2009 to CHF 12 per share.

For the first time, shareholders will be able to receive the dividend in the form of a new, tax-free distribution out of capital contribution reserves.

Further proposals to the Ordinary General Meeting
Capital reduction
The Board of Directors will propose to the Ordinary General Meeting that the 213,152 treasury shares (7.856%) that Forbo has repurchased on the SIX Swiss Exchange via the second trading line be destroyed.

New share buyback program
The Board of Directors intends over the next three years to repurchase further shares up to 10 percent of the total share capital on the SIX Swiss Exchange via a second trading line in order to reduce capital. It will request the necessary authorization from the Ordinary General Meeting.

Elections to the Board of Directors
The Board of Directors will propose to the Ordinary General Meeting the re-election of Messrs. This E. Schneider (Delegate) and Dr. Peter Altorfer (member) and the election of Dr. Reto Müller, Chairman of the Board of Directors of Helbling Holding AG, to the Board of Directors.

Outlook for 2011

Forbo sees further growth potential in most of its markets. The investments in growth markets and in new products made in recent years are now being reflected in higher sales and earnings. Forbo will step up its efforts in the coming years in order to strengthen its presence in these regions.

Assuming no negative change in the current economic environment, especially as regards currencies and the economy in the industries and geographic regions relevant for Forbo's business, and assuming that the prices and availability of the necessary raw materials remain at around current levels, Forbo expects sales and Group profit from operations to increase further in the 2011 business year.

You can find further information in the electronic version of the 2010 Annual Report published this morning on the Internet:

www.forbo.com – Investor Relations – Financial Publications

Forbo is a leading producer of floor coverings, adhesives, as well as power transmission and conveyor belt solutions. The company employs some 6,000 people and has an international network of 41 sites with production and distribution as well as 47 sales organizations in a total of 35 countries. Forbo is headquartered in Baar in the canton of Zug, Switzerland.

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

Contact person:
This E. Schneider
Delegate of the Board of Directors and CEO
Phone +41 58 787 25 49
Fax +41 58 787 20 49

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Financial overview Group

	2010 CHF m	2009 CHF m	Change	
			Corporate currency	Local currencies
Net sales	**1,789.7**	**1,782.4**	**+0.4%**	**+6.0%**
Flooring Systems	873.9	904.4	-3.4%	+2.2%
Bonding Systems	584.7	567.5	+3.0%	+9.5%
Movement Systems	331.1	310.5	+6.6%	+10.8%
EBIT	**185.9**	**121.8**		**+52.6%**
EBIT margin	**10.4%**	**6.8%**		
Group profit, without an extraordinary gain from the sale of securities	**131.1**	**76.1**		**+72.3%**
Group profit	**163.3**	**76.1**		**+114.6%**

	2010 CHF	2009 CHF	
Earnings per share (undiluted)	**71.64**	**33.67**	**+ CHF 37.97**