

**MEDIA RELEASE
HALF-YEAR REPORT 2010**

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Group profit from operations doubled – sales in local currencies up considerably by 6.2% – big jump in profitability; earnings guidance increased for 2010

The Forbo Group doubled its Group profit from operations in the first half of 2010 to CHF 58.7 million. In addition, it generated an extraordinary financial income of CHF 32.2 million after tax from the sale of Rieter shares. Net sales came to CHF 918.8 million, which is equivalent to solid growth in local currencies of 6.2% compared with the previous year period. Forbo lifted operating profit (EBIT) to CHF 83.9 million, representing a significant increase of 79.7%. The EBIT margin improved substantially from 5.3% to 9.1%. The expansion of our sales and distribution organization, the structural adjustments made in the past two years, new and innovative products, and a strong customer focus are now yielding results.

Baar, August 17, 2010

Good sales growth affected by strong Swiss franc

In the first half of 2010, Forbo generated net sales of CHF 918.8 million, a significant increase of 6.2% in local currencies compared with the same period the previous year. The strong Swiss franc lopped 2.5% off this figure so that sales growth in the Group presentation currency came to 3.7%. Bonding Systems and Movement Systems reported double-digit sales growth in local currencies of 11.8% and 10.1% respectively. Flooring Systems posted sales growth of 1.5% in local currencies.

Demand stabilized in most regions. Distinct growth trends were clearly visible in customer segments that are crucial for Forbo such as machine tools and plant engineering as well as consumer durables such as cars, furniture, and textiles. In addition, the go-ahead was given for orders from logistics projects that had been previously postponed.

Strong increase in profitability

All three divisions reported a substantial improvement in operating profit before depreciations and amortizations (EBITDA), which rose 39.7% to CHF 113.6 million.

Operating profit (EBIT) increased sharply by 79.7% to CHF 83.9 million. Profitability has been strengthened sustainably by a number of factors: the structural adjustments carried out in 2008 and 2009 to counter the economic downturn, the successfully implemented measures to increase efficiency, and new products with greater added value.

Significantly higher margins

All three divisions reported significantly higher operating profit margins in the first half of 2010. The EBITDA margin rose from 9.2% in the previous year period to 12.4%, while the EBIT margin increased from 5.3% to 9.1%.

Group profit from operations doubled

Group profit from operations soared to CHF 58.7 million, which was more than double the previous year's period result of CHF 28.5 million. In addition, Forbo generated an extraordinary financial income of CHF 43.0 million before tax (CHF 32.2 million after tax) from the sale of Rieter shares. Overall, Group profit amounted to CHF 90.9 million.

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Performance of the three divisions

The **Flooring Systems** division reported net sales of CHF 449.1 million in the first half of 2010, equivalent to an increase in local currencies of 1.5% versus the same period the previous year (-0.6% in Swiss francs). A solid uptrend especially in markets such as Switzerland, America, and Eastern Europe was offset by weaker demand in the Netherlands and in France. Given that integration and restructuring costs were no longer necessary, operating profit (EBIT) increased significantly by 40.7% versus the previous year period to CHF 61.2 million. The EBIT margin was a pleasant 13.6% (previous year period: 9.6%).

The **Bonding Systems** division reported net sales of CHF 304.6 million in the first half of 2010, equivalent to an increase in local currencies of 11.8% versus the same period the previous year (8.2% in Swiss francs). This gratifying growth was driven primarily by the industrial adhesives business. The building and construction adhesives activity is being held back by the ongoing weakness of the European construction industry. Operating profit (EBIT) for the entire division rose strongly by 39.9% to CHF 20.0 million, partly owing to lower costs for raw materials and the increase in sales. The EBIT margin improved from 5.1% to 6.6%.

The **Movement Systems** division reported net sales of CHF 165.1 million in the first half of 2010, equivalent to an increase in local currencies of 10.1% versus the same period the previous year (8.1% in Swiss francs). This increase in net sales, along with the adjusted structures, resulted in a sharp rise in operating profit (EBIT) to CHF 10.5 million (previous year period: CHF -2.8 million). The successful restructuring last year to counter the economic downturn stabilized and further improved profitability. The EBIT margin rose sharply from -1.8% to 6.4%.

Outlook for 2010

The economic environment has had a positive impact on our business operations this year to date. Nevertheless, we are guardedly optimistic since there is still no confidence in a sustainable recovery of the global economy and future developments, especially as regards exchange rates, are difficult to assess. Barring any major changes in the business environment, we expect another good result in the second half. This means that the Group profit from operations for 2010 should beat the record result of CHF 110.7 million in 2007.

You will find further information on the half-year report 2010 which was published early this morning on the Internet:

www.forbo.com – Investor Relations – Financial Publications

Forbo is a leading producer of flooring systems, adhesives, as well as power transmission and conveyor belt solutions. The company employs some 6,000 people and has an international network of 44 sites with production and distribution as well as 47 pure sales organizations in a total of 35 countries worldwide. Forbo is headquartered in Baar in the canton of Zug, Switzerland.

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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