

MEDIA RELEASE HALF-YEAR REPORT 2009

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Market position holds up well – early triggered structural adjustments generate positive impact – higher operating profit anticipated for second half-year

Forbo holds its ground as tough economic conditions continue

The Forbo Group is standing up well to the challenging economic conditions currently being faced. As expected, the decline in sales which had begun in the last three months of 2008 continued in the first half of 2009. With net sales down by 7.8% to CHF 886.1 million, the operating profit (EBIT) margin for the first half of 2009 was 5.3%. The early and consistent implementation of restructuring measures from the third quarter of 2008 onwards had a correspondingly positive impact on the Group's results. Despite the ongoing global economic crisis, Forbo was able to achieve an operating profit (EBIT) of CHF 46.7 million and a consolidated profit of CHF 28.5 million.

Baar, August 18, 2009

Sales trend continues to reflect world economic conditions

In the first half of 2009, Forbo generated net sales of CHF 886.1 million, 7.8% lower than in the same period of the previous year. Whereas currency effects had a negative impact on sales of 3.8%, the acquisitions done in 2008 made a positive contribution of 9.7%. Sales growth was recorded in key market segments and in various countries, further strengthening the company's market shares in all three divisions. This is attributable, inter alia, to the investments of the last few years in innovative product lines and in the development of growth markets.

Positive margin level thanks to structural adjustments and cost-cutting measures

The operating profit (EBIT) margin amounted to 5.3% in the first half-year of 2009, which represents a decrease of 3.1 percentage points compared with the prior-year period. The measures adopted starting in the third quarter of 2008 with a view to securing earnings, optimizing structures and processes, and consistently reducing costs have cushioned the margin contraction.

Early implemented measures generate positive impact on results

Thanks to the early implementation of measures in response to the economic crisis, the Group was able to prevent a more significant impact on its results. At CHF 46.7 million, its operating profit (EBIT) was 42.1% lower than the previous year's level. Compared to the prior-year period, Group profit was reduced by 47.1% to CHF 28.5 million.

Refinancing secured

In recent weeks and months, Forbo secured early refinancing as well as extensions of existing credit lines, and on July 6, 2009 successfully launched a bond of CHF 150 million with a maturity of 4 years. Together with its current credit facilities and private placements, this has considerably increased Forbo's financial flexibility and secured the Group's financing for the years to come.

Performance of the three divisions

Forbo **Flooring Systems** reported net sales of CHF 451.9 million in the first semester of 2009, corresponding to a growth of 3.2% versus the same period of the previous year. The acquisition of Bonar Floors made a positive

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contribution of 21.3%, while the impact of currency effects was negative at 6.2%. After adjustment for acquisitions and in local currencies, this corresponds to a decline in sales of 11.9%. Due to the strategic focus on the commercial market, the various benefits resulting from economic stimulus packages and the rapid and successful integration of Bonar Floors, the decrease in operating profit (EBIT) to CHF 43.5 million, or 19.7% compared to the prior-year period, was kept within limits. The EBIT margin came to a gratifying 9.6%.

Forbo **Bonding Systems** reported net sales of CHF 281.5 million in the first half-year of 2009, corresponding to a decrease of 16.9% versus the prior-year period. The drop in sales came to 14.3% in local currencies. Operating profit (EBIT) amounted to CHF 14.3 million, which represents a decrease of 36.7% versus the prior-year period, but a significant improvement on the second half of 2008. This is primarily attributable to the measures adopted to improve efficiency. These, in conjunction with enhanced key account activities in segments with a higher added value and an easing in raw material prices, led to an increase of the EBIT margin to 5.1%.

Forbo **Movement Systems** generated net sales of CHF 152.7 million in the first half of 2009, corresponding to a decline of 17.3% versus the prior-year period (17.1% in local currencies). Plummeting order intake among Forbo's customers resulted in a significant drop in sales in some of Movement Systems' key markets. The slump in sales could only be partially offset by the new distribution channels and markets developed over the last few years.

Movement Systems therefore reported a negative operating profit (EBIT) of CHF -2.8 million for the first half-year of 2009 (CHF +11.5 million in the prior-year period).

Outlook for 2009

Provided that economic conditions do not deteriorate any further, Forbo expects net sales in the second half to be on par with the first six months and forecasts a slightly higher operating profit due to the implemented restructuring measures, albeit with considerably higher financing costs.

Further detailed information on the performance of the Forbo Group and its divisions can be found in the Half-Year Report 2009 (www.forbo.com).

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 51 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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