

MEDIA RELEASE HALF-YEAR REPORT 2008

PAGE 1 OF 2

Double-digit earnings growth – substantial improvement in margins – sales affected by exchange rates

Forbo posts double-digit earnings increase and strengthens profitability

In the first half of 2008, the Forbo Group repeated the success of the previous year and again reported strong earnings growth. Operating profit (EBIT) increased by 10.4% and Group profit by 15.7 % compared with the prior-year period. Despite the strong rise in raw material prices, the EBIT margin increased from 7.3% in the same period the previous year to 8.4%. The unfavorable exchange rate trend and more difficult market conditions, especially in the USA, had an adverse impact on net sales, which at CHF 961.2 million were 4.2% lower than in the first half of 2007. In local currencies, organic sales growth came to 0.9%.

Baar, August 19, 2008

Sales growth affected by exchange rates

In the first half of 2008, Forbo generated net sales of CHF 961.2 million, which was 4.2% lower than in the same period the previous year. In local currencies, organic sales growth came to 0.9%. The three divisions showed mixed trends. While Flooring Systems grew by a pleasant 6.1% and Movement Systems by 6.9% in local currencies, Bonding Systems reported a decline of 7.6%. The reason can be sought in the difficult market conditions in the USA and in the termination of the synthetic fuel business activities.

Substantial margin improvement and stronger profitability

Despite the strong rise in raw material and energy prices, the operating profit (EBIT) margin increased from 7.3% in the prior-year period to 8.4%. Forbo took measures early on to secure earnings, optimize processes, cut costs, rationalize its range to focus on high-margin products and exit unprofitable activities. All these steps together further strengthened profitability.

Double-digit earnings growth

Forbo increased operating profit (EBIT) from CHF 73.1 million to CHF 80.7 million, equivalent to a growth of 10.4%. Group profit

improved by CHF 7.3 million compared with the same period the previous year to CHF 53.9 million, corresponding to a rise in profits of 15.7%.

Performance of the three divisions

Flooring Systems reported net sales of CHF 437.8 million. This represents a growth of 6.1% in local currencies. Operating profit (EBIT), which came to CHF 54.2 million, was once more substantially higher (30.3%) than in the prior-year period.

Bonding Systems reported net sales of CHF 338.8 million, corresponding to a decrease of 7.6% in local currencies. Operating profit (EBIT) came to CHF 22.6 million – a decrease of 23.1% compared with the prior-year period.

Movement Systems reported net sales of CHF 184.6 million, representing an increase of 6.9% in local currencies. Operating profit (EBIT) again increased by a strong 26.4% to CHF 11.5 million.

Outlook for 2008

Forbo expects market conditions to be more difficult in the second half of the year. It is possible that the economy will slow down further. The major imponderables are, on the

MEDIA RELEASE
HALF-YEAR REPORT 2008

PAGE 2 OF 2

one hand, the direction of raw material and energy prices and, on the other, exchange rate movements. Forbo is well positioned to meet these challenges and is confident that it can increase earnings in the second half again by a combination of innovative products, range rationalization and efficiency improvements as well as by proactively taking the necessary measures.

Further detailed information on the performance of the Forbo Group and its divisions are to be found in the Half-Year Report 2008 (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 31 production companies with distribution, and 42 sales organizations in a total of 34 countries, generating yearly net sales of CHF 2 billion. Forbo is headquartered in Baar in the canton of Zug, Switzerland.

Forbo Holding Ltd is listed on the SWX 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
www.forbo.com