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Double-digit sales growth – fourfold increase in net income – strong earnings growth in all divisions – reduction in net debt

Forbo increased net sales in 2006 by 10.4%, or CHF 177.5 million, to CHF 1,879.5 million. This comes to a 9.1% increase in local currency terms. Organic growth came to 7.0%. Operating profit before depreciation and amortization (EBITDA) rose by 34.9% versus the previous year to CHF 182.3 million. At CHF 61.2 million, net income was almost four times higher than in 2005.

Baar, March 20, 2007

Satisfying growth in all three divisions

The satisfying growth in all three divisions was driven by the robust US economy, the persistently dynamic expansion in the Asian markets and an improved economic situation in Europe.

Substantial improvement in profit margins

A strong growth in volume coupled with the successfully implemented measures to enhance efficiency and to increase profits resulted in a significant improvement in profit margins. For the Group as a whole, operating profit before depreciation and amortization (EBITDA) came to CHF 182.3 million (up from CHF 135.1 million in the previous year, before special charges). Operating profit (EBIT) amounted to CHF 109.6 million, which marked a strong increase compared to the previous year (CHF 64.7 million, before special charges). The EBIT margin thus rose from 3.8% to 5.8%.

At CHF 61.2 million, net in-come was almost four times higher than in the previous year (CHF 16.1 million, before special charges). The return on operating assets increased considerably from 5.6% in the previous year (before special charges) to 9.3%.

Net debt reduced

Forbo succeeded in further reducing its financial debt due to the effective management of its current assets and the strong rise in profits. Adjusted for the purchase of its own shares, Forbo would not have had any net debt at the end of 2006.

Proposal of a par value repayment of CHF 6 per share

Given the positive development in profits, the Board of Directors will propose to the Annual General Meeting on April 27, 2007 that the cash distribution to shareholders be resumed. The payout is to be made by way of a par value reduction of CHF 6 per share.

Business development in the three divisions

The Flooring Systems division (flooring) generated net sales of CHF 794.2 million in 2006, corresponding to a 6.3% rise compared to the previous year. Linoleum sales and vinyl floor coverings in the commercial sector performed exceptionally strongly. Operating profit before depreciation and amortization (EBITDA) rose by 11.6% to CHF 96.2 million versus CHF 86.2 million in the previous year.

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The Bonding Systems division's (adhesives) net sales in 2006 rose by 16.3% to CHF 731.1 million. This strong revenue growth was due partly to the acquisition of the Chinese company Victa, a producer of hotmelts and water-based adhesives. Operating profit before depreciation and amortization (EBITDA) increased significantly by 34.7% to CHF 62.5 million (in the previous year CHF 46.4 million).

The Movement Systems division (belting) increased net sales in the past twelve months by 8.5% to CHF 354.2 million. Better-than-average growth was generated in the strategically relevant emerging markets Russia and China. Operating profit before depreciation and amortization (EBITDA) increased by 97.6% to CHF 33.2 million (in the previous year CHF 16.8 million).

Change on the Executive Board

Gerold A. Zenger, Head Corporate Services and Deputy CEO, will retire at the end of September 2007 after 31 years at Forbo in different functions. After 19 years as CFO, he assumed responsibility for Corporate Services on January 1, 2006 and was also appointed Deputy to the CEO.

The Board of Directors thanks Gerold A. Zenger for his outstanding achievements and his dedication over more than three decades.

The Board of Directors has appointed *Daniel Keist*, lic. oec. HSG, as Head of the newly created Corporate Center and as a member of the Executive Board.

Outlook for 2007

For 2007, Forbo anticipates a further increase in net sales and a better-than-average rise in profits.

Forbo is a leading producer of flooring systems, chemical bonds and adhesives, as well as power transmission and conveyor belt solutions. The company employs some 5,800 people and has an international network of 30 production companies with distribution, and 40 sales organizations in a total of 33 countries. Forbo is headquartered in Baar in the canton of Zug, Switzerland.

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

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Financial Overview Group

	2006 million CHF	2005 million CHF	Change versus previous year in %
Net sales Group	1,879.5	1,702.0	+ 10.4
EBITDA *	182.3	135.1	+ 34.9
EBITDA	182.3	109.3	+ 66.8
EBIT *	109.6	64.7	+ 69.4
EBIT	109.6	23.9	+458.6
Group profit *	61.2	16.1	+ 380.1
Group profit/loss	61.2	-16.5	n/a

* before special charges in 2005