

RELIABILITY.

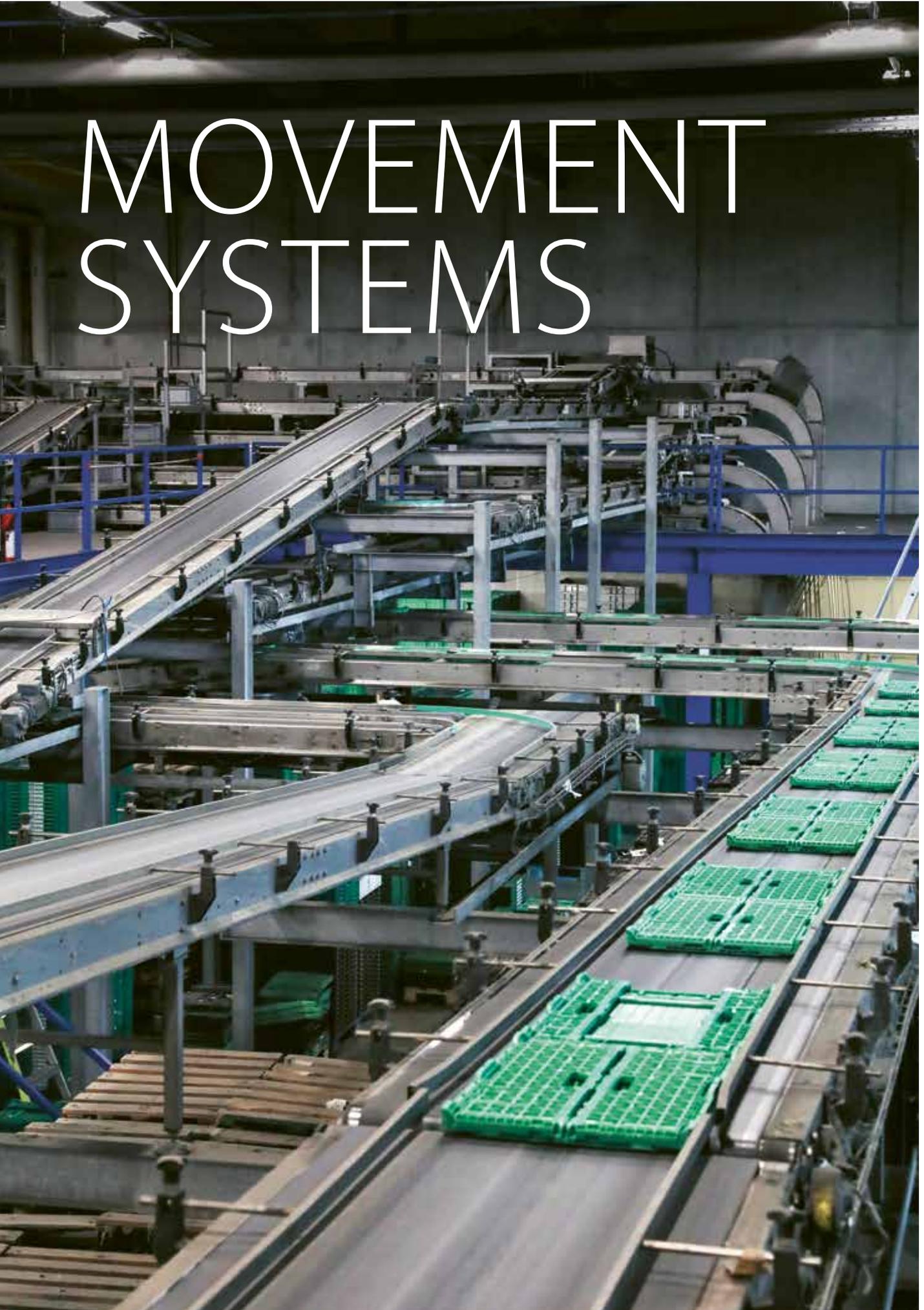
Our belts fulfill a wide range of functions and are a match for even complex processes. This also applies to the cleaning of goods that are reused every day. What is crucial here is that our diverse belts function reliably and work together smoothly – especially when a product has to pass through any number of process steps. Our belts ensure the highest level of efficiency with minimal energy consumption.



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MOVEMENT SYSTEMS

MOVEMENT SYSTEMS



The background image shows a vast industrial food processing plant. It features a complex network of stainless steel conveyor belts that curve and rise through the facility. Numerous green plastic crates are positioned at various points along these belts. The ceiling is high, with a dense array of pipes, ducts, and industrial lighting fixtures. The overall atmosphere is one of a busy, large-scale manufacturing environment.

RELIABILITY

SEAMLESSLY CLEANED

Some containers such as those used for vegetables are cleaned around the clock in a complex cycle. Our belts have to cope with a large range of process steps in this cycle, from sorting to washing and drying. By guaranteeing that the process operates seamlessly and by ensuring that all hygiene requirements are met, our belts are instrumental in keeping the food cycle running – from the harvest to the market or the supermarket. This means that consumers can enjoy fresh and hygienically safe products on a daily base.

MOVEMENT SYSTEMS: FOOD SEGMENT IS A RELIABLE MERIT

'We got off to a relatively strong start in our anniversary year "100 years of Movement Systems" but then increasingly felt the impact of the downturn in various customer segments and markets. We invested in a wide range of modernizations with the aim of developing new products and promoting innovation but also for the purpose of streamlining production processes and material flows. The now firmly established production facility in Pinghu, China, is smoothly embedded in the operations of the production and fabrication network. We launched innovative products in all product lines aimed at a variety of customer segments and continued investing in the expansion of distribution and service locations in growth markets, thereby further strengthening our market position.'

The Movement Systems division generated net sales of CHF 411.7 million in the year under review (previous year: CHF 413.8 million), which reflects year-on-year growth of 0.6% in local currencies (–0.5% in the corporate currency). The division's share of Group sales was 32.1%. The marginal increase in sales in local currencies was driven by the Asia/Pacific and Americas regions, while Europe was down slightly. Operating profit (EBIT) rose by 0.8% to CHF 49.8 million (previous year: CHF 49.4 million), with lower raw material prices a positive factor and currency effects weighing in on the negative side. The EBIT margin rose by 0.2 percentage points to 12.1% (previous year: 11.9%).

Growth slowdown towards year-end

The strong sales growth from the previous year persisted until mid-2019 in Asia/Pacific and the Americas, but as of early fall demand weakened appreciably in these regions too.

Sales trends in Europe were very mixed. Key markets such as Germany and southern Europe, which have traditionally been strong, reported a downturn in sales. The decline is caused by significantly weaker demand along with the postponement of major orders by OEMs



Marc Deimling

Executive Vice President
Movement Systems

and plant manufacturers in Germany, coupled with intensified actions of our customers to optimize their inventories. Most countries were more or less flat year-on-year. Highlights were France and most markets in northern Europe.

Growth in the Americas region was driven primarily by the strong performance in Canada and Mexico, which both reported a good increase in sales. The main market, USA, following a robust first half in 2019, reported weakening demand as of the fall in the traditionally solid customer segments logistics and sports treadmills. The overall result was a marginal growth for the full reporting year.

The sales uptrend in Asia/Pacific likewise tailed off in the second half of the year. The mood in our main market, China, was also subdued, owing to the impact on most customer segments of the trade dispute with the USA, which had the effect of dragging down sales. Japan along with growth markets such as Indonesia, Thailand, India and Turkey made a better-than-average contribution to growth in this region.

Food segment is a reliable merit

The individual trend in strategic customer segments is shaped in many cases by major projects and by the service and replacement business. Specialized know-how and application expertise play a key role here. In the year under review, we registered above-average growth in the food processing customer segment. This segment is the one most resistant to economic fluctuations and it benefited from innovative product developments for specific applications that give our customers a compet-

itive edge and increase their efficiency in production and processing.

Although demand in the automotive industry weakened worldwide, the industrial production segment reported firm growth, due mainly to major projects in the Americas and Asia/Pacific. These were primarily applications in the manufacture of electronic components, industrial sliding doors, plus tires and other rubber-related applications.

Demand in the logistics segment cooled off after a number of boom years because the completed projects contained capacity for the coming years. Nevertheless, we managed to maintain the previous year's sales level here and in the raw material processing segment.

Tobacco, textiles and sports treadmills along with the paper and printing industry reported lower sales in line with the general market trend.

Application-specific innovations

We launched new products in all product groups for a wide variety of customer segments that give customers a competitive edge and help them enhance efficiency on the back of our application know-how in production and processing.

Three new or expanded series of Prolink plastic modular belts serve different applications in the food-processing industry: an air-permeable belt for long cooling lines at the cooling and drying stage in the production of tortillas, baked goods and unbaked pastry dough; an especially hygienic and easy-to-clean belt for packaging plants where dough is processed; and a belt with a special surface coating for plants where fruit, vegetables, meat and pizzas are packaged.

We have also come out with some impressive new developments in the product group of Transilon and Transtex conveyor belts: for special logistics applications; for the processing of freshly harvested vegetables; for complete process lines in industrial-scale laundries in hospitals, hotels and on cruise ships; and for industrial digital printers, especially large-format printers and tile printers.

As regards the Extremultus flat belts, special to mention is an elastic belt type that has a number of advantages, for instance in e-commerce distribution centers, owing to its particularly smooth runnability and the low coefficient of friction.

Investments in technological innovation and new developments

While continuing to invest in development and expansion in growth markets and in digital advances, we also invested in new technologies and efficiency-enhancing measures in various fabrication and production facilities.

For the Extremultus flat belt product group, the machine that manufactures the substrate material for producing these belts was refurbished completely and retrofitted with various accessories. For the Prolink plastic modular belt product line, the injection molding machines were outfitted with special devices that make it possible to develop and produce the new series that are being planned. The reel warehouse at the production plant in Germany was modernized so as to streamline the flow of goods. The main production plant in the USA, which has grown strongly in recent years, was completely refurbished to ensure a more efficient flow of goods in accordance with lean manufacturing principles. A new service and fabrication center has been established in Wisconsin that will come on stream in early 2020 in order to optimize service to the local dairy industry.

Targeted adjustment to market conditions

The steadily declining demand towards the end of the reporting year necessitates even greater agility and flexibility in our market approach. The recently established global customer relationship management system enables us to better coordinate sales, service, management and marketing so as to make them all more efficient. We anticipate that the new companies in Poland and Colombia, founded at the end of the reporting year and expected to be fully operative from mid-2020, will contribute to overall sales; as well as the newly established service centers in China, Indonesia, northern Germany and Turkey.

In addition to optimizing global planning for the supply chain, we will continue to make targeted investments in production and service as well. The aim is to increase customer focus and service quality but also to enhance our attractiveness in customer segments and product lines that are growing faster-than-average.

INDUSTRY-SPECIFIC INNOVATIONS

Wherever drive forces are being transmitted, and automated production and conveyance processes are running smoothly, Movement Systems is usually not far away. Our solutions for various constellations and requirements in a wide range of different industries have a reputation for innovation, precision, reliability and efficiency. With our know-how, we have established ourselves as a competent partner in the development of industry-specific and individual solutions.

Inspired by the diverse range of challenges in installations and applications at customer sites, in the reporting year we launched innovations in all product groups for a wide range of different customer segments.

Innovations for the food-processing industry

The huge diversity of the foods conveyed on belts for manufacturing, processing and packaging requires equally specific belt solutions and surface coatings to meet these requirements and ensure efficiency, quality, hygiene and the gentle conveyance of the products. Our innovations combine these advantages over the various product lines:

Three new or extended series of Prolink plastic modular belts serve various applications in the food-processing industry. The Series 10 was extended by a special 'friction top' surface whose flat, rubber-like elements guarantee an improved grip on the goods to be conveyed. They are ideal for packaging systems with inclined conveying in bakeries for bread and rolls. The Series 14 was extended by a similar surface property for packaging systems for various foods where a strong belt with especially good grip properties is required.



'PROLINK' PLASTIC MODULAR BELT SERIES 10



'PROLINK' PLASTIC MODULAR BELT SERIES 14



'TRANSTEX' CONVEYOR BELT FOR LOGISTICS APPLICATIONS



'TRANSILON' CONVEYOR BELT FOR INDUSTRIAL LAUNDRIES

With a 25% permeable surface, this version ensures good air circulation and drainage. The new Series 15 is suitable for long cooling lines for the production of tortillas, pastries and dough pieces in the cooling and drying process, and can be used at temperatures as low as -40°C .

A new Transilon belt is used in high-speed cutting systems to cut and portion vegetables, and offers especially hygienic properties in terms of the resulting vegetable juices.

'BELT PROPERTIES THAT OFFER ADDED VALUE'

Belt for industrial laundry technology

A special Transilon belt type was developed for systems with complete process lines in industrial laundry technology such as used in hospitals, cruise ships or large hotels. With its new special surface texture it offers reliable grip properties, also for inclined conveyance of folded washing such as towels, bedclothes or dressing gowns.

Various special belts for logistics applications

We have developed special belts in various product groups for different areas in logistics plants. An elastic Transilon belt for automated guided vehicle systems which, thanks to its anti-slip texture, allows reliable conveyance at inclinations of up to 15° . A new elastic Extremultus belt is proving itself in applications for distribution centers that require a low coefficient of friction and are especially adapted for systems with drive rollers. A robust and especially low-noise Transtex belt was developed for large cross belt sorter systems.