

TWO DIVISIONS WITH LEADING MARKET POSITIONS

Forbo operates primarily in business areas in which it has or can achieve a leading global market position – something it has achieved for both Flooring Systems and Movement Systems.

Strategic directions

To be successful in the marketplace as a Group with differently aligned operations, the individual divisions act independently and flexibly, but always along the strategic directions defined for the Group as a whole:

- Based on a pronounced customer focus, a high level of service, innovation, sustainability, digital transformation, and a strong global brand, we are creating global leadership positions in clearly defined market segments.
- Thanks to a strong market orientation, we shape markets and drive profitable growth.
- We are developing significant positions in growth markets.
- We are acquiring companies to extend our product range, to consolidate, and/or reinforce market access.
- We are developing a high-performance culture and providing the relevant skills and competences at all levels.

Flooring Systems

Thanks to their excellent technical properties and attractive designs, floor coverings from Flooring Systems are invariably the first choice for public buildings, department stores, hospitals, and other healthcare facilities, schools, libraries, commercial and office spaces, leisure centers, shops, hotels, restaurants, and cafeterias as well as for applications in the residential market. With a market share of about 70 percent, Forbo is the world leader in linoleum.

Flooring Systems also provides ready-made adhesives for floor covering installations, parquet flooring, and ceramic tiles, leveling compounds for the construction industry, as well as liquid floors under the trade name Eurocol.

Movement Systems

Products from Movement Systems are known under the brand name Siegling. They are used in a wide range of applications in industry, trade, and the service sector, including conveyor and processing belts in the food industry, treadmill belts in fitness studios, and flat belts in mail distribution centers.

AMBIENCE.

FLOORING SYSTEMS

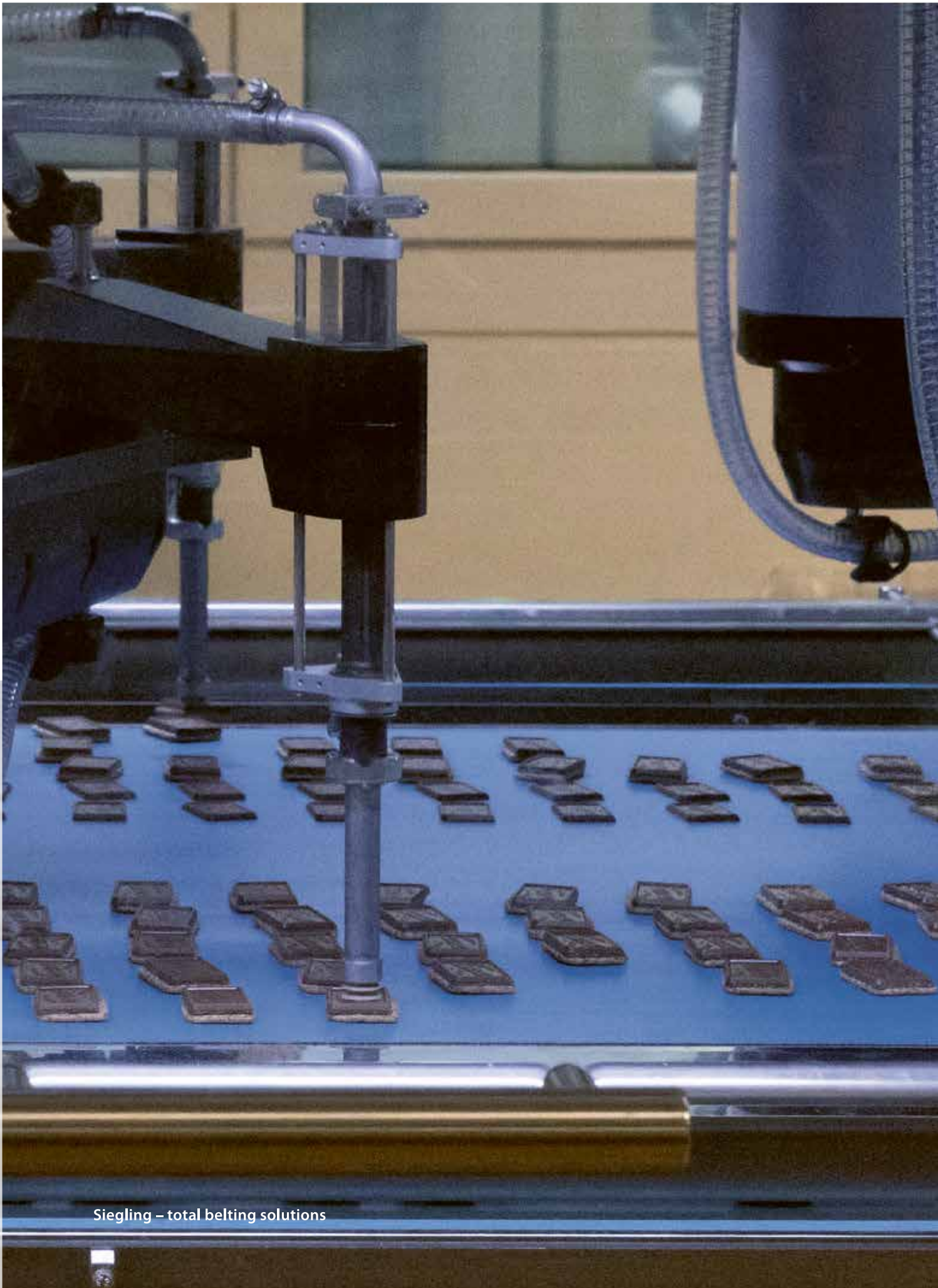
The Flooring Systems division offers a sustainable, broad, and attractive range of environmentally friendly natural linoleum, high-quality vinyl floors, entrance flooring systems, carpet tiles, needle felt, and Flotex, the washable high-tech textile flooring.

**EFFICIENCY.**

MOVEMENT SYSTEMS

Movement Systems is a global industry leader for sophisticated conveyor and processing belts, plastic modular belts, top-quality power transmission belts, as well as timing and flat belts made of synthetic materials.





Siegling – total belting solutions

A close-up photograph of an industrial conveyor belt system. The belt is blue and carries several rows of rectangular, textured food items, possibly biscuits or crackers. Above the belt, there are various mechanical components, including a large vertical metal cylinder, a flexible blue hose, and a complex assembly of metal pipes and brackets. The lighting is bright, highlighting the metallic surfaces and the texture of the food items.

EFFICIENCY.

Conveyor belts are deployed in various ways to ensure the trouble-free flow of goods and efficient operating procedures. In the food industry, hygiene, precision, and the reliability of processing belts are the crucial factors. Thanks to their varied characteristics, our processing belts ensure the smooth running of every stage of production processes, from conveying, positioning, heating, and cooling to drying, cutting, and packaging, and meet the highest standards of hygiene.

forbo

MOVEMENT SYSTEMS

MOVEMENT SYSTEMS

Hygienically reliable

Drawing on our application-specific know-how, we work with our customers to develop solutions designed to meet the exact requirements of their process steps. These vary according to the particular application, be it processing of confectionery, dough, dairy produce, fish, poultry, or seafood. Coating materials with low surface tension ensure excellent release properties. Hydrolysis-proof belts are resistant to oils, fats, moisture, and bacteria. Additional sealing of belt edges ensures the highest standards of hygiene and protects foods from external contaminants.



LOWER LEVELS OF CAPACITY UTILIZATION IN PLANTS



Marc Deimling

Executive Vice President
Movement Systems

‘The significant decrease in operational and investment activity at our customers due to the tough economic environment has posed a challenge in many areas. In some of our key markets, such as the USA, Italy, and the DACH region, we have seen declining net sales. The associated decrease in volumes and higher personnel cost due to inflation have had a considerable effect on profitability and presented us with additional operational challenges. For our customers, we have developed sustainable and application-specific belts, selectively set up local service centers, modernized production plants, and made targeted investments in capacity expansion.’

The Movement Systems division generated net sales of CHF 378.7 million in the year under review (previous year: CHF 415.2 million), which was equivalent to a decrease of 2.6% year-on-year in local currencies. The very negative currency effects led to a decline of 8.8% in the corporate currency. After years of growth, demand in the globally important logistics customer segment was very subdued. In addition, there was no economic recovery in China, a key market for Movement Systems. The division accounted for 32.2% of Group net sales in 2023. Operating profit (EBIT) decreased by 18.0% to CHF 44.3 million (previous year: CHF 54.0 million), which is attributable to the decline in net sales, the decrease in volumes and resulting underutilization of capacity at plants, strong negative currency effects, higher personnel cost due to inflation, and sustained high energy prices. These effects were offset to some extent by sales price adjustments. The EBIT margin declined by 1.3 percentage points to 11.7% (previous year: 13.0%).

Demand noticeably slower

A significant decline in demand was seen in the USA and Europe in particular. Asia/Pacific achieved a pleasing growth in net sales. In local currencies, the sales development was as follows: Europe – 2.9%, Americas – 9.0%, and Asia/Pacific + 6.6%.

In Europe, France, Spain, and Eastern Europe recorded a pleasing rise in net sales. Germany, Switzerland, Italy, Denmark, Great Britain, and the Netherlands were experiencing net sales declines of varying degrees. Owing to the increasing global uncertainties, the operational and investment activity of Movement Systems’ customers has shown a marked slowdown overall. This was especially evident in the main market of Germany in the fourth quarter.

In the Americas, performance in the main market USA was particularly affected by the logistics segment, with its above-average importance for the region as a whole. In addition, further optimizations to operating processes aimed at achieving higher delivery capacity, and the extension of the corresponding service levels are required. Canada and Mexico reported substantial growth, with Mexico benefiting from the well-established local food industry.

In Asia/Pacific, all markets except South Korea achieved growth. Well-established local entities such as Japan, Australia, and India, as well as growth markets in Southeast Asia, made a positive contribution to this success. After the pandemic-affected performance of previous years, the main market of China saw some

growth, albeit at a low level as there was still no evidence of an economic recovery.

Varied development of segments

The different segments presented a varied sales picture. Activities in the logistics segment, which has a broad global base, remain very subdued and on a downward trend, particularly plant engineering and construction in the e-commerce sector. Net sales of processing belts for the food industry showed a slight rise in local currencies, especially in the dough processing industry. Business performance was at the previous year's level overall in the industrial production, raw material processing, textiles, paper and print, and sports treadmills segments.

Innovations for specific customer applications

Based on our expertise in the field, we developed during the year under review tailored applications for specific customers, offering them advantages in production and processing and enhanced efficiency.

In the Fullsan product line additional belt types were introduced with various surface structures for use in the food industry. Depending on the properties of the belt, they are suitable for the meat, poultry, and fish industry, for vegetable, fruit, and dough preparation as well as in dairies and cheesemaking.

‘Downturns in volumes have presented us with operational challenges and significantly impaired profitability’

Marc Deimling

In the Transilon product line, two conveyor belt types specifically designed with sustainability in mind were developed for logistics applications. Both contain tension members made of recycle from PET bottles and feature the AmpMiser coating that contributes to additional energy savings. They are particularly suitable for parcel transport, high-speed conveyors, and luggage transportation after check-in at airports.

The Extremultus range features a high-performance elastic belt designed primarily for the paper and packaging industry. It is a reliable component for factory applications and can serve as a machine tape in letter sorting machines.

A new hard-wearing Transtex processing belt was developed specially for moving agricultural produce, ensuring the reliable processing of fruit, vegetables, fish, meat, and seafood in line with hygiene regulations.

Higher investments

We have invested in infrastructure, technology upgrades, increased efficiency, and capacity expansion at many of our fabrication and production sites, as well as in application-specific product developments.

At the production site in Pinghu/China, a new production line for Transilon belts was commissioned. The equipment was installed, and the first products manufactured during the year under review. The ramp-up of all planned production items will be completed in 2024.

The production site at Fukuroi/Japan is being completely renewed. During the year under review, the conversion of buildings and infrastructure took place, and a new dust-free production hall was built in readiness for the installation of the new production line. The supply and assembly of the new coating machines will take place in 2024.

At the fabrication plants in the USA and Slovakia, new high-frequency welding machines for fabricating roller shutters were installed. These allow seam-free welding of overwidth items allied with greatly enhanced productivity. At the US plants, further camera-based product inspection systems were introduced to increase efficiency in the quality assurance process, and the production site in Switzerland invested in improved efficiency. Additional photovoltaic systems were fitted at several sites.

The new service centers built during the year under review have been increasing customer proximity in Lyon/France for the local industrial production customers, in Vitoria/Spain for the local automotive industry and in Florida/USA for the local food industry.

Good delivery capacity and customer proximity key for 2024

Economic development in the core markets for Movement Systems will likely remain volatile for the present. The clear slowdown in Germany over the past months and the subdued outlook for China demand agility and flexibility to respond to local market and customer requirements. Service centers to support local industries, good delivery capability optimally aligned with sales and production planning, along with prudent resource management will, together, be important success factors.

Key projects in 2024 are the qualification of products on the new production line in China, the assembly of the new coating machines in Japan, and the addition to the Prolink plastic modular belts portfolio of a new series specifically for the production of electric vehicles.

APPLICATION-SPECIFIC BELT DEVELOPMENTS

Wherever drive forces are being transmitted and automated production and conveying processes are running smoothly, Movement Systems is usually not far away. Our solutions for a wide range of configurations and demands in numerous industries are renowned for innovation, precision, reliability, and cost-effectiveness. We draw on our know-how to stand out as a competent partner in developing industry-specific and individual solutions.

With our application know-how in a wide range of production and manufacturing processes, our customers enjoy real benefits and are able to increase their efficiency. Inspired by these experiences, we developed new products for various customer segments during the year under review.

Hygiene safety for the food industry

A huge variety of food products are carried by conveyor belts during manufacture, processing, and packaging, and the specifications of the conveyor belts and their surface coatings have to be just as varied to meet the particular requirements in terms of quality, hygiene, efficiency, and careful handling at all stages of the production process.

In the reporting year, three new high-quality belt types were added to the homogenous Fullsan product line launched the previous year. Their properties ensure the highest level of hygiene for the food industry. They are easy to clean, UVC resistant, and designed for use at temperatures ranging from $-10\text{ }^{\circ}\text{C}$ to $+70\text{ }^{\circ}\text{C}$ during all stages of processing.

A new belt with an inverted pyramid surface structure for processing dough, vegetables, fruit, meat, poultry, and fish is particularly suitable for carrying unpackaged foodstuffs. It reduces the product contact area and improves product release with no sticking. It is resistant to hot water and therefore particularly suitable for frequent cleaning.

Two further belt types with smooth surface structures are used especially for processing fruit and vegetables, as well as in the production of cheese and other dairy products. They are particularly resistant to oils and grease.

A new robust Transtex processing belt was developed specially for application in agricultural harvesting. It is used particularly for handling fruit and vegeta-

bles, as well as in processing meat, fish, and seafood. A smooth surface structure improves product grip and has excellent oil and grease resistance.

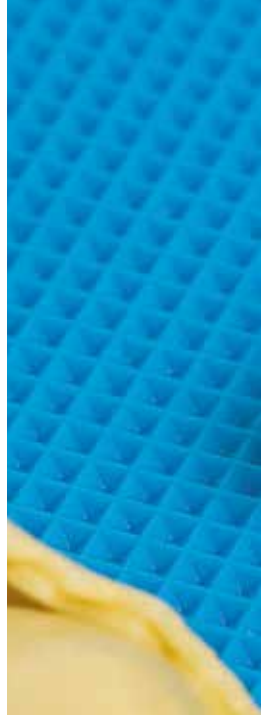
Sustainable and energy-saving logistics applications

Two especially sustainable belt types for logistics applications were developed for the Transilon product line. They are both antistatic, contain a low-noise woven fabric, and have tension members made of PET recycle. They are flame retardant and have an AmpMiser coating, which achieves up to 50% savings in operating energy.

One of the belts has a surface structure with longitudinal grooves. It is suitable for use in high-speed production lines as an accelerator, cycle or brake belt, or as a pre-sorting conveyor.

The second belt, with a smooth surface coating, was developed specially for conveying luggage after check-in at airports. It is also used in specific applications in parcel transport systems, where it is used by logistics service providers for horizontal transport or as a collecting or accumulating conveyor.

‘Belt construction contributes to sustainability’





Fullsan belt with inverted pyramid surface structure for the dough-processing industry



Fullsan belt with smooth surface structure for processing vegetables and fruit



Transilon belt for logistics applications in high-speed lines



Transilon belt for luggage transport after check-in at airports