Bank Vontobel AG

*Public Tender Offer*
*by AFB Investment SA, Luxembourg,*
*to the shareholders of Forbo Holding AG, Eglisau*

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# Fairness opinion

*Assessment of the financial fairness of the offer for the attention of the Board of Directors of Forbo Holding AG*

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***This is a translation of the original document in German and for convenience purposes only. Only the German document is legally binding.***

Zurich, 7 March 2005

**Contents**

# 1. Mandate

The Board of Directors of Forbo Holding AG ("Forbo") has decided to recommend shareholders of Forbo to accept the public tender offer of AFB Investment S.A. ("AFB Investment"), a company owned by investment funds of the CVC Group, provided that no competing offer of another bidder at a higher offer price is published.

AFB Investment is a corporation (société anonyme) under Luxembourg law that was established for the purpose of submitting the tender offer.

At the beginning of November 2004, CVC expressed to Forbo its interest in a possible takeover. On 11 November 2005, in light of the upcoming capital increase, Forbo's Board of Directors felt compelled to notify the shareholders of CVC's expression of interest. Forbo subsequently permitted CVC to carry out limited due diligence subject to certain restrictions. On 25 February 2005, AFB Investment and Forbo concluded a transaction agreement regarding the tender offer.

According to this agreement, the offer price of the public tender offer is CHF 260 per Forbo share.

Forbo's Board of Directors has tasked Bank Vontobel AG ("Bank Vontobel") with examining the financial fairness of the offer from AFB Investment and instructed it to submit a fairness opinion to Forbo's Board of Directors on 7 March 2005.

This fairness opinion is intended for Forbo's Board of Directors and does not represent a recommendation to public shareholders to accept the offer price. The fairness opinion makes no reference to the relative benefits of alternative transactions. Nor does it contain an assessment of the implications of the proposed transaction or of the offer for public shareholders who choose not to accept the offer, or any assessment regarding the future value of shares which are not remitted, or regarding the question of whether such shares will be traded after the offer has gone ahead, and if so at what prices.

## 2. Basis

Bank Vontobel has based its assessment on the following:

- Pre-Announcement of the Public Tender Offer by AFB Investment for all publicly held registered shares with a nominal value of CHF 20 each of Forbo Holding AG
- Public Tender Offer by AFB Investment for all publicly held registered shares with a nominal value of CHF 20 each of Forbo Holding AG
- Report by Forbo's Board of Directors in connection with the present public tender offer from AFB Investment
- Information in the public domain on the Company that we consider relevant to our analysis, in particular the Company's annual reports, the 2004 half-year report, and various press releases
- Prospectus for the capital increase of 3 December 2004
- Financial information and information regarding the Company's operations and business prospects made available to us by Forbo, including the consolidated financial statements as per 30 June 2004 and the provisional consolidated financial statements as per 31 December 2004 (unaudited)
- Consolidated budget for 2005, top-down business plan for 2006 and 2007, and possible developments in the Group's future financial position drawn up during talks with the management
- Discussions with Forbo's management regarding the business of the Group/its divisions, its market and competitive environment, its operating activities, its financial and earnings situation and its business prospects
- Presentations given by the management and the divisions as part of the preparations for a possible public tender offer
- Other documents, market and strategy studies and presentations in the Data Room for the possible sale process
- Equity research studies
- Historical price and volume analyses of Forbo registered shares
- Historical financial results, analyst assessments of other domestic and foreign companies that we consider relevant (cf. section 4.3 below) and these companies' financial reports
- Financial terms and conditions of certain other transactions that we consider relevant (cf. section 4.4 below)
- Capital market analyses by Bank Vontobel, in particular the Macro Monitor published in the 1st quarter of 2005 and the Swiss Stock Guide published in January 2005
- Capital market analyses by Pictet & Cie: Performance of Shares and Bonds in Switzerland (original study and updates through to January 2005)

In preparing its fairness opinion, Bank Vontobel has assumed that the financial and other information which it has used is accurate and complete and has relied on this information without assuming responsibility for its independent verification. Bank Vontobel has also relied on the assurances given by the Company's management to the effect that the latter is not aware of any facts or circumstances which would render the information available inaccurate or misleading.

In preparing this fairness opinion, Bank Vontobel has not carried out any physical inspection of the Company's buildings and sites. Neither has it carried out any assessments or estimates of the value of the Company's assets or liabilities. The fairness opinion is based of necessity on market, economic and other conditions as they exist and can be assessed at the time of writing.

# 3. Background

## 3.1. The Forbo Group[1]

Forbo is a globally active manufacturer and supplier of floor coverings, adhesives and synthetic belting. In 2004, the Company generated sales of CHF 1.62 billion (1H04: CHF 827 million) and EBIT of CHF -44 million (CHF 29.6 million). The Forbo Group is headquartered in Eglisau (Canton Zurich). The Company's shares are listed on the SWX Swiss Exchange.

## 3.2. Business model and strategy

The three divisions contributed to sales as follows in the 2004 financial year:

| | | |
|---|---|---|
| • Belting: | Synthetic belts for conveyor, process and drive applications | 19% |
| • Adhesives: | Adhesives, mainly for industrial applications | 36% |
| • Flooring: | Floor coverings, particularly linoleum and vinyl | 45% |

Last year, the Board of Directors and the Group's management carried out an intensive review of the business strategy with the help of external specialists and came to the conclusion that, given strategic considerations and the financial resources and management capacities available, the three divisions could only be developed with difficulty. Although, following the successful completion of the capital increase in December 2004, there are funds available for business development, within the individual divisions there are strategic gaps and restructuring requirements that can hardly be implemented in the existing group structure.

Therefore, the Board of Directors came to the conclusion that, for the shareholders of Forbo Holding AG, the sale of the Group may be a reasonable alternative to the independent development of the divisions. Thus, in December 2004, it gave several interested parties limited access to company information.

[1] Cf. 2003 annual report, 2004 half-year report, prospectus for the 2004 capital increase of Forbo Holding AG, and the unaudited annual financial statements for 2004

## 3.3. Market environment[2]

Generally speaking, all of Forbo's market segments are characterized by relatively high saturation and correspondingly intense competition. In addition, the direct dependence on the general economic trend, particularly in the construction and equipment industry, currency fluctuations and the trend in commodity prices mean that worldwide sales and earnings vary within a relatively wide range.

### 3.3.1. Belting

The global market for synthetic belting is estimated at around CHF 5.7 billion, almost CHF 2 billion of which is accessible to Forbo due to its chosen specialism. The Company expects future relevant market growth of around 2% p.a.

Global competition is becoming increasingly intense, with three competitors (including Forbo) controlling around 70% of the relevant market for plastic belting. Some market observers believe that, given the relatively small size of the global market, further consolidation is needed. Especially in the market for synthetic belts and plastic modular belts, particularly high overcapacity and strong competition are a dominant feature. This situation is putting pressure on prices and therefore directly on the profit margins that each of the competitors can achieve.

### 3.3.2. Adhesives

Forbo operates mainly in the market for industrial adhesives and has few (local) activities in the construction chemicals and do-it-yourself sectors. The Company estimates the volume of the relevant market to be around CHF 37.8 billion, the large majority (CHF 22.8 billion) of which is generated with industrial adhesives.[3] Average industry growth is assumed to be around 3%. In the past, market growth was in each case slightly higher than average underlying industry growth owing to the increasing number of applications, which is likely to be the driver in coming years, too.

The market is characterized by intense competition, with only a few large global suppliers (e.g. Henkel, H.B. Fuller) occupying leading market positions. Alongside these are a large number of smaller, partly international competitors (incl. Forbo). The market is split in two, with the 10 largest suppliers together accounting for around 50% of the global market volume and the rest strongly fragmented.

### 3.3.3. Flooring

The total volume of the flooring market is estimated at around CHF 45 billion, with the market segments of relevance to Forbo (resilient floor coverings and parquet floors) making up almost CHF 7.5 billion. These markets are characterized mainly by relatively low growth potential and high overcapacity. The accessible market volume is limited due to growing competition from substitute materials, whether as a result

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[2] Source: the Company's market studies and "Strategy Development Support" by Arthur D. Little submitted to Forbo's Board of Directors, dated July 2004

[3] Based on the Report of the Adhesives & Sealants Council 2002-2004; USD-CHF exchange rate: 1.30

of better durability (industrial use) or design/zeitgeist (private use). Given this background, market consolidation is likely to continue. In the small market segment for linoleum (<10% of the target market), Forbo is a global leader with a market share of around 60%.

## 3.4. The tender offer from AFB Investment

On 25 February 2005, AFB Investment and Forbo entered into an agreement (Transaction Agreement) with respect to the Tender Offer.

### 3.4.1. Offer price

The offer price is CHF 260 net per Forbo registered share with a nominal value of CHF 20. It includes a 5.2% premium on the average opening price of Forbo shares on the SWX Swiss Exchange during the 30 trading days prior to the tender offer, which was CHF 246.40 per Forbo share.

### 3.4.2. Conditions

The tender offer from AFB Investment is subject to the conditions listed in section A.6. of the offer prospectus.

# 4. Valuation Approaches

## 4.1. Overview

The financial fairness of the offer from AFB Investment was examined using the following valuation methods:

- Course and outcome of the sale process
- Comparison with the valuation ratios of other quoted companies (comparable quoted companies analysis)
- Comparison with the financial terms and conditions of comparable transactions (comparable transactions analysis)
- Present value of anticipated future free cash flows (DCF method)
- Share price performance of the Forbo share

Bank Vontobel's overall assessment of the financial fairness of the offer is based on these five valuation methods.

Bank Vontobel based each of its analyses on an assessment of Forbo as a group. That is to say, its analyses were based on the assumption that the business would continue, the planned restructuring measures would be carried out and, if applicable, the portfolio would be rounded out.

## 4.2. Course and outcome of the sale process initiated by Forbo's Board of Directors in the 4th quarter of 2004

### 4.2.1. Background to the sale process

At the beginning of 2004, Forbo came to the conclusion that the Group in its present form had few attractive development opportunities for its shareholders in the short and medium term. The main reasons for this assessment were as follows:

- The three divisions are almost independent of one another and offer practically no synergies
- The divisions are undergoing periods of restructuring of varying levels of intensity. In addition to operational improvements to the business, the restructuring measures include efforts to strategically reposition the business, particularly with regard to product/market combinations
- The limited management capacities and financial resources (which the capital increase has since partly addressed) did not appear to allow all divisions to continue successfully
- An analysis of the strategic options by an external management consulting firm came to the conclusion that the restructuring and subsequent sale of the individual divisions (and therefore of the Group, too) represents the most attractive option for shareholders

Based on this assessment, Forbo examined various strategic options over a longer time horizon and in October 2004 came to the conclusion that the individual divisions' independent development and continued restructuring within the Forbo Group would be the most value-enhancing option for shareholders. The capital increase carried out by Forbo provides the financial resources for this strategy.

In December 2004, Forbo's Board of Directors resolved to initiate a structured sale process due to an expression of interest received in November. Selected parties possibly interested in a takeover were approached as part of this sale process. Of these, four gave careful consideration to a takeover of the Forbo Group.

#### 4.2.2. Assessment

The offer price of CHF 260 per Forbo share is the result of a relatively long examination of strategic options and a subsequent structured sale process in which, to date, only the present offer has been submitted by the four parties interested in a takeover. Against this background, the offer price is likely to be largely in line with Forbo's current transaction value.

### 4.3. Valuation ratios – comparison with other quoted companies

#### 4.3.1. Comparison

We do not believe there is any other quoted group with a product mix combining floor coverings, adhesives and belting. Forbo is seen by the capital market as a building materials supplier. We therefore compared it with a peer group in this sector as a benchmark.

The tables in Annex 1 show a comparison of the most common multiples used to rate shares – EV/EBITDA, EV/EBIT and P/E of comparable quoted companies. This comparison covers two different groups of companies:

- Comparison with Swiss building materials suppliers
- Comparison with a selection of European building materials suppliers

The underlying figures are based on share analysts' consensus estimates[4] for 2004, 2005 and 2006. For each of the individual companies, the closing price on 4 March 2005 was chosen as the reference figure; for Forbo, the offer price of CHF 260 was used. In view of the Forbo divisions' relatively modest earnings owing to the turnaround situation in 2004 and 2005, the multiples and the results forecast for Forbo in 2006 were used for the purposes of the comparison.

The result of the comparison is essentially as follows:
Based on the offer price of CHF 260, Forbo displays a substantial premium of around 115-150% when its EBITDA and EBIT are compared with those of its peer groups. In other words, the comparison of the earnings (EBITDA and EBIT) forecast for 2006 explains Forbo's lower enterprise value.

[4] Source: JCF

#### 4.3.2. Assessment

Taking into account net debt, the value varies within the following ranges:

- Based on comparable Swiss building materials suppliers, a value of around CHF 140 to 215 per Forbo share
- Based on comparable European building materials suppliers, a value of around CHF 150 to 210 per Forbo share

### 4.4. Valuation ratios – comparison with the financial terms and conditions of comparable transactions

#### 4.4.1. Overview

Introductory remarks:

- As Forbo has a unique business mix, Bank Vontobel is unaware of any directly comparable transactions.
- Forbo's transaction value can be estimated by drawing a comparison with takeovers of companies within the peer group mentioned above (cf. section 4.3).
- From this group, Bank Vontobel used the following five acquisitions over the last two years for its comparison: Arbonia-Forster (EgoKiefer), GranitiFiandre (Savoia Canada), Geberit (Mapress), Deceuninck (Thyssen Polymer) and Uralita (Pfleiderer Dämmstoffe).
- These transactions vary within a wide range in terms of the valuation, which is often due to the specific market position (strategic acquisition) or margin situation of the target companies.
- Extensive financial details regarding the other transactions that took place in a comparable context are not publicly known.

The result of the analysis of the transactions listed in Annex 2 is as follows:
In comparison with past transactions, or with Swiss and European building materials suppliers (from the group of comparable quoted companies), the offer for Forbo displays a premium of around 20% or 40% based on EBITDA and EBIT.

#### 4.4.2. Assessment

Taking into account net debt and based on comparable transactions, the variation range for the Forbo share is around CHF 183 to 213.

## 4.5. Discounted cash flow (DCF) method

The DCF method calculates enterprise value from total future free cash flows, which are discounted to their present value. Using this method, enterprise value is based on an estimate of free cash flows and the weighted average cost of capital (WACC) used for discounting purposes.

The WACC takes into account the required return on equity and the future anticipated cost of debt, each of which is weighted according to the company's long-term target capital structure[5].

In the present case, the weighted average cost of capital amounts to 4.5% in total (cost of equity: 3.0%, cost of debt after taxes: 1.5%).

The components of the WACC are derived as follows:

a) Beta: 0.8
Forbo's (levered) beta is based on the average unlevered beta of comparable companies, adjusted in line with the Forbo Group's long-term target capital structure. The unlevered beta was calculated on the basis of the table in Annex 3.

b) Market risk premium: 3.9%
The estimated market risk premium is the difference between the yield in the Swiss equity market and the risk-free yield on federal government bonds. This premium was calculated on the basis of the Pictet study[6] covering the last 70 years and Vontobel market estimates[7].

c) Risk-free interest rate: 2.9%
The risk-free interest rate is the current yield to maturity on 30-year Swiss federal government bonds.

d) Cost of debt: 4.5%
The Forbo Group's estimated cost of debt before taxes displays a risk premium of 175 basis points on the risk-free interest rate mentioned above. This assumption is based on the anticipated financing costs over the term of the business plan and is within the range of spreads of comparable borrowers.

e) Income tax rate: 32%
The income tax rate used is the average future rate estimated by the management for the Forbo Group as a whole.

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5 cf. for example, remarks in Brealey/Myers, Principles of Corporate Finance, McGraw Hill, 1991

6 cf. Pictet & Cie: Performance of shares and bonds in Switzerland (1926-2004) - January 2005 update

7 yield (in %) currently expected on Swiss SPI stocks less the yield on long-dated (10-year) federal government bonds

f) Target capital structure: 50/50
The Forbo Group's long-term ideal ratio of equity to debt takes into account the Company's estimated long-term debt capacity and its target financing structure.

The free cash flows over the planning period 2005-2014 were forecast using a detailed calculation method incorporating the budget for 2005, the plans for 2006-2007, information provided by Forbo's management, the Company's own feasibility studies, and market estimates (including in the market study commissioned by the management). These future free cash flows and the terminal value were discounted to their present value using the cost of capital mentioned. The terminal value was based on a market valuation in 2015, which we estimated according to the peer group's EBITDA and EBIT multiples (cf. section 4.3.1). We believe this method suitably reflects the return by the end of the planning period to a normalized margin situation.

The model was then subject to a sensitivity analysis incorporating various risk and development scenarios.
The enterprise values obtained by this method were then adjusted for net liabilities in order to obtain the respective value of the equity.
Based on these calculations, Bank Vontobel concludes that the offer price of CHF 260 is within the range of CHF 235-310 per share calculated using the DCF model.

## 4.6. Share price performance of the Forbo share

Chart A4.1 in Annex 4 illustrates the share price performance of the Forbo share since January 2003. The share price performance of the combined peer group (cf. section 4.3) and the performance of the SPI were used as a comparison.

This analysis shows that, following an initially parallel performance, the Forbo share dropped comparatively sharply in value and turned in a negative performance between the 3rd quarter of 2003 and the various announcements (change of management, sale of flooring, continuation of all divisions, capital increase) in summer and autumn 2004. Only when CVC's interest (11 November 2004: first offer at CHF 236.53 (share price prior to capital increase CHF 330), 18 November 2004: second, improved offer at CHF 246.53 – 256.53 (share price prior to capital increase CHF 350-370)) and the subsequent sale process became public knowledge did the share price return to a range of CHF 240 – 260.

In comparison with the average volume-weighted prices over the last 30 trading days and 12 months, the offer from AFB Investment is around 5% or 8% higher. (See Chart A4.2)

## 5. Summary

Bearing in mind

- the course and outcome of the sale process,
- the comparison with the valuation ratios of other quoted companies,
- the comparison with the financial terms and conditions of comparable transactions,
- the present value of anticipated future free cash flows (DCF method) and
- the share price performance of the Forbo share,

the **offer from AFB Investment appears to be financially reasonable** with respect to **all relevant aspects**.

Zurich, 7 March 2005

Bank Vontobel AG

Dr. Thomas von Planta Dr. Eduard Straub

# 6. Annexes

## Annex 1 Valuation ratios of comparable quoted companies

A1.1. Swiss building materials suppliers

| Company | Market Value[1)] | Enterprise Value | EV/EBITDA 04 | EV/EBITDA 05 | EV/EBITDA 06 | EV/EBIT 04 | EV/EBIT 05 | EV/EBIT 06 | P/E 04 | P/E 05 | P/E 06 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Afg Arbonia Forster Hldg | 489.9 | 748.8 | 6.2 x | 5.3 x | 5.0 x | 12.4 x | 10.1 x | 9.3 x | 14.6 x | 11.8 x | 10.4 x |
| Geberit | 3'735.6 | 4'358.7 | 9.5 x | 9.2 x | 8.8 x | 13.8 x | 11.8 x | 10.8 x | 18.7 x | 14.4 x | 13.3 x |
| Metallwaren Holding | 713.7 | 501.3 | 5.2 x | 5.0 x | 4.8 x | 7.7 x | 7.4 x | 7.1 x | 13.0 x | 12.1 x | 11.3 x |
| Sarna Kunststoff Holding | 333.6 | 495.5 | n.m. | 7.7 x | 7.0 x | n.m. | 9.7 x | 8.6 x | n.m. | 12.1 x | 11.2 x |
| Schulthess group | 204.5 | 194.7 | 8.1 x | 7.5 x | 7.0 x | 10.2 x | 9.7 x | 8.8 x | 14.6 x | 13.6 x | 12.0 x |
| Sia Abrasives | 192.8 | 284.6 | 7.6 x | 7.0 x | 6.3 x | 11.5 x | 10.0 x | 9.0 x | 12.5 x | 10.1 x | 9.1 x |
| Sika Ag | 2'107.3 | 2'239.3 | 6.9 x | 6.6 x | 6.0 x | 10.2 x | 9.1 x | 8.2 x | 16.1 x | 14.1 x | 12.5 x |
| Zehnder | 474.1 | 423.8 | 4.9 x | 4.8 x | 4.5 x | 7.3 x | 7.0 x | 6.5 x | 12.9 x | 13.1 x | 12.1 x |
| | | hi | 9.5 x | 9.2 x | 8.8 x | 13.8 x | 11.8 x | 10.8 x | 18.7 x | 14.4 x | 13.3 x |
| | | average | 6.9 x | 6.6 x | 6.2 x | 10.4 x | 9.4 x | 8.5 x | 14.6 x | 12.7 x | 11.5 x |
| | | **median** | **6.9 x** | **6.8 x** | **6.2 x** | **10.2 x** | **9.7 x** | **8.7 x** | **14.6 x** | **12.6 x** | **11.7 x** |
| | | lo | 4.9 x | 4.8 x | 4.5 x | 7.3 x | 7.0 x | 6.5 x | 12.5 x | 10.1 x | 9.1 x |

Notes:
1) In CHF millions, based on the closing price on 4 March 2005
2) As Sarna's results for 2004 are low, the corresponding multiples do not provide any useful information.

Sources: JCF, companies, Bank Vontobel Equity Research

A1.2. European building materials suppliers

| Company | Country | Market Value[1] | Enterprise Value | EV/EBITDA 04 | EV/EBITDA 05 | EV/EBITDA 06 | EV/EBIT 04 | EV/EBIT 05 | EV/EBIT 06 | P/E 04 | P/E 05 | P/E 06 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ballingslov International AB | SE | 1'383.7 | 1'407.5 | 8.0 x | 6.8 x | 6.5 x | 11.2 x | 9.2 x | 8.8 x | 19.0 x | 15.6 x | 13.9 x |
| Brdr A & O Johansen | DK | 469.9 | 531.0 | 4.6 x | 4.4 x | 4.4 x | 8.6 x | 8.0 x | 8.6 x | 10.8 x | 10.0 x | 9.5 x |
| Deceuninck | BE | 531.1 | 693.5 | 9.3 x | 7.1 x | 6.1 x | 23.1 x | 13.8 x | 11.6 x | 50.5 x | 20.5 x | 14.8 x |
| Flugger | DK | 1'346.5 | 1'328.5 | 8.6 x | 7.9 x | 7.3 x | 14.1 x | 13.0 x | 14.4 x | 14.6 x | 13.2 x | 11.8 x |
| Granitifiandre | IT | 290.1 | 300.8 | 10.7 x | 7.2 x | 5.4 x | 18.5 x | 11.9 x | 8.1 x | 31.3 x | 19.8 x | 13.4 x |
| Imerys | FR | 3'918.0 | 4'869.6 | 8.3 x | 7.4 x | 7.1 x | 11.7 x | 10.4 x | 9.9 x | 16.9 x | 14.5 x | 13.5 x |
| Rockwool International | DK | 8'385.1 | 8'451.0 | 6.5 x | 6.0 x | 5.3 x | 13.3 x | 10.7 x | 8.6 x | 22.9 x | 17.5 x | 13.5 x |
| Uponor | FI | 1'247.2 | 1'320.8 | 8.4 x | 8.3 x | 7.9 x | 13.4 x | 12.1 x | 11.1 x | 19.8 x | 17.4 x | 15.3 x |
| Uralita | ES | 853.2 | 1'229.2 | 6.3 x | 6.0 x | 5.5 x | 11.7 x | 10.4 x | 9.4 x | 16.3 x | 16.7 x | 16.2 x |
| | | | hi | 10.7 x | 8.3 x | 7.9 x | 23.1 x | 13.8 x | 14.4 x | 50.5 x | 20.5 x | 16.2 x |
| | | | average | 7.9 x | 6.8 x | 6.2 x | 14.0 x | 11.1 x | 10.1 x | 22.5 x | 16.2 x | 13.5 x |
| | | | **median** | **8.3 x** | **7.1 x** | **6.1 x** | **13.3 x** | **10.7 x** | **9.4 x** | **19.0 x** | **16.7 x** | **13.5 x** |
| | | | lo | 4.6 x | 4.4 x | 4.4 x | 8.6 x | 8.0 x | 8.1 x | 10.8 x | 10.0 x | 9.5 x |

Notes:

1) In millions of the local currency, based on the closing price on 4 March 2005

Sources: JCF, companies, Bank Vontobel Equity Research

## Annex 2 Valuation ratios of comparable transactions

| Target | Acquiror | Date | Curr. | Transaction Value[1)] | EV/Sales[2)] | EV/EBITDA[2)] | EV/EBIT[2)] |
|---|---|---|---|---|---|---|---|
| EgoKiefer | Arbonia-Forster | 4.2004 | CHF | 123.40 | 0.6 x | 5.4 x | 7.9 x |
| Savoia Canada | GranitiFiandre | 1.2004 | CAD | 9.60 | 0.8 x | 9.5 x | n.a. |
| Mapress | Geberit | 12.2003 | EUR | 372.50 | 1.6 x | 6.9 x | 11.8 x |
| Thyssen Polymer | Deceuninck | 6.2003 | EUR | 118.00 | 0.6 x | 4.7 x | 9.1 x |
| Pfleiderer Dämmstofftechnik | Uralita SA | 4.2002 | EUR | 203.00 | 1.0 x | n.a. | 12.7 x |
| | | | | hi | 1.6 x | 9.5 x | 12.7 x |
| | | | | average | 0.9 x | 6.6 x | 10.4 x |
| | | | | **median** | **0.8 x** | **6.1 x** | **10.4 x** |
| | | | | lo | 0.6 x | 4.7 x | 7.9 x |

Notes:

1) In millions of the local currency
2) Based on the last financial year prior to the transaction

Sources: companies, Zephyr, Bloomberg

## Annex 3 Beta and capital structure analysis of comparable quoted companies

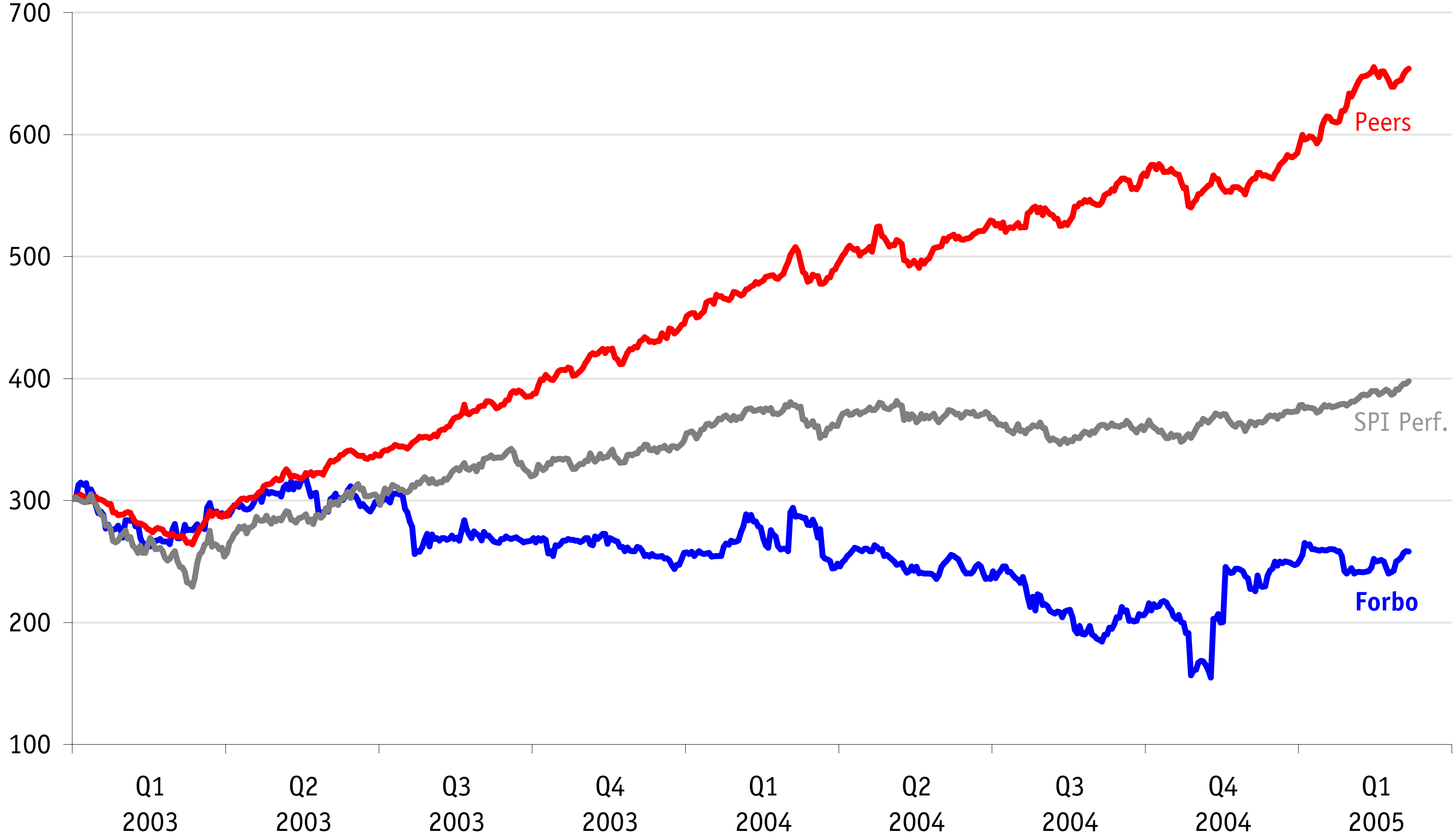
| Company | Market Value[1)] | Net Debt[2)] | Enterprise Value | Capital Structure[3)] | Marg. Tax Rate | levered Beta | unlevered Beta[4)] |
|---|---|---|---|---|---|---|---|
| Afg Arbonia Forster Hldg | 489.9 | 258.8 | 748.8 | 0.53 | 28.8% | 0.75 | 0.54 |
| Geberit | 3'735.6 | 623.1 | 4'358.7 | 0.17 | 33.7% | 0.37 | 0.34 |
| Metallwaren Holding | 713.7 | -212.4 | 501.3 | -0.30 | 22.5% | 0.30 | 0.39 |
| Sarna Kunststoff Holding | 333.6 | 161.9 | 495.5 | 0.49 | 31.0% | 0.44 | 0.33 |
| Schulthess group | 204.5 | -9.8 | 194.7 | -0.05 | 26.3% | 0.51 | 0.53 |
| Sia Abrasives | 192.8 | 91.8 | 284.6 | 0.48 | 27.9% | 0.18 | 0.14 |
| Sika Ag | 2'107.3 | 132.0 | 2'239.3 | 0.06 | 37.0% | 0.67 | 0.64 |
| Zehnder | 474.1 | -50.3 | 423.8 | -0.11 | 43.7% | 0.36 | 0.38 |
| Ballingslov International AB | 1'383.7 | 23.9 | 1'407.5 | 0.02 | 34.5% | 0.70 | 0.69 |
| Brdr A & O Johansen | 469.9 | 61.0 | 531.0 | 0.13 | 34.5% | 0.27 | 0.25 |
| Deceuninck | 531.1 | 162.4 | 693.5 | 0.31 | 40.1% | 0.66 | 0.56 |
| Flugger | 1'346.5 | -18.0 | 1'328.5 | -0.01 | 30.3% | 0.19 | 0.19 |
| Granitifiandre | 290.1 | 10.6 | 300.8 | 0.04 | 42.8% | 0.41 | 0.40 |
| Imerys | 3'918.0 | 951.5 | 4'869.6 | 0.24 | 36.4% | 0.50 | 0.43 |
| Rockwool International | 8'385.1 | 65.9 | 8'451.0 | 0.01 | 37.1% | 0.52 | 0.52 |
| Uponor | 1'247.2 | 73.5 | 1'320.8 | 0.06 | 32.2% | 0.45 | 0.44 |
| Uralita | 853.2 | 376.0 | 1'229.2 | 0.44 | 32.2% | 0.47 | 0.37 |
| | | | hi | 0.53 | 43.7% | 0.75 | 0.69 |
| | | | average | 0.15 | 33.6% | 0.46 | 0.50 |
| | | | **median** | **0.06** | **33.7%** | **0.45** | **0.40** |
| | | | lo | -0.30 | 22.5% | 0.18 | 0.14 |

1) In the local currency, based on the closing price on 4 March 2005
2) Net debt = interest bearing debt - cash and cash equivalents
3) Capital structure = net debt / market cap
4) Unlevered beta = levered beta / (1 + capital structure x (1 – marginal tax rate))

Sources: JCF, Bloomberg, companies, Bank Vontobel Equity Research

**Annex 4 Share price performance**

A4.1. Comparison of the Forbo share's performance with the SPI and the peer group (aligned with the Forbo share price)




Source: JCF, 4 March 2005



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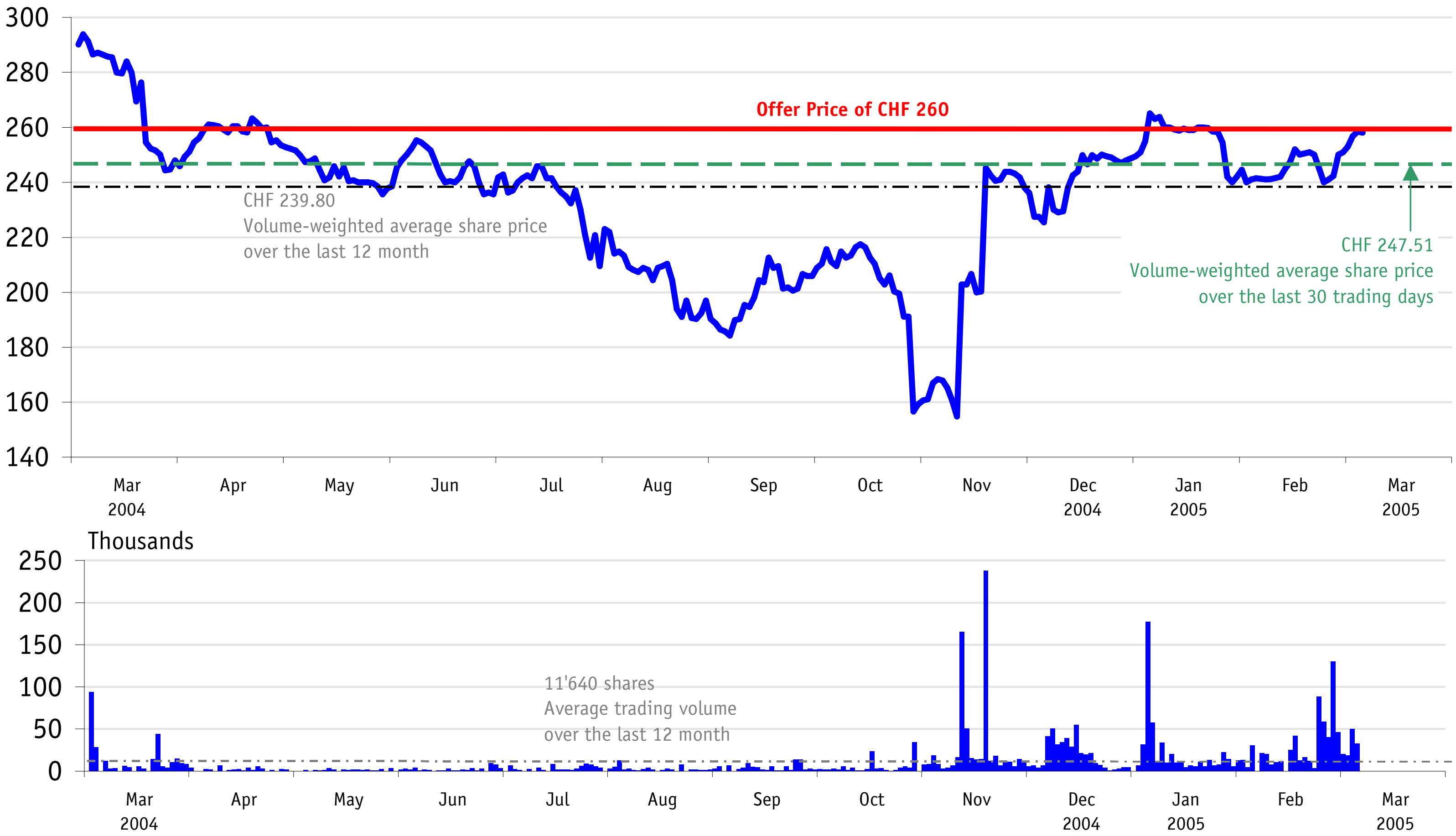
A4.2 Chart illustrating the share price and trading volume over the last 12 months (brought into line with the capital increase)




Source: JCF, 4 March 2005



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