

Continued top-line growth in a turbulent market

In 2022, the VKR Group delivered a solid revenue growth of 22.2%, of which 11.7% was organic. Even though business was challenged by global macroeconomic and geopolitical turmoil, operating profit was in line with the year before. Overall, the business delivered a satisfactory performance.

Considerable revenue growth was driven by organic growth as well as by the full-year effect of acquisitions from 2021. However, the return on VKR Holding’s financial portfolio decreased significantly due to deteriorating global financial markets.

The VKR Group generated a turnover of DKK 31.9 billion in 2022, compared to DKK 26.1 billion the previous year. Operating profit (EBITA) was DKK 4.3 billion, compared to DKK 4.1 billion in 2021. The return on the financial portfolio was negative by DKK 2.0 billion. Consequently, the profit for the year declined to DKK 1.6 billion.

The business areas, the VELUX Group and the DOVISTA Group both generated increases in revenue, particularly based on a strong first half of 2022 whereas demand slowed down in the second half of the year. VELUX revenue amounted to DKK 22.3 billion and the growth was purely organic. DOVISTA revenue totaled DKK 9.6 billion, an increase of 53%, driven primarily by the full-year effect of the 2021 acquisitions and organic growth.

Given the challenges with increased raw material prices and supply chain constraints, operating profits were satisfactory in both business areas.

The return on the financial portfolio was expected to decrease compared to the exceptional high return in 2021, but the markets ended up even worse than expected. However, the return on the financial portfolio is assessed over several years, and less emphasis is given to the return of any single calendar year.

“2022 was a turbulent year – set off by the tragic war in Ukraine and a resultant energy crisis, plus high inflation – negatively affecting both consumers and companies. This has of course dampened consumer confidence and hence we have seen a slowdown in both new build and renovation projects. Our ability to improve both top-line and operating profit, even in turbulent times like these, however, proves that we have a resilient business model. Therefore, we remain confident about the outlook for long-term growth. I would like to thank both our dedicated employees and our business partners for their great contributions to these results,” says Mads Kann-Rasmussen, CEO of VKR Holding.



VKR Group figures include Other areas and eliminations

CONSOLIDATED FINANCIAL HIGHLIGHTS FOR THE VKR GROUP

Key figures (DKKm)					
Year	2022	2021	2020	2019	2018
Revenue	31,889	26,093	22,610	21,561	19,592
Profit before depreciation (EBITDA)	5,251	4,844	4,837	3,689	3,225
Profit before goodwill amortisation (EBITA)	4,341	4,074	4,199	3,005	2,669
Profit before financial items and tax (EBIT)	4,130	3,907	4,049	2,857	2,617
Net financials	-2,151	2,410	734	1,175	-281
Profit for the year (EAT)	1,573	4,997	3,703	3,075	1,785
Investments in tangible fixed assets (net)	354	627	604	599	592
Free cash flow before tax	2,956	198	5,221	3,226	663
Total assets	34,227	35,036	27,334	23,812	21,102
Equity	26,022	25,320	22,009	19,230	16,914

Financial ratios (%)					
	2022	2021	2020	2019	2018
EBITA margin	13.6	15.6	18.6	13.9	13.6
Return on invested capital	32.2	38.8	48.1	31.8	31.0
Equity ratio	76.0	72.3	80.5	80.8	80.2
Average number of employees	20,007	17,104	15,267	16,123	15,459

VKR Holding and its business areas remain committed to their ambitious sustainability strategies.

In 2022, VELUX entered a partnership to produce enough renewable electricity to power the equivalent of all its European operations. VELUX also signed the first partnerships with upstream suppliers of aluminium, which will have a significant impact on reducing carbon emissions in the value chain. Meanwhile, DOVISTA signed the Science Based Targets initiative (SBTi) to reduce carbon emissions according to Paris Agreement goals. Overall, the VKR Group achieved a combined reduction of more than 40% in carbon emissions (CO₂e Scope 1 and 2) in 2022.

In 2021, VKR Holding became a cornerstone investor of KOMPAS, an independent venture capital fund. In 2022, the fund made direct investments in nine start-ups that focus on breakthrough innovations. The goal of these portfolio companies is to accelerate the digital transformation and the decarbonisation of the built environment and the manufacturing industry.

“We remain committed to our sustainability strategies – also in difficult circumstances. Our strong business foundation allows us to continue to invest in sustainable innovation and in the decarbonisation of our business. It is hard to predict the future, particularly in these turbulent times and as a result, our expectations for 2023 are somewhat uncertain. Already, a recession in the building sector is affecting several of our important markets and slowing down product demand. In 2023, we don’t expect top-line growth.”

“At the same time, the housing stock is in much need of renovation, not least in Europe. In fact, the energy crisis compounds this urgency. There’s no doubt that renovation is key to achieving better and healthier living conditions as well as much-needed energy efficiency. We expect this to drive future growth, as both consumers and local authorities increasingly realise the potential benefits.”

“Although it’s difficult to predict, we expect a better return on our financial investment portfolio in 2023. Regardless of what happens in terms of continued financial and geopolitical turmoil, our business areas manufacture quality products that will maintain their relevance to consumers”, says Mads Kann-Rasmussen.