

VKR Holding strengthened by strategic acquisitions

Revenue growth continued in 2018, but negative returns on financial investments reduced results

VKR Holding continues its stable development with revenue growth of 5.1% in 2018. During the year, the VELUX Group made three strategic acquisitions to strengthen its position in the commercial market for skylights, which includes skylights for office buildings, shopping centres, airports, public buildings, etc. The acquisitions contributed 2.1 percentage points to the revenue growth, while organic growth accounted for 3.0 percentage points. Overall, the development is considered satisfactory due to the growth in revenue and an operating profit in line with expectations.

As planned, the Roof and Vertical windows business areas maintained increased investment and cost. Financial market developments had a negative impact on the annual profit, which amounted to DKK 1,785 million, a decrease of 29.5% compared to the previous year.

"Overall, we see a stable development in our business areas. Our results in 2018 are affected by unfavourable returns on financial investments, of which a large part has been regained in the first months of 2019. Disregarding the negative returns on financial investments, we consider the results for the year satisfactory," says Mads Kann-Rasmussen, CEO of VKR Holding. He continues:

"We continue to pursue our active investment strategy, focusing on acquisitions either in the existing business areas or to create an entirely new business area. Therefore, we are pleased that the VELUX Group succeeded with its strategic acquisitions in Germany, USA and Denmark in 2018. We remain a patient investor and will wait for the right opportunity before we make significant investments."

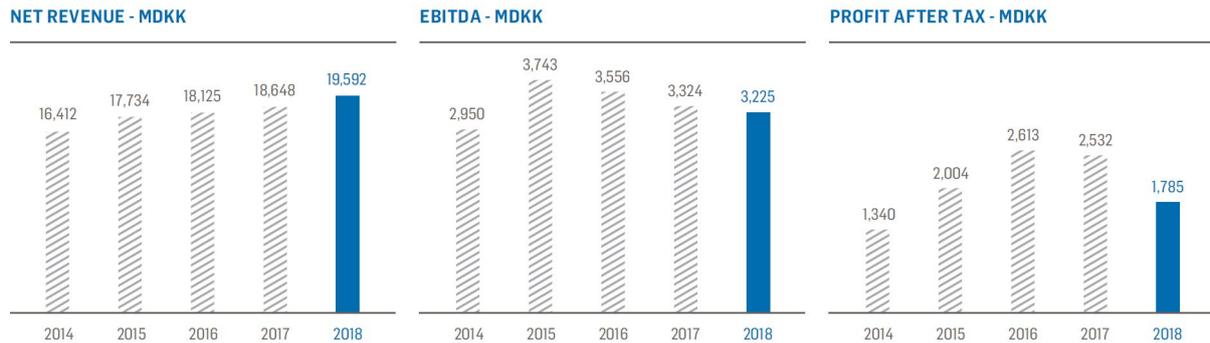
CONSOLIDATED FINANCIAL HIGHLIGHTS

Key figures, MDKK	2018	2017	2016	2015	2014
Net revenue	19,592	18,648	18,125	17,734	16,412
Earnings before depreciation (EBITDA)	3,225	3,324	3,556	3,743	2,950
Earnings before goodwill amortisation (EBITA)	2,669	2,849	3,095	2,900	2,011
Earnings before financial items and tax (EBIT)	2,617	2,820	3,014	2,804	1,916
Net financials	-281	458	462	-17	-3
Profit after tax	1,785	2,532	2,613	2,004	1,340
Investments in tangible fixed assets (net)	592	864	238	503	244
Free cash flow before tax	663	2,164	3,264	3,235	2,880
Total assets	21,102	19,720	17,940	16,060	14,550
Equity	16,914	15,948	14,276	12,522	11,180
Financial ratios (%)					
EBITA margin	13.6	15.3	17.1	16.4	12.3
Return on capital employed	31.0	39.2	43.7	39.2	24.9
Equity ratio	80.2	80.9	79.6	78.0	76.8
Average number of employees	15,459	14,764	13,885	13,644	13,444

Financial ratios have been prepared in accordance with the Danish Finance Society's recommendations. Reference is made to the accounting policies.

The Roof windows business area is developing as expected, and the VELUX Group's results are in line with expectations. The Vertical windows business area had a challenging year, particularly due to negative trends in the Swedish and British markets. However, the DOVISTA Group strengthened its platform for future growth in 2018 by implementing a new ERP system in VELFAC and opening a new factory in Lithuania.

For Arcon-Sunmark, 2018 was a disappointing year, which ended with negative results. However, the company saw revenue growth.



VKR Holding expects continued growth in 2019.

"Overall, the activity level for the VKR Group is expected to increase in the coming year. The expected increase will be driven partly by the full-year effect of the strategic acquisitions in the Commercial roof windows & skylights division and partly by the organic growth expectations for the business areas. Earnings in 2019 are anticipated to be in line with 2018," Mads Kann-Rasmussen concludes.

About VKR Holding

VKR Holding is a holding and investment company whose objective is to create value through financial investments and ownership of companies. VKR Holding's companies have approx. 16,000 employees across 41 countries. VKR Holding is owned by foundation and family, and its largest shareholder is VILLUM FONDEN.



ROOF WINDOWS & SKYLIGHTS



VERTICAL WINDOWS



SOLAR THERMAL ENERGY



For additional information, visit <http://www.vkr-holding.com>

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