

## **VKR Holding reports the best financial performance ever in 2019**

### **Acquisitions, organic growth and a high return on financial investments have driven the performance improvement**

VKR Holding continues to increase its level of activities, realising revenue growth of 10.1% in 2019. The growth is in particular driven by the full-year effect of the VELUX Group's three strategic acquisitions of 2018 that have now been incorporated into the VELUX Commercial division. Also playing its part is the consolidation of KRONE VINDUER A/S in the DOVISTA Group, making an overall contribution of 5.9 percentage points of growth, with organic growth claiming the remainder.

There is also considerable improvement to bottom-line performance, with an increase in net profit for the year to DKK 3.075 million. This improvement is largely attributed to favourable financial markets in 2019 that yielded high unrealised returns on VKR Holding's financial portfolio. An improvement in operating profits has also played its part. As a result, performance in 2019 exceeds expectations, producing a result that must be seen as satisfactory.

*"In 2019, we set new records for both top- and bottom-line performance. Revenue increased significantly, though not as much as expected, while profit for the year more than exceeded expectations. We consider this satisfactory even though the development is driven primarily by a considerable unrealised return on the financial portfolio,"* says Mads Kann-Rasmussen, CEO of VKR Holding. He elaborates:

*"2019 was also influenced by the integration of the VELUX Group's 2018 acquisitions that are making satisfactory progress. We continue to pursue attractive acquisition opportunities, but we are patient and will await the right opportunity before making any further major acquisitions."*

In addition to VKR Holding's financial progress, the business areas succeeded in reducing carbon emissions per unit produced. Furthermore, in VKR Holding's investment department a policy for responsible investments has been introduced.

*"Future investments will also take sustainability into account. We have set ourselves the ambition of gradually restructuring the company's financial investments portfolio so as to contain more sustainable investments,"* says Mads Kann-Rasmussen.

Thomas Thune Andersen, the former Deputy Chair, was elected new Chair at VKR Holding's Annual General Meeting yesterday. He replaces Søren Bjerre-Nielsen, who, at his own request, has stepped down after 24 years of service on the Board of Directors. Two new Board members were also elected: Lise Kaae, the CEO of Heartland, and Jørgen Jensen, Chair of VELUX A/S and former CEO of Widex, who is the new Deputy Chair of VKR Holding.

*"VKR Holding is in a strong position, and on behalf of the shareholders I would like to thank Søren Bjerre-Nielsen for his outstanding and memorable contribution. Throughout his long service in the VKR Group, Søren has made a considerable impact on the positive development of the Group,"* says Mads Kann-Rasmussen.

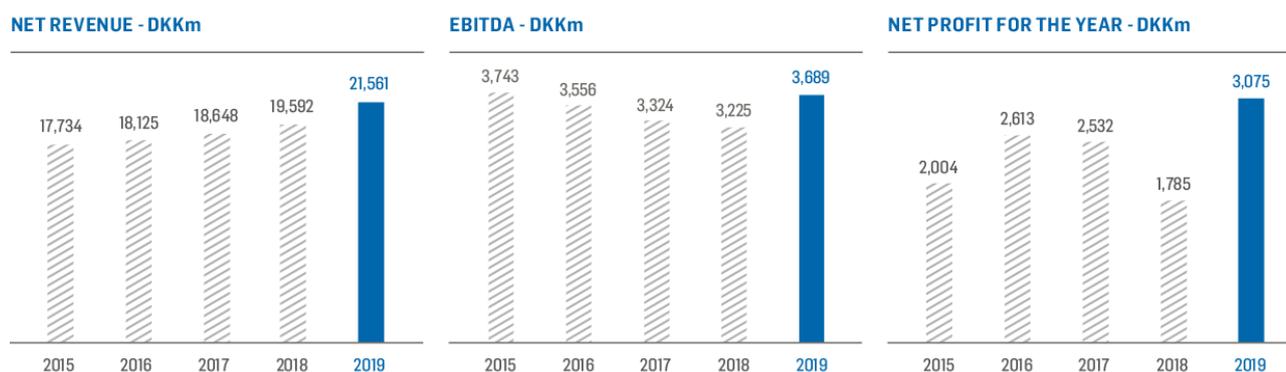
Key figures, DKKm	2019	2018	2017	2016	2015
Net revenue	21,561	19,592	18,648	18,125	17,734
Earnings before depreciation (EBITDA)	3,689	3,225	3,324	3,556	3,743
Earnings before goodwill amortisation (EBITA)	3,005	2,669	2,849	3,095	2,900
Earnings before financial items and tax (EBIT)	2,857	2,617	2,820	3,014	2,804
Net financials	1,175	-281	458	462	-17
Net profit for the year (after tax)	3,075	1,785	2,532	2,613	2,004
Investments in tangible fixed assets (net)	599	592	864	238	503
Free cash flow before tax	3,226	663	2,164	3,264	3,235
Total assets	23,812	21,102	19,720	17,940	16,060
Equity	19,230	16,914	15,948	14,276	12,522
<b>Financial ratios (%)</b>					
EBITA margin	13.9	13.6	15.3	17.1	16.4
Return on capital employed	31.8	31.0	39.2	43.7	39.2
Equity ratio	80.8	80.2	80.9	79.6	78.0
<b>Average number of employees</b>	16,123	15,459	14,764	13,885	13,644

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

The VELUX Group's sales and earnings developed satisfactorily in 2019. Sales were positively affected by a high demand from several European and overseas markets, in particular the USA. The year's result also reflects our measures to put extra focus on growth by refreshing and reinforcing consumer awareness and knowledge of VELUX products. The continued development of innovative products to improve indoor climate was a further contribution to growth. The VELUX Group's position on the commercial skylights market was additionally strengthened by the acquisitions made in 2018.

The DOVISTA Group succeeded in retaining or expanding market shares on all major markets. However, due to market challenges, particularly in Sweden and the UK, the business area did not fully meet expectations for the year.

2019 was yet another difficult year for Arcon-Sunmark.



VKR Holding expects an unchanged or lower level of activity in 2020 and a poorer result.

*“Our expectations for 2020 are modest due to considerable uncertainties regarding the consequences of the corona virus pandemic. We have already seen a negative impact on the financial markets in the beginning of 2020, and our business areas will inevitably be affected. At present, we expect revenue on a par or lower than the year before, whereas the profit for the year is expected to be lower than in 2019. The fall in profit for the year should, however, be viewed in the light of the high return on our financial portfolio in 2019,” 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.

THE VKR GROUP AS OF 31 DECEMBER 2019



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

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