

VKR Holding emerged stronger in 2020

2020 was an unprecedented year with record profit, despite COVID-19. In 2021, the focus will remain on acquisition opportunities, either to establish new business areas or to strengthen existing businesses. As planned, a higher dividend will be paid for exceptional grants to mark the foundation VILLUM FONDEN's 50th anniversary.

2020 ended with record top and bottom line results, despite COVID-19 lockdowns in most countries and a 0.7 percent decline in revenue during the first half of the year. This is because business activity significantly increased during the second half of the year, producing a growth in revenue of 10.2 percent.

The final result was an annual net profit of DKK 3.7 billion and a 4.9 percent increase in revenue of DKK 22.6 billion.

“In 2020, we continued a positive growth trend of both the top and bottom line. The first half of the year was full of uncertainty, but it was replaced by a high demand for our products during the summer and the rest of the year. Our business areas were quick to adapt to the changing conditions. Despite the unprecedented situation, we achieved a very satisfactory result,” said Mads Kann-Rasmussen, CEO of VKR Holding.

At the beginning of the year, VKR Holding sold its remaining business activities within the area of solar heating solutions. Henceforth, the VKR Group will primarily consist of the VELUX Group and the DOVISTA Group.

In January 2021, the DOVISTA Group acquired the window division of the Swiss company Arbonia. The division comprises 2,500 employees and four brands: Dobroplast, EgoKiefer, Slovaktual and Wertbau. Through this acquisition, the DOVISTA Group will strengthen its market position in Central Europe.

Also in January, the VELUX sister company, Altaterra, acquired the Dutch company Dakoplast, which is an online sales portal.

“Our strategy continues to be the pursuit of potential acquisition opportunities to either strengthen our existing business areas or to establish new independent business areas within the Group,” said Mads Kann-Rasmussen.

In 2020, strong focus was placed on sustainability and climate change. The VELUX Group launched a new and very ambitious sustainability strategy to become 100 percent carbon neutral and to halve its future CO₂ emissions across its entire value chain by 2030. With its unique 'climate oath', the VELUX Group is further committed to becoming 'Lifetime Carbon Neutral' by its 100th anniversary in 2041.

“We have a strong focus on sustainability within both our business activities and our financial investments. The VELUX Group's new sustainability strategy, with its long list of ambitious targets, demonstrates the seriousness of this priority. In addition, we have formulated a plan to gradually convert the company's financial portfolio to more sustainable investments,” said Mads Kann-Rasmussen.

CONSOLIDATED FINANCIAL HIGHLIGHTS FOR THE GROUP

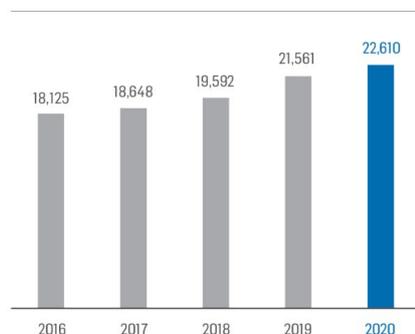
Key figures (DKK m)	2020	2019	2018	2017	2016
Net revenue	22,610	21,561	19,592	18,648	18,125
Earnings before depreciation (EBITDA)	4,837	3,689	3,225	3,324	3,556
Earnings before goodwill amortisation (EBITA)	4,199	3,005	2,669	2,849	3,095
Earnings before financial items and tax (EBIT)	4,049	2,857	2,617	2,820	3,014
Net financials	734	1,175	-281	458	462
Net profit for the year	3,703	3,075	1,785	2,532	2,613
Investment in tangible fixed assets (net)	604	599	592	864	238
Free cash flow before tax	5,221	3,226	663	2,164	3,264
Total assets	27,334	23,812	21,102	19,720	17,940
Equity	22,009	19,230	16,914	15,948	14,276
Financial ratios (%)					
EBITA margin	18.6	13.9	13.6	15.3	17.1
Return on capital employed	48.1	31.8	31.0	39.2	43.7
Equity ratio	80.5	80.8	80.2	80.9	79.6
Average number of employees	15,267	16,123	15,459	14,764	13,885

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

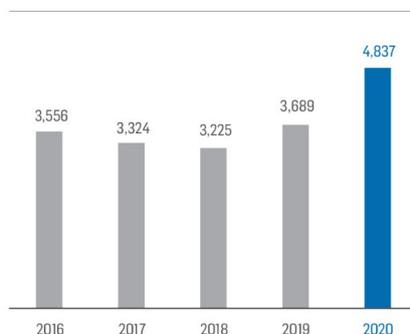
The VELUX Group's revenue and earnings were significantly better than expected given the pandemic. Sales of roof windows and accessories within the residential segment resulted in a very high level of business activity in the second half of the year, while several commercial building projects were cancelled or postponed. Overall, the annual result was noticeably better and is considered very satisfactory. Also in 2020, the VELUX Group implemented a new organisational structure, in which the European sales and marketing organisation within the residential segment was organised into four regions.

The DOVISTA Group could not fully realise expected revenue growth due to the corona crisis and to the uncertain impact of Brexit. Nevertheless, the DOVISTA Group delivered a profit in line with expectations, which is considered satisfactory. Throughout 2020, the DOVISTA Group worked to establish a more streamlined organisational structure to strengthen organisational processes.

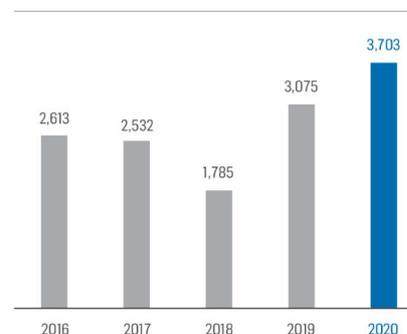
NET REVENUE – DKKm



EBITDA – DKKm



NET PROFIT – DKKm



In 2020, the return on VKR Holding's financial portfolio was DKK 0.7 billion. This was better than expected, but lower than the record high of 2019. The return in 2020 was primarily driven by unrealised capital gains on listed shares and illiquid investments.

VKR Holding's expectations for 2021 reflect the unprecedented situation of 2020.

“In 2021, we expect a continued increase in business activity. This is partly due to the DOVISTA Group's acquisition of Arbonia's window division. Our annual result is expected to be on par with last year. 2020 was an extraordinary year and the lower level of costs experienced during the pandemic is neither expected nor planned for 2021. Moreover, cash flow is expected to decline in 2021 because of a drag on investments and working capital after 2020,” said Mads Kann-Rasmussen.

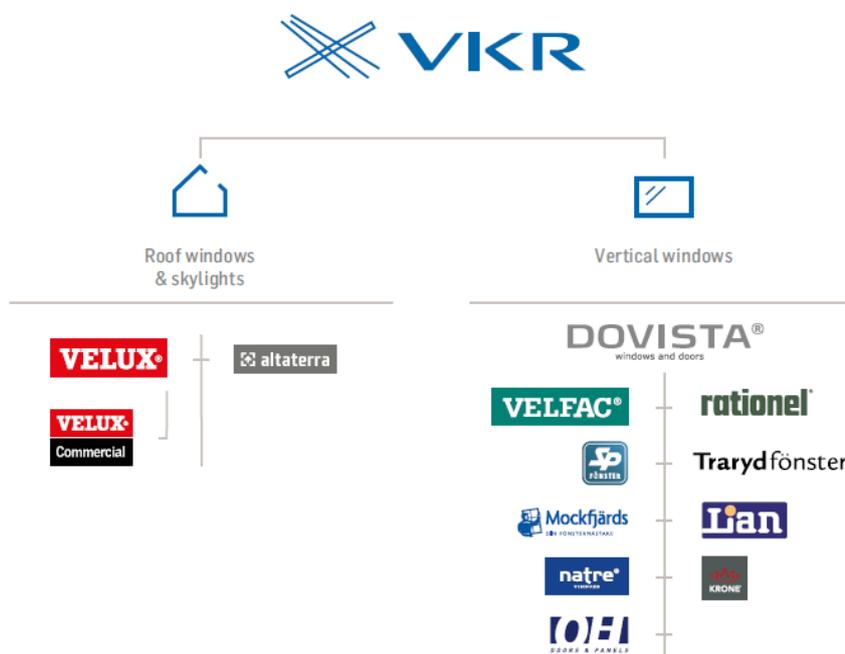
To mark the VILLUM FONDEN's 50th anniversary, the payment of a higher dividend in 2021, totaling DKK 2 billion, has been planned and agreed to with shareholder representatives for several years. Final approval was given at the company's annual general meeting yesterday, 25 March.

“We are pleased that, despite COVID-19, we achieved sound results and therefore can pay out an increased dividend. This will be used to finance a number of exceptional grants marking the anniversary,” said Mads Kann-Rasmussen.

About VKR Holding

VKR Holding is a holding and investment company with the purpose of creating value through the ownership of companies and financial investments. VKR Holding's companies employ a total of approximately 15,400 employees across 41 countries. VKR Holding is foundation and family owned, and its largest shareholder is VILLUM FONDEN.

THE VKR GROUP PER 31 DECEMBER 2020



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