

PRESS RELEASE



Group interim report for the first quarter of 2011

VBH sees successful start to 2011

Stable development in Germany and Eastern Europe; proprietary brand greenteQ and new services become increasingly important; single-digit sales growth targeted

Kornal-Münchingen, 13 May 2011

VBH Holding AG, Europe's largest trading house for window and door fittings, saw a successful start to 2011. Its consolidated sales were up by € 13.8 million to € 157.4 million in the first quarter of 2011 after € 143.6 million in the previous year. VBH increased its sales considerably on the strong markets in Germany and Eastern Europe in particular. "These positive developments validate our international strategy of changing from a dealer to a service provider," states Rainer Hribar, Executive Board Chairman at VBH Holding AG.

Sales at VBH Holding AG rose by 9.6% year-on-year to € 157.4 million in the first quarter of 2011. Earnings before taxes (EBT) were 12.1% higher than in the previous year, improving from -€ 6.7 million in the previous year to -€ 5.9 million in 2011. Cash flow from operating activities came to -€ 4.9 million in the first three months (previous year: -€ 7.2 million). Cash flow from investing activities remained at -€ 0.7 million (previous year: -€ 0.7 million). This largely concerned investments in property, plant and equipment and in replacement requirements. Free cash flow in the first quarter was -€ 5.6 million (previous year: -€ 7.8 million). Cash flow from financing activities was -€ 3.0 million, after -€ 0.9 million the previous year.

Effects on the scope of consolidation arose from the initial consolidation of VBH Mexico at the end of 2010 and of the Chinese purchasing company VBH Guangzhou in the first quarter of 2011. VBH Guangzhou is responsible solely for the coordination and quality assurance of purchases in China on behalf of the Group companies based there.

Developments on the international markets

The growth of our international companies varied, showing a strong correlation with the degree of maturity and development of the local markets. For instance, the key regions in Germany, Eastern Europe and Other Markets saw solid growth, whereas Western Europe did not record an upward trend.

Germany benefited from increasing construction permits, a continued favourable interest rate level and decreasing unemployment. The current discussion in the German federal government on achieving the ambitious energy-saving targets by 2020, including through additional subsidies for heat insulation measures for buildings, indicates that the

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current growth will also persist in the medium term, particularly in the area of renovation.

General conditions in the Western European markets such as Italy, the UK, Spain, Greece and Belgium do not currently show any signs of positive change. The restructuring processes in VBH's regional companies in Italy and Belgium are progressing as planned and the Executive Board expects them to show initial visible results over the course of the year.

The Eastern European markets, particularly the CIS nations, have recovered from the turbulence of the international financial crisis and, stimulated by rising energy and commodity prices, generated solid growth in the first quarter of 2011. Belarus is the only country in this region that is currently in a difficult situation as regards domestic politics and its currency.

VBH's activities in the Other Markets segment, which combines Asia, the Middle East and Latin America, are developing positively. Particularly in Asia, the organisations and processes are currently being adapted to enable them to participate in equal measure in the rapid growth of the national economies. All in all, VBH's quarterly earnings in this segment increased in terms of operating earnings but were negatively impacted by currency-related turbulence in Asia.

Outlook

“The economy has developed positively so far this year, albeit with lower growth than in 2010. For the year as a whole, we therefore expect the VBH Group to generate single-digit sales growth and an increase in earnings that exceeds this sales growth,” explains Rainer Hribar, Executive Board Chairman at VBH Holding AG. “The expansion of the range for our greenteQ proprietary brand and the associated systematic rollout of the items in our international companies will contribute to this in operational terms.” In terms of its financial strategy, the VBH Group aims to increasingly optimise its inventory and receivables structures in order to support cash flow in the long term by reducing working capital.

Note for editors:

The full Group interim report for the first quarter of 2011 is available for download at www.vbh-holding.com as of 13 May 2011.

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