

PRESS RELEASE



Group interim report for the first quarter of 2010

Difficult start to the new fiscal year as expected

German market continues to develop positively; overall decline in international business volume; lower gross profit margins in Eastern Europe due to the weak euro

Kornthal-Münchingen (Germany), 12 May 2010

VBH Holding AG, Europe's largest trading house for window and door fittings, had a weaker start to the new fiscal year as a result of the difficult market environment. In addition to the ongoing difficult underlying economic conditions, the period under review also suffered due to the unusually long winter and in particular the heavy snow in many VBH regions. In view of this, consolidated Group sales declined by 2.8% to € 143.9 million (previous year: € 148.1 million). After adjustment for currency translation effects, this represents an organic drop in sales of 4.4%.

Thanks to further sales growth, the German market has proven to be a support in this demanding environment. By contrast, in Western Europe sales remain under strong pressure, particularly in Italy, Ireland, Greece and the Benelux countries, while the market in the UK is showing initial signs of recovery. Sales in Eastern Europe are in decline especially in the central regions; the situation in the CIS countries has stabilised at the previous year's level, due also to positive exchange rate effects. The Other Markets (Asia, Middle East, Turkey) developed very positively again, leading to further substantial sales growth in this region.

The gross profit margin decreased from 26.1% to 23.5%. This significant reduction in gross profit margin is primarily attributable to negative exchange rate effects due to the weak euro. However, increasing cheap imports in numerous Eastern European countries are also leading to rising price pressure. As a result, earnings before interest and taxes (EBIT) within the Group fell by € 1.3 million to € -4.5 million. Despite lower borrowing, the financial result dipped to € -1.9 million owing to higher interest rates (previous year: € -1.6 million). Earnings before taxes (EBT) decreased to € -6.4 million compared to € -4.8 million in the previous year. Basic earnings per share (EPS) were down from € -0.08 per share in the previous year's quarter to € -0.09 per share. Inventories declined by € 12.1 million (9.6%) year-on-year, while working capital was down from € 185.6 million to € 163.6 million. Operating cash flow declined from € -2.3 million to € -7.2 million, while free cash flow decreased from € -5.7 million to € -7.8 million only due to the reduced investment activity.

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Outlook for fiscal year 2010

The outlook for fiscal year 2010 remains clouded by persistent uncertainties with regard to the further development of the economy. Although an economic recovery has been observed in some Asian countries in particular, as yet there are no signs of an upturn in Eastern Europe. The turbulence affecting stability in the Eurozone is causing increasing uncertainty in the economy, leading to continued doubt as to the extent and duration of the beginning economic recovery.

From today's perspective, in the current year we expect to generate Group sales slightly above those of the previous year. We cannot foresee any significant impetus for stronger sales growth at present. Additional cost savings and the absence of one-off effects should enable us at least to maintain EBT at the previous year's level despite the pressure on margins. Working capital should also stabilise at this encouraging lower level.

"VBH Holding AG is in a good strategic position, will continue to invest in growth markets and as market leader in the fittings industry in Europe will continue to expand its strong market position. Its extensive product range, including the strong proprietary brand greenteQ, as well as numerous service tools will help VBH to differentiate itself from the competition and to win further market share," stresses Rainer Hribar, CEO of VBH Holding AG.

Successful trade fair presence

In March 2010, the world's largest industry trade show, fensterbau/frontale, took place in Nuremberg. VBH succeeded in presenting various service tools at the trade fair as part of its ongoing three-pillar strategy, as well as attracting the interest of new German and international customers to these offers. Trade fair activities also focused on presenting the scope and performance of VBH's proprietary brand greenteQ, which continues to be very well received in the market.

Note for editors:

The full Group interim report for the first quarter of 2010 will be available for download at www.vbh-holding.com as of 12 May 2010.

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