



VBH Magazin

2/2011

The Expert Brand for Window and Door Hardware

- Corporate Development / M&A
- Active. Vital. VBH Gets Fit
- One Million greenteQ Double Cylinders



Simply everything.

Everything simple.



Dear readers,

The euphoria is evaporating - in the German market, too!

Companies which are performing less well than last year right now will also be underperforming at the end of the year.

The number of orders being received is still high, and our workload volume is stable, but pressure from order levels is decreasing. Orders are not coming through of their own accord, which means one thing: we need to step up sales!

This is not necessarily a bad thing: a hectic rush, like the one which the sector experienced in the second half of 2010, is not healthy. Efficiency is reduced, many mistakes are made, and the bottom line often suffers.

The German market is still good, prevalent conditions are still supportive, but there is no longer automatically enough for everyone to go around. In order to win through, better approaches are required.

Outside of Germany, however, or rather outside of the Germany-Austria-Switzerland area, there was never any cause for euphoria to begin with.

Throughout eastern Europe, the markets' degree of maturity has increased, and regardless of the effects of the financial crisis, we must get used to "normal" levels of growth and expected levels of return. These are still considerable, but nonetheless - they are only normal.

In the "problem countries" of western and southern Europe, on the other hand, no reversal in trends has occurred. Why is this?

According to a press release published by the Spanish architects' union, planning

permission was not granted for a single public building in the whole of Catalonia in the first half of the year. Construction, which made up 10%-13% of the country's GNP in the boom years, now accounts for only 1%-2%. It is true that turnover can be generated in these countries, but profitable turnover is very elusive indeed. "Keeping hold of the money" is the main priority here.

However, in spite of a few geo-political storms and a good few regional squalls, the overall climate is still pleasingly stable.

For us, this means that we should carry on working according to our existing strategy, which is summarised by the motto "Simply everything. Everything simple".

This includes:

- selectively developing our international presence; in this issue, we will be reporting on the role of our new distribution centre in Panama and our activities in South America.

This also includes carrying out an in-depth analysis of our position in worldwide markets, which may result in withdrawals from some markets if VBH's business model is not suited to them.

- consequently, developing our greenteQ brand; the sale of our millionth double profile cylinder is ample proof of success!
- expanding and rounding our service portfolio

In order to achieve all of this in a structured and professional way, and in particular to guarantee the successful roll-out of greenteQ and our service tools

in foreign markets, a new company division has been created, called "Corporate Development/M&A". The division's director, Dr Patrick Heinemann, introduces his team and his first reflections.

We have often used this space to write about the importance of our employees, and to describe the steps we take to be an attractive employer. This year we are concerning ourselves with health management - not entirely unselfishly.

Health, that is to say, is often similar to a relationship: we do not realise how important it is until it is gone. For as long as we have it, we take it for granted and pay little attention to it; when it is gone, we suddenly have all the time and money in the world to invest in it to try to get it back. In an attempt to avoid this, we are offering our employees a diverse programme of exercise, nutrition and relaxation. What makes this not entirely unselfish on our part is that healthy employees are more on the ball, and produce even better results!

With best wishes,

Rainer Hribar



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VBH Holding AG Annual General Meeting VBH shareholders benefiting from positive business developments

VBH Holding AG shareholders used the annual general meeting to approve a dividend of €0.06 per ordinary share. As a result, the distribution payment is some €2.8 million, which equates to a ratio of roughly 40%.

This year's annual general meeting (AGM) in the Haus der Wirtschaft building in Stuttgart was greeted by intense investor interest – over 90% of the voting capital accepted the VBH invitation for the June 15 event and listened to a presentation by the VBH Executive Board, which presented the results for the previous financial year.

“Our responsibilities as a commercial enterprise extend not only to shaping our own operations, but also to the de-

tailed analysis of changes in the market. Thus we are on guard, for example, when new competitors appear on the market,” explained Rainer Hribar, Chairman of VBH Holding AG's Executive Board, in his report for financial year 2010. His conclusion: “With its international positioning, strong product range and its proprietary greenteQ brand, combined with innovative services, VBH Holding AG has assumed an unmistakable position.”

VB Holding AG, which is listed in the Prime Standard, ended the 2010 financial year with a marked increase in sales and EBIT. Group sales rose by some 6% to €800.0 million (previous year: €755.1 million). Hribar empha-

sized that the Group's management was keen to continue along the same path in the future.

Adjusted EBIT rose by over 33% to €13.2 million despite losses by the companies in Belgium, Italy and China, which are being restructured.

Hribar noted that efforts would redouble on bringing the affected companies back on the path of growth.

June 15, 2011 in the Haus der Wirtschaft building in Stuttgart: Rainer Hribar addressing shareholders.





Frieder Bangerter and Rainer Hribar at the 2011 Annual General Meeting

Outlook for the current 2011 financial year

The Executive Board views the outlook for the current 2011 financial year as good by and large. Sales growth in the Group is expected to continue to be in the mid single digits, and the company is aiming for an above average increase in operating profit (EBIT). Frieder Bangerter, VBH Holding AG's new CFO, also addressed the shareholders for the first time, and expressed optimism regarding the future as well. For 2011, Bangerter expects to see continued positive developments in Germany, strong growth in Eastern Europe and other markets, as well as smaller losses for the region comprising Western and Southern Europe.

The global government investment programmes in many countries are also likely to have a positive impact on sales. In Germany, the ongoing discussions about energy, among other things, are ensuring that the window market remains buoyant. Performance to date in the 2011 financial year confirms expectations of single digit sales growth this year. In the first 5 months, Group sales, at €294 million, increased by 8.7%.

Praise and approval for the Board

The resolutions proposed by the Executive and Supervisory Board met with broad shareholder approval. The shareholders present resolved to appropriate the net profit for the year as proposed, and approved the actions of the members of the Executive Board and the Supervisory Board by a large majority. There was also praise from the Association for Securities (DSW) and the Association for the Protection of Investors (SdK). Their questions at the AGM focused mainly on the amount of the dividend payout ratio, the situation in Greece as well as renovation measures in Belgium.



Rapt attention directed towards the podium during the AGM (above), and a cheerful Prof. Rainer Kirhdörfer following the meeting's conclusion (below).



Dr. Patrick Heinemann

Strategic corporate development strengthens the international markets of VBH

The “Corporate Development / M&A“ department now supports VBH subsidiaries abroad in developing and expanding international markets. The four-person team presides over extensive, multi-departmental experience and makes its in-depth VBH know-how available to the foreign companies.

The focus of the new department is on the strategic and operational development of individual regions and foreign subsidiaries. As such, the department supports the three strategic pillars of the Group, i.e. international positioning, the expansion of its proprietary greenteQ brand as well as the expansion and internationalisation of VBH service tools.

The team, lead by Dr. Patrick Heinemann, consists of Andrea Akuzun, Vera Noy and Margaretha Würfel. Together, they analyze and discuss topics which cut across subject-matter lines, on site and with local companies, and develop action plans which they shepherd through to implementation.

Patrick Heinemann consulted with VBH for several years as a project manager at Roland Berger Strategy Consultants and in this capacity was involved in strategic issues such as the introduction of the proprietary greenteQ brand and internationalisation. His move to VBH was particularly motivated by the prospect of a change of perspective, as he recounts in an interview.



VBH's markets are scattered around the globe – thus a potential topic for the company's strategic development

“Be active in international markets with the corporate culture of a mid-size company“

Dr. Heinemann, what prompted your decision to switch to company operations?

In the consulting firm I was able to participate in restructuring and corporate finance in connection with a number of exciting concepts and topics, and was able to acquire a wealth of experience. But there were only a handful of times in which we were tasked with implementing the ideas. So the question was regularly left open as to whether the supposedly analytically and conceptually correct idea would work in practice. Bridging this gap is particularly appealing to me.

What was it like to come on board at VBH?

Very cordial and professional. I had already been inspired by VBH's healthy mix of medium sized corporate culture and friendly and very professional staff, as well as by the international position-

ing. And since I've joined I can confirm these impressions as correct.

What is the task of your new department?

The new central department encompasses the two areas of strategic corporate development and Mergers & Acquisitions. Specifically, we support VBH regions and countries through market and competitive analyses and provide solutions to strategic (re) positioning, for example in terms of greenteQ and the internationalisation of VBH service tools for our customers.

The second pillar of our department, M&A, refers to activities surrounding takeovers and mergers. However, we understand this task in a broader sense, that is, all VBH activities regarding acquisitions or joint ventures are assessed centrally by our department, or even initiated based on our own proposals.

The topics sound exciting, but you can look after all the foreign subsidiaries at the same time?

Our team currently consists of three highly motivated people who bring on board extensive experience and broad expertise in different areas. So this gives us good functional coverage of the latest trends. But of course we consult with the Board when focusing on selected markets and companies.

Dr. Heinemann, Andrea Akuzun, Vera Noy and Margaretha Würfel





Karsten Kreibich

VBH gets fit to meet future challenges

VBH meets everyday challenges by being physically active and eating right. Recently, the occupational health programme “active.vital.” got underway, benefiting not only employees but ultimately also the customers as well.

In the global fittings business everything must happen quickly. Whether it be purchasing, international logistics, warehousing or shipping - VBH employees, no matter where they are, make every effort to ensure that customers are serviced in the best manner possible. And the latter can be confident that their orders are processed reliably

and delivered on time, which means that day-to-day activities at VBH - as at many other companies - are also marked by pressure to perform and suffer from an acute lack of time.

In order to avoid performance falloffs or even illness, VBH offers support for its employees in the form of occupational health programmes, which make them fit to meet daily challenges in the workplace. As part of this, this year saw the start of the active.vital. programme.

Free offerings and startup events encouraged employees to redouble their attention to their personal health, explains Karsten Kreibich, VBH Director Human Resources: “Our employees

are our most important resource, the people who tackle their daily jobs with dedication and know-how and still act in a calm, sensible and reliable manner. We want to use the occupational health programme to support them in remaining fit and healthy or to improve their health long term.”

Summer festival in Illsfeld – and an entirely different view of the central warehouse





Employees take off

Despite their job related pressures, Karsten Kreibich feels it is vital that his colleagues not lose sight of one particularly essential element: their own health. In light of this, Kreibich, together with a team of ten representatives from all departments, has drawn up an action programme encompassing the three major areas of diet, exercise and relaxation. Lectures by experts have already introduced employees to important aspects of health maintenance. These include, for example, the basics of healthy eating, tips and tricks for the prevention of cardiovascular disease, as well as approaches to personal stress management and drinking habits and the body's hydration requirements.

As part of a large collective kick-off, there are also five summer festivals at various locations in Germany to which all VBH employees and their families are invited. On site fitness trainers, in addition to providing detailed information, will present attractive fitness options and new relaxation techniques, and provide assistance with questions.

Among the most popular offerings are Nordic walking, Qigong, yoga and spinning. "We'd like to present a broad variety of activities at the summer festivals so that every employee finds what fits for him or her personally," says Kreibich. "Because it's not so important what activity one chooses, rather it's much more important that one regularly exercise." And other offerings are also designed to show that health maintenance does not equate to restriction, but can be fun. Healthy eating does not just mean salads forever, which is made clear by the cooking show at the VBH summer festivals.

The active.vital. programme has gone over very well among employees, and in order to maintain enthusiasm over the long term VBH is promoting its em-



Summer festival with customers and VBH employees, among others (photo below) members of the executive and supervisory boards and management, including Rainer Hribar, Klaus Meichner and Christian Leibing



employees' exercise endeavours in fitness studios on a long-term basis. In addition, each month features a day devoted to nutrition, exercise or relaxation, during which employees might be surprised with a small bowl of strawberries and information on seasonal fruits and vegetables.

VBH even wants to counteract the impending shortage in skilled workers as soon as possible. "For one, healthy employees are more motivated and productive, while on the other hand we are always striving to increase our attractiveness as an employer in order to retain highly qualified employees. This has a positive effect on work quality and ultimately on customer satisfaction," Kreibich notes.

Highly attractive employer

Despite the significant cost, the implementation of the occupational health management programme at VBH benefits not only employees but also the company and therefore its customers as well. In addition, the programme's introduction has made VBH better fit to meet the challenges of the future. These include ongoing societal change and the associated changes in the working and living conditions of an aging society.



Fitness, nutrition, relaxation: numerous topics are presented in lectures and exercises at the VBH summer festivals.





Debora Ziegler

Active and vital as a community

Deborah Ziegler studied health management at Aalen University, and since April has been involved at VBH with the implementation of the new workplace health maintenance programme. Her on-the-job experiences are incorporated into her Bachelor's dissertation.

Ms. Ziegler, you've been involved in implementing the active.vital. programme since the very beginning. How have the employees responded to VBH's offerings till now?

The response has been really great. We've been getting many requests from people who want to know what's next on the agenda. Interest is high, and many people want to use the opportunity to start or finally restart a regular fitness training programme. So a community action such as this one often makes things easier and also promotes a sense of community at VBH, of course.

What activities have you already been associated with?

Of course the biggest events were the summer festivals at five different locations, for example in Ilsfeld, Regens-

burg and Nempitz. They're spread out throughout Germany, so that all the staff from the 22 branches in Germany have an opportunity to participate. Several hundred took the opportunity together with their families to inform themselves and try out new activities. We had continual on-site support from professional fitness trainers who provided expert assistance. In addition, there were presentations on health topics, and in the cooking show everyone had a chance to learn about food and healthy eating.

What's up next after the summer events?

A team composed of VBH employees is planning regular events to provide ongoing motivation and to help a bit with suggestions on diet, relaxation and exercise. Additionally, all employees have access to free personalized advice on nutrition, and can take advantage of individualised health coaching. Of course all discussions, content and recommendations are confidential. And there will be course offerings in tandem with fitness studios, with VBH employees free to choose which courses they'd like to take advantage of.

What type of event outings are already in the works?

Of course I can't reveal that just yet! But what I can say is that it will always be a topic from one of the three areas of fitness, nutrition and relaxation. On the first outing we chose the theme of strawberries, the next time there might be something along the lines of relaxation, or keeping the body's water level in balance or stress management.

Thank you. We are excited, and wish you much success with your Bachelor's dissertation!



Surface coating with VBH

Surface finishing of window and door designs in the wood and aluminum segment through anodising or powder coating not only offers advantages in product durability. The process is economical as well as environmentally friendly. VBH provides its customers with active support in the planning and execution of coating work.

VBH customers have been able to take advantage of a special service since the turn of the millennium: the "Coating Services" department at the Ilsfeld location handles coating orders, coordinates the integration of all required components and supervises all scheduling and quality control from order to delivery.

"We are a service and performance oriented department with a focus on surface coating, where our main task is the implementation of wood finishes and anodising as well as handling special colors," said department director Barbara Fritsch. "Between sales, warehouse, suppliers and coaters, we form the hub and coordinate all the steps necessary through to the finished product."

In particular, the combination of different items, such as the profiles of different suppliers, window sills, shutters, flashings and sheet metal, can require a considerable amount of time - especially when the merchandise is not kept in stock. "Our customers benefit from our know-how as a dealer and by optimisation of the processes," Fritsch noted.

VBH works with various anodising and powder coaters for its finishes. All companies involved in anodising are licensees of the EURAS/EWAA quality label, and in addition they operate in accordance with the internationally recognized QUALANOD regulations and are ISO9001 certified. "By complying with these standards we can guarantee the best anodisation results. The surface is thus very resistant", said Fritsch.

Powder coating in 3,500 colors

During powder coating VBH also ensures adherence to international quality standards. A firmly established quality management system ensures complete documentation. The pre-treatment and coating of parts is carried out in modern computer controlled horizontal and vertical facilities. "In recent years powder coating has gained enormous importance because it is a very economical and environmentally friendly process," explains Fritsch. "And demand for our department's services has increased along with this."

Powder coating provides excellent protection against corrosion and chemical action, and solvent free processing

produces no harmful vapors. And with approximately 3,500 different colors available via RAL, RAL Design and NCS, nothing is left to be desired. But despite the steadily increasing demand, fair and cooperative partnership with customers and suppliers is important to Fritsch: "With our service we want to make our customers' lives easier. As such, flexibility and quality are always our top priority."



"Coating Services" - from left to right: Eckhard Futterlieb, Sabrina Gräfe, Barbara Fritsch, Laura Willwerth and Andre Baumgärtner

One million greenteQ double cylinders

The success story of the greenteQ profile double cylinder SX is an example of the successful rollout of VBH's private greenteQ brand: over one million units have already been delivered to window and door manufacturers - a testament to the high acceptance of the brand by customers. And a mark of the growing confidence worldwide in VBH's strict quality management when it comes to selecting products.



Double cylinder with emergency function and anti-picking

The brass, matt nickel-plated greenteQ profile double cylinder SX comes in a 6-pin standard profile with emergency function and is EN 1303:2005 /AC: 2008 and FZG 2010_01 certified. This means the cylinder can be opened and locked independently from both sides. In addition, drilling and core extraction protection provides additional security from the outside, while the mushroom pins also offer picking resistance.

The cylinders are available in 30 double-side variable lengths between 30/30mm and 50/60mm. All cylinders are supplied with three keys, whereby customers can choose between 'keyed different' and 'keyed alike' versions. Keyed different means that each cylinder has different locking, so that the three keys provided do not fit into any other cylinder. In keyed alike versions, all double cylinders have

the same locking and can be opened and closed with one key. Upon request, additional keys or key blanks are available for both versions.



Portrait José Madrazo

VBH opens logistics centre in Panama

The new VBH logistics centre is located very close to the entrance to the Panama Canal on the coast of the Caribbean Sea, on the narrowest point of the American continent.

In the city of Colón, to be precise, whose name derives from the Spanish name of Christopher Columbus. It almost sounds like the introduction in a travel brochure, but in fact it is the world's second largest duty free zone, which naturally is the strategic context which proved the decisive factor in choosing the location for the new logistics centre.

"We were looking for a suitable central location which would allow us to supply our customers quickly, efficiently and inexpensively in South American countries in which we have no local branch," explained José Manuel

Madrazo, Vice President Spain and America.

"The duty free zone in Colón is optimally suited for this."

Supplying countries in Europe is infeasible due to long transport times, up to 4 weeks. Although VBH has had branches in Mexico since 2006 and in Argentina since 2009, high import duties levied when conveying goods between countries within Latin and South America would also unnecessarily drive up product prices.

Strategic advantages for customers

VBH thus opted for the strategically advantageously located Colón duty free trade zone, which in addition to its geo-

graphically privileged location boasts well developed infrastructure and sea and air routes. Panama is bordered to the West by Costa Rica and by Columbia to the East. "The advantages for our customers are short delivery times and low transport costs, and duties only need to be paid once," explained Madrazo. Since the VBH warehouse is located in a free trade zone, customers can take delivery as if they were being supplied directly from Europe.

Although the Latin American market is still rather small, high growth rates are being predicted for the coming years. "We want to be prepared in advance for this, which is why we've already got operations up and running here," explained Madrazo. "Right now we're sowing the fruits which we'd like to harvest in a few years."

Panama evokes images of the Panama Canal, one of the world's most important commercial routes





Buenos Aires: Batimat Expovienda

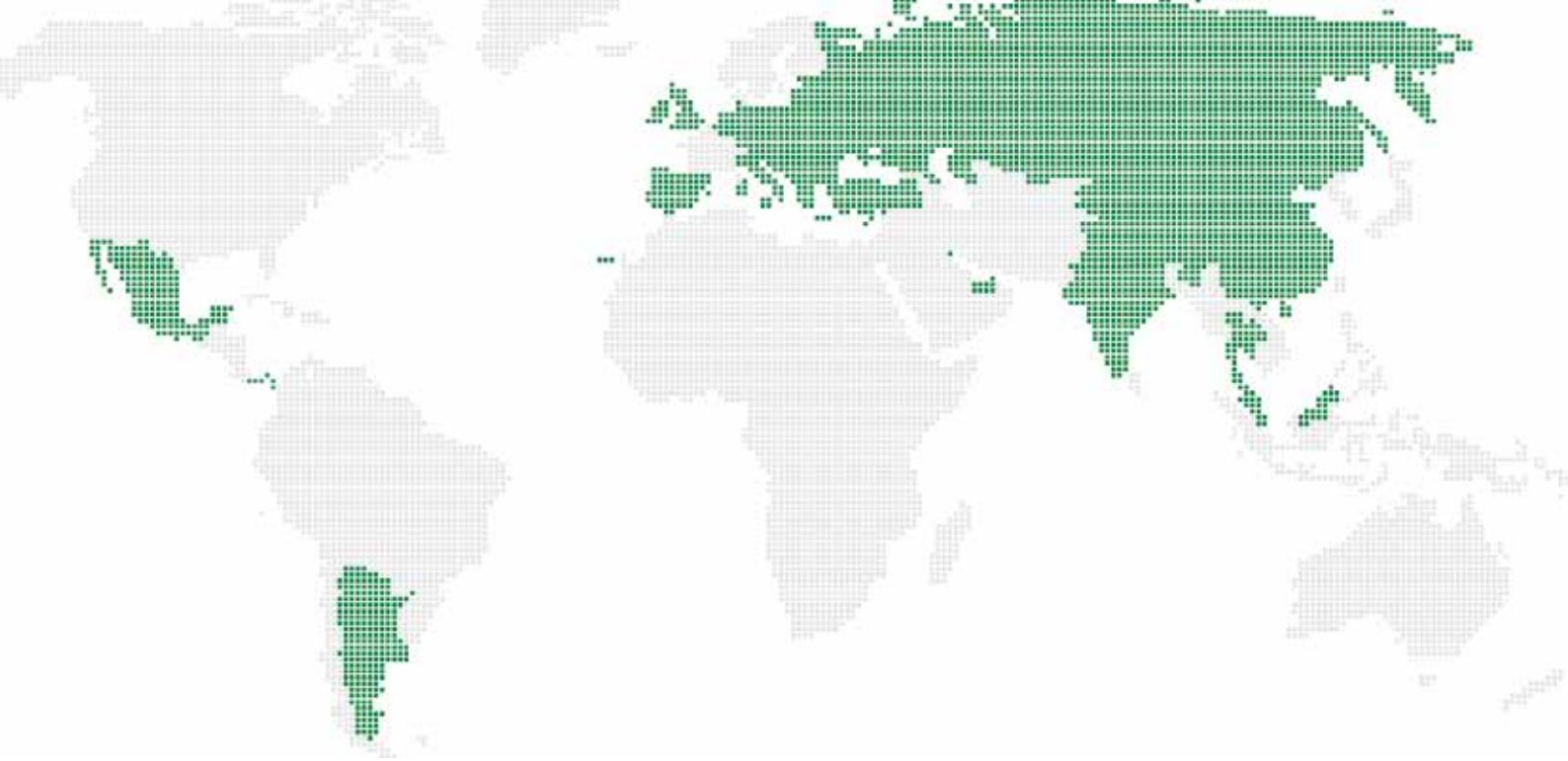
The VBH stand at this year's Batimat trade show in Buenos Aires reflected the favourable developments at VBH Argentina: the Argentinian subsidiary doubled its presence in only its third year participating at the show. As a result, the stand offered sufficient space to showcase the full range of window and door fittings as well as other accessories. Even the ever growing greenteQ range of products had its own presentation space, and naturally the latest greenteQ products were introduced and demonstrated at the show. Visitors displayed substantial interest. Talk also centred on the opening of the new VBH logistics centre in Panama, from which the entire Latin American market can be supplied. VBH's team in Argentina was very satisfied with the show's results.



Photo left: Elena Di Blasio and José Manuel Madrazo (Junior).

UP L to R: Elena Di Blasio (Marketing) – José Manuel Madrazo (Latin America Sales Manager) – Gaston Gaccetta (General Manager) – Guglielmo Vlach (Guest) (Region Finance controller) – Julio Prado (Warehouse responsible) – Julian Castello (inside sales dept.)
DOWN L to R: Nestor Oliva (warehouse worker) – Paola Di Blasio (finance & Administration)





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