



H1 2015 interim report of VBH Holding AG dated 19 May 2015

Publication pursuant to section 37 x WpHG

Preliminary remark:

Please note the legal notice at the end of the report.

Market development:

In the first months of the year, the global economy posted stable growth that largely matched the pace of growth in the previous year.

In the first quarter of the previous year, the construction industry benefited considerably more from the favourable weather conditions than in the current year.

In Germany, the most important market for VBH, the ifo Business Climate Index for the construction industry rose again in April 2015 after six consecutive decreases. Construction companies are perceptibly more satisfied with their current situation and the outlook for the coming months has also improved somewhat.

The overall political and economic situation in key markets had a negative effect on business performance in the sector. This led to a significant decline in demand in the first quarter of 2015, particularly in the CIS countries.

Business development:

This market situation is also reflected in the VBH Group's business development. Consolidated sales declined by around 6 % year on year from € 136.5 million to € 128.7 million in the first quarter of 2015. In Germany, sales were down roughly 6 %. A positive sales development in Western and Central Eastern Europe with growth rates of around 3-4 % was not enough to compensate for the declines in CIS countries (-28 %).

In earnings, the decline in sales was partly offset by an increase in the gross profit margin, with the effect that earnings before taxes (EBT) amounted to € -5.5 million in the first quarter of 2015 after € -4.5 million in the same period of the previous year.

Working capital increased in comparison to the balance sheet date due to seasonal factors, but was constant compared to the same quarter of the previous year.

In the 2015 financial year to date, the commercial banks and the three largest shareholders (major shareholders with approximately 79 % of the shares in total) provided VBH with sufficient liquid funds in the form of loans to carry out its business activities. As of 31 March 2015, consolidated net debt had been reduced slightly compared to the same period of the previous year.

The largest subsidiary in Germany, VBH Deutschland GmbH, recorded sales declines in the past two financial years. The downward trend caused by customers moving away to competitors that began in 2013 after the introduction of an ERP system was not entirely halted in 2014. In addition, there was a market-driven decline in demand in the second half of 2014. In order to counter this development, the Executive Board resolved to initiate an extensive restructuring and strategic reorientation of VBH Deutschland GmbH starting from the second quarter of the 2015 financial year. The associated rise in fluctuation is being countered with an intensive search for personnel. Implementation of the restructuring measures has already begun in some cases. This particularly includes optimising logistics and increasing delivery capacity.



Risks to the Group's continued existence as a going concern:

The main financing of the VBH Group is ensured with a syndicated loan. As announced in the ad hoc disclosures dated 2 April 2015 and 30 April 2015, VBH is currently in negotiations with five syndicate banks regarding the conclusion of a new syndicated loan agreement. To examine the resilience of the Group planning in light of the strategic orientation in Germany and the political and economic developments in the CIS region, an expert management consultancy has been commissioned by the Executive Board – in agreement with the Supervisory Board – to prepare a restructuring/reorganisation report for the VBH Group. To allow the results of the restructuring/reorganisation report, which was yet finalised, to be incorporated in the financing agreement, an agreement concluded with the syndicate banks that had initially been limited until 30 January 2015 and was extended until 30 April 2015 and then until 30 June 2015 by way of two standstill agreements in order to allow financial covenants to be defined for the future in the context of the syndicated loan and to suspend the formal termination of the syndicated loan agreement. On 30 April 2015, VBH concluded a term sheet with the syndicate banks that regulates the key points (terms and conditions) for the revised version of a syndicated loan agreement. Based on this term sheet, a new syndicated loan agreement is to be concluded by no later than 30 June 2015. On 19 May 2015, the banks approved the final restructuring/reorganisation report, which confirms a very strong probability of restructuring being required for the VBH Group and includes a positive outlook for its continuation as a going concern.

As part of the financial restructuring, the Executive Board plans to propose to the shareholders at the next Annual General Meeting that a simplified capital reduction be implemented with a subsequent capital increase in exchange for cash contributions (cash capital increase) in which the company is to receive cash funds in the amount of € 26 million. All shareholders are to be granted the statutory pre-emption rights. In order to implement the cash capital increase, VBH has concluded bilateral agreements with each of the major shareholders under which these major shareholders undertake to subscribe to the cash capital increase in the amount corresponding to the extent of their participation and if necessary – in the event that the other shareholders do not exercise their pre-emption rights – in full with a corresponding contribution commitment of € 26 million.

As this syndicated credit line constitutes the Group's main source of financing, it is a substantial factor in the continued existence of the Group. The revised version of the syndicated loan agreement and the bilateral agreements with the major shareholders are subject to a framework of in some cases mutually dependent conditions. Based on current knowledge, the Executive Board assumes that the individual conditions are highly likely to be met and that there is a positive forecast for the Group's continuation as a going concern. This positive forecast depends on the successful implementation of restructuring measures.

Other:

On 3 March 2015, the Executive Board announced in an ad hoc disclosure that the Supervisory Board had appointed Mr Christoph Schill as a member of the Executive Board effective 3 March 2015. The former Chairman of the Executive Board, Mr Oliver Rupps, left the Executive Board of the company as at 16 March 2015. The two active members of the Executive Board will manage the company jointly; there are no plans to appoint a new Chairman of the Executive Board.

The shares of VBH Holding Aktiengesellschaft (ISIN DE0007600702 / WKN 760070) are currently admitted for trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the segment of the regulated market of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard). On 19 May 2015, the Executive Board resolved to apply for the admission for trading in the Prime Standard of the Frankfurt Stock Exchange to be withdrawn; the shares' admission to the regulated market (General Standard) is to remain unaffected. This change in transparency level within the regulated market is intended to reduce the additional expenses for the company that are associated with a listing in the Prime Standard.

The withdrawal of admission will take effect regularly three months after the withdrawal decision has been published online (www.deutsche-boerse.com) by the management of the Frankfurt Stock Exchange.



Note:

The Executive Board explicitly states that the above key figures and other disclosures are based on the assumption of the company's continuation as a going concern. Where the above key figures/other disclosures relate directly or indirectly to the annual or consolidated financial statements as at 31 December 2014, it should also be noted that the annual financial statements and the consolidated financial statements have not yet been audited conclusively or issued with an audit opinion by the company's auditors and also have not been approved/adopted by the Supervisory Board or the Annual General Meeting.

Korntal-Münchingen, 19 May 2015

VBH Holding AG

The Executive Board