

Press release

Increased margins and results in a more difficult international building market place

Net earnings of 2.3 million euros

- **Turnover: 319.6 million euros (1H2006: 316 million euros)**
- **EBITDA: 27.1 million euros (1H2006: 20.7 million euros)**
- **EBIT: 9.6 million euros (1H2006: -3.5 million euros)**
- **Earnings before tax: 5.7 million euros (1H2006: -11.1 million euros)**
- **Net earnings: 2.3 million euros (1H2006: -9.8 million euros)**

Hooglede-Gits, 27 July 2007. – The Deceuninck Group, one of the world's leading producers of PVC window systems and building profiles, said today that it achieved positive net earnings of 2.3 million euros in the first half of 2007. Operating cash flow amounted to 27.1 million euros, an increase of 30.8% over the first half of 2006. The operating earnings (EBIT) amounted to 9.6 million euros in 1H2007, against the 1H2006 level of a negative 3.5 million euros.

Turnover

Turnover during the first half of 2007 was 319.6 million euros, against 316 million in the first half of 2006. The overall increase in turnover of only 1.1% is explained by the fact that there was a dramatic decline in volumes in the United States due to the ongoing crisis in the housing market and a weak dollar.

Leaving the United States out of the picture, turnover rose by 8.8% to 270 million euros.

Good geographical spread of turnover proved its worth. While Deceuninck in the Benelux and France achieved strong growth, turnover declined in Germany. The cause of that decline can be found in the unexpected decline in demand for building permits for residential new construction in Germany. Turnover in Western Europe rose, during H1, by 2% overall.

In the growth markets of Eastern Europe and Turkey, turnover growth of 15% and 20%, respectively, was recorded.

Operating results

1. EBITDA

Operating cash flow amounted to 27.1 million euros, an increase of 30.8% over the first half of 2006. Deceuninck attributes the 6.4 million euro increase in operating cash flow primarily to the worldwide success of passing increased raw materials and energy costs to the market and a decline in costs. If the raw materials prices remain constant in 2007, the current level of sales prices should make it possible for Deceuninck to compensate for the 14 million euro deficit suffered in 2006.

2. EBIT

Operating earnings (EBIT) amounted to 9.6 million euros against negative operating earnings of 3.5 million euros a year earlier. In comparison with 2006, particular fixed assets were depreciated over a longer period following an analysis of their economic life expectancy. The estimated positive effect of the depreciation on the first-half

earnings amounts to 5 million euros. On a comparative basis, operating earnings rose by 8 million euros to 4.6 million euros.

3. Financial results

The financial results were primarily favourably influenced by the interaction of dollar/euro exchange rates on loans.

4. Tax rates

The relatively high tax rate is primarily due to the unfavourable effect of high tax rates in the countries where Deceuninck achieved good operating earnings.

5. Net financial debt

The net financial debt amounted to 230.3 million euros and is in line with the financial debt at the end of June 2006.

6. Investments

Investment expenditures for 1H2007 amounted to 30.8 million euros. That relates to the previously announced constructed of new extrusion factories in Russia and Turkey and the new warehouse with office building in Toledo, Spain. During the first half, the extrusion capacity for Twinson was also increased further. Investment expenditures for 2007 are not expected to exceed the planned 50 million euros.

Actions to improve results

1. Price increases

The intention to pass increases in raw materials and energy costs on to the market, which was announced earlier, was implemented worldwide. During the first half, PVC prices in Europe were an average of approximately 10% higher than during the first half 2006. Those higher expenditures were offset, however, by - among other factors - lower raw materials prices in the United States, where the CMAI index indicator was 8.5% lower than during the same period last year. Since January 2007, however, the cost for PVC resins in the United States has increased by 15% in dollar terms. Further developments in raw materials costs will be monitored closely during the second half of the year.

2. Streamlining of plants

Cost-savings resulting from the accelerated optimisation of the operational activities in the United States have had a positive impact on earnings since May. As was announced previously, the activities of the production and logistic plant in New Jersey were transferred to the existing plants in Monroe (OH) and Little Rock (AR). Deceuninck continues to monitor the developments in the various building markets closely. Adjusting the operational activities to meet the changed market conditions continues to be a point of attention in order to be able to respond quickly when necessary.

Prospects

"Deceuninck has managed to turn the tide swiftly by being able to act quickly and purposefully during periods of change in market conditions. Our innovative Zendow, Inoutic, Deuctone & Twinson products have been successful. During the second half of the year, the sales volume is traditionally higher than during the first half. In spite of the current high levels for raw materials prices, the measures that we have taken give us sufficient confidence that we will achieve operating cash flow of more than 10% of turnover on an annual basis. In concert with the PVC price evolution, the development of the activities in the American and German housing markets especially will be followed closely. We therefore strongly believe that we shall achieve the announced targets," according to Clement De Meersman, CEO of the Deceuninck Group.

About Deceuninck

Deceuninck is an integrated group of world format, specialised in compounding, tool fabrication, design, development, extrusion, finishing, recycling and injection moulding of PVC-U window systems and profiles and gaskets and wood composite applications for the building industry. The company is active in more than 75 countries, has 35 subsidiaries (production and/or sales) and is supported by 2.900 personnel, 710 of them in Belgium. In 2006 the Deceuninck Group achieved consolidated sales of 663 million euros.

Notes

The notes on the interim financial statements in accordance with IAS 34 and the external auditor's report will be available on the website before the end of September.

(End of Press Release)

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Summary of the half-year figures for the Deceuninck Group (June 2007)

The results shown below (both 2006 and 2007) are reported in accordance with International Financial Reporting Standards.

The results presented as at 30 June 2007 have not been subjected to an external audit.

Figures in million euros	30.06.07	30.06.06	Var %	31.12.06
	Not audited			Audited
Turnover	319,584	316,032	1.1	662,695
EBITDA (1)	27,094	20,711	30.8	53,453
EBITDA margin	8.5	6.6		8.1
EBITA (2)	9,632	-3,491		-1,709
EBITA margin	3.0	-1.1		-0.3
EBIT (3)	9,632	-3,491		-21,466
EBIT margin	3.0	-1.1		-3.2
Financial result	-3,931	-7,580	-48.1	-12,122
EBT (4)	5,701	-11,071		-33,588
% of sales	1.8	-3.5		-5.1
Net result before goodwill (5)	2,291	-9,822		-15,212
% of sales	0.7	-3.1		-2.3
Taxes	-3,283	1,262		1,224
Consolidated result	2,418	-9,809		-34,812
% of sales	0.8	-3.1		-5.3
Group result	2,291	-9,822		-34,969
% of sales	0.7	-3.1		-5.3

EPS (non diluted) (6)	0.11	-0.46		-1.64
EPS before goodwill	0.11	-0.46		-0.71

Equity (9)	190,697	210,938		190,583
Total assets	622,229	612,699		558,164
% Equity	30.6	34.4		34.1
Net debt (7)	-230,252	-230,535		-184,638
Working capital (8)	185,956	184,185		142,145

(1) EBITDA = Earnings Before Interest, Taxes, Depreciation, Amortization and Provisions

(2) EBITA = Earnings Before Interest, Taxes, Amortization of goodwill

(3) EBIT = Earnings Before Interest and Taxes

(4) EBT = Earnings Before Taxes

(5) Net result before goodwill

(6) EPS (non diluted) = Earnings per share

(7) Net financial liabilities = cash and cash equivalents - financial debt

(8) Working capital = trade receivables + inventories - trade payables

(9) Equity = equity including minority interest