

Press release

Deceuninck: 9% increase in turnover in Europe and Turkey, consolidated turnover in Q2 increases with 2,9% to € 177.7 million

United States still under pressure with a 24% decrease in turnover
PVC resin prices in Europe and the United States rise further

Hooglede-Gits, 12 July 2007. – Deceuninck, leading worldwide producer of PVC window systems and building profiles, reports today that turnover in Turkey and Europe combined has risen by 9%. Expressed in euros, the turnover in the United States declined as expected by 24% compared with the same quarter of 2006. The consolidated turnover amounted to € 177.7 million (2006: € 172.6 million). The evolution of the volume, the changes to the product mix in combination with higher sales prices contributed 4.6% to the consolidated quarterly turnover. The non-comparable quarterly turnover and currency combined to give a negative impact of 1.6% on the consolidated quarterly turnover. The consolidated turnover for the first semester amounted to € 319.7 million (2006: € 316 million).

Regional trends

Europe and Turkey

In Europe, the quarterly turnover rose by 7%, primarily driven by strong demand in virtually all regions in Eastern Europe, the Benelux and in France. The most surprising increase in turnover was in the regions of Russia, the Baltic States, Romania, and former Yugoslavia, where increases exceeding 20% were achieved.

Western Europe was characterised by contradictory trends. Turnover in the Benelux, France, and Spain evolved favourably. Those regions owe their double digit growth primarily to the innovative Twinson and Zendow products as well as the Deuctone colour strategy for windows systems.

A clear break with the trends of the previous quarters was noted in the German market. As a result of the drastic decline in applications for new residential building permits since the second semester of 2006, there was a significant decline in in-coming orders. The strong decrease in demand from the new-build segment could not be compensated for fully by the increased demand for good insulation products for the residential renovation segment and the increased demand in the non-residential market. The most recent market studies however continue to forecast stagnation in demand for PVC window systems in the German market for all of 2007.

Expressed in Euros, turnover in Turkey rose by 19% in comparison with the second quarter of 2006. The presidential and parliamentary elections had a negative impact on the economy, which was reflected towards the end of the quarter in a slight delay in turnover growth. The Turkish Lira, on the other hand, was able to hold its ground against the Euro and was worth an average of 5% more during the second quarter than during the same period last year.

United States

The turnover decline in the window systems division of Deceuninck North America was less strong than it had been in the first quarter, primarily due to the acquisition of new clients and demand from the renovation segment. Demand for wood composite decking remained weak and was therefore unchanged compared with the first quarter. That is the primary explanation for the 17% turnover decline expressed in U.S. dollars during the second quarter when compared with the same period in 2006. During the first quarter, turnover declined by 25%.

The accelerated restructuring of the operational activities in the United States, intended to achieve substantial decreases in the cost structure is already showing clearly improved profitability in spite of ongoing difficulties in the housing market.

Prices of raw materials

The KI index for the PVC resin prices in Europe rose during the second quarter by 7% in comparison with the same period in 2006. The high level of raw materials prices are due, on the one hand, to the high prices for ethylene and the high demand for PVC resins, and, on the other hand, by limitations on the supply side. The high ethylene prices also explain the only minor decrease in the PVC resin prices in the United States by approximately 2% in comparison with the same quarter in 2006. Stagnation at the same high level in the prices for raw materials is expected for the second half of the year.

Outlook

"We expect that the trends from the second quarter will continue during the second half of the year, with the decline in the United States being less strong. In spite of the limited growth of the turnover figures during the first half of the year, we are maintaining our forecast for a consolidated increase in turnover of 5% for all of 2007. We remain on target for the EBITDA of at least 10% for all of financial year 2007," according to Clement De Meersman, Managing Director of Deceuninck.

The half-yearly financial results will be presented on Friday 27 July 2007 before the markets open.

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.

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