

Press Release

Under embargo until Thursday 15 January 2009 at 7:30 a.m.

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Deceuninck: worldwide recession and strong Euro affect fourth quarter turnover

Turnover in the 4th quarter amounts to 140.7 million Euros (2007: 158.3 million Euros). Turnover in 2008 amounts to 629 million Euros (2007: 656.6 million Euros). Excluding the United States, the annual turnover for 2008 increases by 1.1%.

Hooglede-Gits, 15 January 2009 – Today, Deceuninck announces that the turnover during the fourth quarter has decreased by 11.1% to 140.7 million Euros (2007: 158.6 million Euros), with a decrease in volume of 13.3%. The changed product and price mix had a positive impact of 4.7%. The devaluation of most currencies compared to the Euro – mainly the Turkish lira and the British Pound Sterling – affected the turnover further, having a negative impact of 2.4%. With steady currency exchanges, the decrease in the fourth quarter turnover would have been limited to 8.7%. The annual turnover for 2008 amounts to 629 million Euros, compared to 656.6 million Euros in 2007.

Regional trends

Fourth quarter

In Europe, sales dropped by 10% during the fourth quarter, while the sold volume dropped by 11.5%.

What was remarkable, on the one hand, was the fact that the credit crisis and the reduced consumer confidence affected the turnover in most mature markets in Western Europe, as well as in the growth markets of Central and Eastern Europe. On the other hand, against the general trend, the turnover in the Belgian market increased by 9%. Also in France, Deceuninck managed to more or less maintain its turnover.

In Eastern Europe, the turnover decreased in all regions, with the exception of Poland and most countries in South East Europe.

In Turkey, the sold volume on the local market decreased slightly, while the volume decline on the Turkish export markets was similar to what was noted elsewhere in Europe.

In the United States, there are no prospects yet of a soft landing. In dollar terms, the turnover decreased by 26%. The weak demand and the mid-week end of year public holidays, have prompted the building suppliers in the United States to extend their end of year shut down by a few weeks. In previous years, apart from the public holidays themselves, hardly any shut down period occurred.

Full year

On an annual basis, the turnover amounts to 629 million Euros, which is a decrease of 4.2% when compared to 2007. With steady currency exchanges, the reduction would have been limited to 2.2%. On an annual basis, the changed product and price mix had a positive effect of 1.1%. The sold volume decreased by 3.3%. Excluding the United States and with steady currencies, the annual turnover would have increased slightly by 1.1%.

In Europe, Deceuninck managed to increase the turnover in the most important markets, with the exception of the United Kingdom, Spain and Poland.

As a result of the weakening of the Turkish lira compared to the Euro, the turnover in Turkey decreased by 3%. However, the sold volume in Turkey increased by 3%, mainly thanks to an increase in sales in export markets and the continued success of coloured window systems in Turkey itself.

Costs of raw materials

The weak demand during the second half of the fourth quarter and the expected decrease in the prices of ethylene for the first quarter of 2009, is putting pressure on PVC resin prices.

According to the KI index, the average PVC resin price in Europe has increased by 2% over the course of 2008 when compared to 2007.

Prospects

The annual results for the year 2008 will be announced prior to the stock exchange opening on Thursday 12th March. The hoped for change in the exchange value of the Turkish lira compared to the Euro and, mostly, the dollar has not materialised. As a result, Deceuninck stands by its expectations of a negative result. Deceuninck continues to investigate the possibilities for strengthening its capital structure and will communicate as soon as more concrete information is available. Furthermore, Deceuninck continues the negotiations with its noteholders.

"After the United States, the United Kingdom and Spain, Deceuninck has now also experienced the negative impact of the credit crisis on its activities in the rest of Europe and Turkey during the last quarter," says Clement De Meersman, managing director of the Deceuninck Group. "2009 will also be a difficult year. Only at the end of the first half of the year will we be able to evaluate whether the numerous measures by governments, which have been implemented in many countries in order to support residential building by amongst others an improvement of the energy-efficiency of buildings, will be sufficient to turn things around. During the fourth quarter, various projects were started to optimize the assets portfolio and to bring the costs and capacities more quickly in line with the changed market conditions, as an extension of our cost optimisation projects in the United States and the "Local for Local" project in Germany," concludes De Meersman.

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 composite applications for the building industry. The company is active in more than 75 countries, has 33 subsidiaries (production and/or sales) and is supported by 2.940 personnel, 680 of them in Belgium. In 2008 the Deceuninck Group achieved consolidated sales of 629 million euros.

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