

## Press Release

**Under embargo until Thursday 12 March 2009 at 7:30 a.m.**

*The information contained in this press release is regulated information as defined in the Royal Decree of 14 November 2007 in respect of the obligations of issuers of financial instruments that are authorised to trade on a regulated market.*

## Deceuninck: 2008 annual results

- **Sales: 629.9 million Euros (2007: 656.6 million Euros)**
- **EBITDA: 30.4 million Euros (2007: 60.0 million Euros)**
- **REBITDA: 32.8 million Euros (2007: 60.0 million Euros)**
- **EBITA: -15.0 million Euros (2007: 18.3 million Euros)**
- **Impairments and provisions: 18.3 million Euros)**
- **Net consolidated result: -37.4 million Euros (2007: 5.5 million Euros)**
- **Reduction of net financial debt to 163.3 million Euros (2007: 178.3 million Euros)**

**Hooglede-Gits, 12<sup>th</sup> March 2009.** – With the announcement of the annual results for financial year 2008, the Deceuninck Group looks back on a turbulent year. Starting in the fourth quarter, the global economic recession led to volume declines in Europe, following the pattern set in the United States. Turnover declined by 4.1% to EUR 629.9 million. Operational cash flow (EBITDA) is at EUR 30.4 million (2007: EUR 60 million) while operational cash flow from normal activities (REBITDA) amounted to EUR 32.8 million. Impairments (EUR 13.1 million) and one-time reorganisation provisions (EUR 5.2 million) imposed additional pressure on the net result.

The impact of unfavourable foreign-exchange rates on the net result amounted to EUR 20.2 million, EUR 12.5 million of which occurred during the fourth quarter.

Weak exchange rates and one-time provisions combined to have an impact of EUR 30.8 million on the net result, starting in the fourth quarter.

Deceuninck Group closed the year with a consolidated net loss of EUR 37.4 million.

### Turnover

Annual turnover amounted to EUR 629.9 million, compared to EUR 656.6 million in 2007. Weak currencies versus a strong euro had a negative impact on turnover of EUR 13 million. Up to the end of October, there had been increased demand in the Benelux, France, Germany and most Eastern European growth regions. The success of the Twinson® wood-composite products made a major contribution to that result, with growth of 70%. Beginning in November, virtually all markets were suffering under the pressure of the global economic crisis. In the United States, turnover declined by 32% (expressed in euros). The weakness of the Turkish Lire also led to a decline in turnover in that market by 3%, while the actual volumes sold rose by 3%.

## Operational results

The **Earnings Before Interest, Taxes, Depreciation, Amortisation and Provisions (EBITDA) (EBITDA)** amounted to EUR 30.4 million. That figure includes EUR 2.4 million for restructuring costs in Germany and Central Europe.

The **Earnings Before Interest, Taxes, Depreciation, Amortisation and Provisions from normal activities (REBITDA)** amounted to EUR 32.8 million. The decrease of EUR 27.2 million in comparison to 2007 is primarily attributable to the decline in turnover and production volume and the negative impact of foreign-exchange rates. The share of the foreign-exchange rates in the decline is EUR 12.9 million. That relates primarily to the British Pound Sterling, the Turkish Lira and the Russian Ruble. Increased costs of raw materials and increased operational costs were compensated by higher sales prices.

The **Earnings Before Interest, Taxes, Amortisation of goodwill (EBITA)** amounts to a loss of EUR 15 million compared to a profit of EUR 18.3 million in 2007. A goodwill impairment in the United States and Germany in the amount of EUR 8.2 million was booked. The **Earnings Before Interest and Taxes (EBIT)** therefore amounted to a loss of EUR 23.2 million. The EBIT was adversely affected by EUR 5.2 million in respect of provisions for the various reorganisation and consolidation projects. The result was also exceptionally affected by an impairment of EUR 4.9 million on assets in the United States and in Europe.

The **consolidated net group loss before taxes** amounts to EUR 39.9 million. In comparison to 2007, unfavourable exchange rates, primarily the US dollar and the Turkish Lira, had an adverse impact of EUR 7.3 million on the financial result.

The **consolidated net group loss** amounts to EUR 37.4 million versus a net group profit of EUR 5.5 million in 2007. The 2008 result was favourably affected by EUR 2.5 million in deferred tax debits that had been booked by the subsidiaries with the expectation that they will be able to recover the tax losses in the coming years.

**Net financial debt** was reduced by EUR 15 million in comparison with the end of 2007. At the end of December 2008, they amounted to EUR 163.3 million. This positive development is due to strict policies with regard to the working capital. At the end of 2008, the **working capital** amounted to EUR 78.1 million versus EUR 131.3 million at the end of 2007

**Capital expenditure** amounts to EUR 35.4 million. Approximately three-quarters of that capital spend occurred during the first half of the year and was in respect of investment projects that had been started in 2007.

## Dividend

At the general shareholders meeting scheduled on 12<sup>th</sup> May 2009, the Board of Directors will recommend not paying out any dividend for the financial year 2008.

## Review of 2008

Mr Pierre-Alain De Smedt, Chairman of the Deceuninck Group: "As a worldwide supplier of products for residential construction, Deceuninck had to face a confluence of unfavourable macro-economic circumstances in 2008, as a result of which the order book declined suddenly and drastically starting at the end of October. Housing markets that worsened around the world, weak currencies, volatile raw material and fuel prices, a global decline in consumer confidence and the financial crisis were the basic ingredients for the results that we are presenting today. The results were further depressed by impairments in accordance with IFRS regulations, and provisions for ongoing projects."

"The Board of Directors has taken difficult decisions that should ensure that Deceuninck emerges stronger from this crisis over the medium term. The management structure has been strengthened. The discussions with the lenders are going well. We have agreed with them a short-term plan for the negotiations regarding the restructuring of the financial debt, after which we can start the project for strengthening the balance structure," Mr De Smedt says.

## Outlook 2009

"The current economic context remains uncertain. All of the macro-economic indicators predict a difficult year. Deceuninck is assuming that demand will decline substantially in most markets. Under these circumstances, the focus for the short term is on cash-flow generation, cost control and management of the net financial debt. Additional reductions of our cost base will be necessary in order to meet the challenge of the decline in demand. As a result, the operational activities in the United States, the United Kingdom and Poland will be optimised further over the short term. Where possible, use will be made of the legal provisions related to economic unemployment. The plans are being evaluated by subsidiary and by division on a weekly basis, and coordinated with the actual development of the order book.

Meanwhile we are also seeing that government measures to stimulate the economy in various European countries include incentives related to **energy-efficient construction** or renovation. With their outstanding thermal and acoustic insulating properties and good price:quality ratio, the Zendow® and Inoutic® window systems are well positioned to respond to that trend. In combination with the patented Decoroc® colour technology, Deceuninck window systems are in a unique position to combine energy-efficient, aesthetic *and* economic construction. With our woodcomposite technology, Twinson®, we have grown to become the market leader in Europe. The turnover increase of 70% in 2008 and the successful launch of new applications at the Belgian building fair, Batibouw, confirm our faith in the future prospects of this innovative material for Deceuninck.

We are now concentrating our efforts on branding and innovation of these strong products. We are looking forward with confidence to the implementation of the restructuring plans, after which we shall emerge from this recession with a stronger Deceuninck. The results of 2009 will also be under pressure from provisions for cost optimisation projects. Starting in 2010, we expect – under unchanged macro-economic circumstances – to once again end the year with a positive net result," according to Tom Debusschere, CEO of the Deceuninck Group.

Change to the calendar of the shareholders:

Tuesday 12<sup>th</sup> May 2009: interim statement (instead of 1<sup>st</sup> quarter trading update on Thursday 16 April).

Thursday 20<sup>th</sup> August 2009: announcement of the half-year results (change from Thursday 30 July 2009).

## 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 35 subsidiaries (production and/or sales) and is supported by 2.810 personnel, 660 of them in Belgium. In 2008 the Deceuninck Group achieved consolidated sales of 630 million euros.

(End of press release)

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## Facts and figures of the Deceuninck Group

The results stated below (both for 2007 and 2008) are reported in accordance with IFRS (International Financial Reporting Standards) standards.

The accounting data, included in the press release, have not yet by been audited by the auditor

Amounts in millions of Euros	31.12.07	31.12.08	Change
Turnover	656,569	629,857	-4.1%
EBITDA (1)	60,044	30,425	-49.3%
EBITDA margin	9.1	4.8	
EBITA	18,310	-14,992	
EBITA margin	2.8	-2.4	
EBIT (operational result) (3)	18,310	-23,205	
EBIT margin	2.8	-3.7	
Financial result	- 11,252	-16,652	+48%
EBT (4)	7,058	-39,857	
% of turnover	1.1	-6.3	
Net result for before goodwill (5)	5,294	-29,153	
% of turnover	0.8	-4.6	
Taxes	-1,518	2,479	
Consolidated result	5,540	-37,378	
% of turnover	0.8	-5.9	
Group result	5,294	-37,366	
% of turnover	0.8	-5.9	
EPS (non diluted) (6)	0.25	-1.73	
EPS before goodwill	0.25	-1.35	
Equity capital (7)	193,741	137,105	
Total assets	579,042	519,611	
Own capital in % of balance total	33.5%	26.4%	
Net debt (8)	-178,306	-163,257	
Working capital (9)	131,346	78,143	

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

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

(3) EBIT = Earnings Before Interest and Taxes = operational result

(4) EBT = Earnings Before Taxes

(5) Net result before goodwill = Current net profit

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

(7) Equity capital = Equity capital including minority stake

(8) Net financial debt = cash and cash equivalents – financial debts

(9) Working capital = clients + stock – suppliers