

## Press Release

**Under embargo until 8.00 AM on Tuesday 12 May 2009**

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# Interim statement

**Hooglede-Gits, 12 May 2009. Today Group Deceuninck reports that sales of 102.3 million euro were achieved in the first quarter (2008:136.6 million euro). Negotiations with the lenders are continuing in a favourable climate. Deceuninck hopes to finalise them soon.**

### Consolidated sales 1<sup>st</sup> quarter

Sales in the first quarter were 102.3 million euro -107.2 million at constant exchange rates – compared with 136.6 million euro a year earlier. Including the United States there is a fall of 24% in volume. This decrease was less outspoken than budgeted.

The long cold spell meant that the fall in sales was most apparent during the first few months. Since March, order books in most regions have once again been filling up.

In Europe, which accounts for 76% of consolidated sales, sales fell by 23%. The decline was least perceptible in Benelux and France where sales fell by 8% overall. In Eastern Europe and the United Kingdom sluggish residential construction activity was associated with a weakening of the local currency against the euro. As a result sales in Eastern Europe expressed in euro fell by 39%. The worst hit are Russia, Ukraine and Romania, where a great many property development projects have fallen into financial distress.

In the United States and Turkey sales expressed in euro fell by 28% and 31% respectively. In Turkey a weaker Turkish lira and poorly performing exporting regions underlie the bigger than average fall. Except in January the decline in demand on the local Turkish market remained limited.

Twinson

During the first quarter demand for the innovative Twinson products continued to rise despite reduced building activity. Almost a quarter more Twinson products were sold. In April the order book filled up further, so that sales in April alone rose by over 50%.

### Prospects

The expectation that 2009 would be another difficult year, as announced in the press release of the annual results on 12 March, is being confirmed by the market. The filling of the order book since the Easter holidays, as a result of which it has been possible to discontinue the seasonal unemployment schemes at most sites, gives cause for hope. It seems that this trend will result in a slight slowdown in the fall in demand. The effect on demand of the welcome government measures announced, which are aimed at improved insulation of homes, was scarcely perceptible in most regions at the end of April.

Weak currencies in the growth regions combined with raising unemployment have seriously affected purchasing power and consumer confidence. In addition the stricter conditions on obtaining capital loans and mortgages are putting a brake on developers' demand for investment.

Consequently for the second and third quarter Deceuninck expects like for like sales to be substantially below last years levels. At present there are still no signs pointing to an improvement of demand after the third quarter.

## **Restructuring and cost-cutting projects**

"The ongoing favourable climate of the discussions with the lenders gives confidence to our customers, our suppliers, our staff and our shareholders. However we must remain with both feet on the ground. The results for the first quarter underline that further, accelerated implementation of the planned restructuring and cost-cutting projects was necessary. We are continuing to concentrate on paring down the cost structure, generating cash flow, innovation and customer service. If the economic climate so requires, we will not be able to avoid demanding additional efforts from our organisation. Only in this way can we guarantee being able to continue to offer our products with high added value. We remain convinced that, as soon as economic activity resumes, Deceuninck, after having finalised its necessary restructurings, will come out of this financial and economic crisis all the stronger," states Tom Debusschere, CEO of Groep Deceuninck.

## **About Deceuninck**

Deceuninck is a leading international designer and manufacturer of high quality PVC systems for windows and doors, cladding & roofline, interior and garden applications. The basic technology used by the company is extrusion of PVC and patented Twinson composite material. The highly integrated state of the art production process includes compounding, tool manufacturing, extrusion of gaskets and profiles, printing, PVC lamination and the patented Decoroc coating technology.

The Deceuninck Group is active in more than 75 countries, has 35 subsidiaries (production and/or sales) spread across Europe, North America and Asia, and employs 2,810 people, 660 of them in Belgium. In 2008 the Deceuninck Group achieved consolidated sales of 630 million euros.

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