Press Release

Regulated Information – Half year 2010 results

Under embargo until Thursday 19 August 2010 at 7:30 a.m. CET

Deceuninck returns to profitability in H1 2010

Cautiousness remains related to economic recovery
and raw material costs

1. Highlights H1 2010

- **Return to profitability, due to sales increase and reduced cost base**
- **Raw materials cost increases unfavorably**
- **Sales increase 10.9% to € 265.3 million (H1 2009: € 239.3 million)**
- **Sales volume: +7.7% ; exchange rates: +3.6%; mix effects: -0.4%**
- **EBITDA : € 28.6 million or 10.8% (H1 2009: € 8.9 million or 3.7%)**
- **REBITDA: € 29.0 million or 10.9% (H1 2009: € 20.1 million or 8.4%)**
- **EBIT: € 12.7 million or 4.8% (H1 2009: € -7.0 million)**
- **Net result: € 3.8 million (H1 2009: € -8.9 million)**
- **Shareholders' equity increases from € 197.4 million at 31 Dec 2009 to € 211.1 million**
- **Net debt: € 142.5 million (30 June 2009: € 189.4 million)**

In million €	H1 2009	H1 2010	% variance
Net sales	**239.3**	**265.3**	**+10.9%**
Gross Profit	**72.9**	**83.3**	**+14.3%**
Gross Margin	*30.5%*	*31.4%*	
REBITDA	**20.1**	**29.0**	**+44.3%**
REBITDA-Margin	*8.4%*	*10.9%*	
EBITDA	**8.9**	**28.6**	
EBITDA-Margin	*3.7%*	*10.8%*	
EBIT	**-7.0**	**12.7**	
EBIT-Margin	*-2.9%*	*4.8%*	
Net result	**-8.9**	**3.8**	
Net margin	*-3.7%*	*1.4%*	

Tom Debusschere, Deceuninck CEO: *"In the first half of 2010 Deceuninck continued the trend from late 2009. Despite the heavy winter conditions, which delayed demand in Europe throughout January and February, demand recovery is now seen in almost all countries with exception of UK, Spain and some smaller markets in Eastern Europe. Rise in demand continues to be supported by government incentives and stricter building codes, aiming at reducing energy waste & CO^2 emissions.*

Outlook

"We continue to be cautious: year on year growth rate started to slow down in the United States towards the end of the second quarter. The impact of worldwide reduced government spending on renovation & residential newbuild expenditures remains unclear.

Long term, energy-efficient construction and renovation will continue to grow as an engine of our industry. In June 2010, the new European Energy Performance on Buildings Directive (EPBD) was published. By the end of 2020 all new construction in Europe will be "nearly zero" energy buildings. PVC windows remain the 'best value' solution for energy savings. Deceuninck continues to invest in product innovation – focussed mainly on insulation values, productivity improvement and service to our Customer.

PVC and additives costs are now in their 7th consecutive month of increase, and remain cause for concern. For the full year 2010 we raise our top line expectations. We expect a single digit sales increase. Deceuninck remains on schedule to return to profitability."

2. Markets & sales

In million €	H1 2009	H1 2010	var.
Western Europe	105.6	109.7	+3.9%
Central & Eastern Europa (incl. Germany)	70.0	71.8	+2.6%
Turkey	37.4	51.7	+38.2%
United States	26.3	32.1	+22.3%
Total	**239.3**	**265.3**	**+10.9%**

First half 2010 sales amounted to € 265.3 million against € 239.3 million last year (+ 10.9%). Volume increased by 7.7%; exchange rates had a favourable impact of 3.6% and mix effects were – 0.4%.

Western Europe: Sales during the first half increased by 3.9% to € 109.7 million (2009: € 105.6 million). In almost all countries sales were supported by government incentive programmes and stricter building codes relating to energy efficiency.

Central & Eastern Europe (incl. Germany): After a weak first quarter, driven by a harsh winter, demand recovered gradually from mid March onwards, in a competitive market. Sales in the first half year increased year-on-year by 2.6% to € 71.8 million. Sales growth was mainly triggered by strong demand in Russia. Sales in the second quarter increased in almost all countries. Sales were favourably impacted by foreign exchange rates of the Polish Zloty, Czech Crown & Russian Rouble against the euro.

Turkey: H1 2010 sales were € 51.7 million, an increase by 38.2% (+28.1% at constant exchange rate). Sales growth in euro was favourably supported by a strong Turkish lira against a weak euro. Both domestic demand and demand from Turkey's export markets remained strong.
Deceuninck continued to strengthen its market position by means of an extensive focus on customer intimacy and branding to the end consumer.

United States: During the first half sales increased by 22.3% to € 32.1 million (+19.9% at constant exchange rate). Demand from the residential renovation segment remained strong throughout the quarter. Sales growth was supported by a strong US dollar against a weaker euro.
From June onwards the growth rate started to slow down considerably as a result of the discontinuation of tax incentives for new homes.

3. First half 2010 financial results

REBITDA

The **recurring operating cash flow (REBITDA)** amounted to € 29 million against € 20.1 million last year. The REBITDA margin was 10.9% against 8.4% in H1 2009. Despite increased raw material costs REBITDA margin improved 44.3% year on year due to increased sales volume and the cost saving measures implemented in 2009.
EBITDA (operating cash flow) was € 28.6 million against € 8.9 million in the first half of 2009.

EBIT

The operating result (EBIT) was € +12.7 million against € -7.0 million during the first half of 2009.
EBIT margin was 4.8%.
Depreciations and other non-cash costs remain unchanged year on year at € 15.9 million.

Financial result & Taxes

Financial result was € -9.7 million (H1 2009: € -4.3 million), mainly driven by the unfavourable exchange rate impact of USD denominated loans. Interests paid on loans decreased from € 7.4 million in H1 2009 to € 5.9 million in H1 2010 as a result of lower usage of available credit lines. Incoming interest decreased to € 0.3 million from € 2.1 million last year. As a consequence net interest expenses increased € 0.3 million from € 5.3 million in H1 2009 to € 5.6 million.
Deferred tax benefits amounted to € 0.8 million.

Net result

The net result of H1 2010 is a profit of € 3.8 million against a loss of € 8.9 million in the first half of 2009.
The improved cost structure as a result of operational restructuring in 2009, and the absence of significant exceptional costs in 2010, has resulted into a return to profitability.

Net financial debt

The net financial debt amounted to € 142.5 million. Net debt is traditionally higher at 30 June as compared to year end due to Deceuninck's business seasonality. Comparison with June 2009 is of limited relevance due to the October 2009 financial restructuring. Net debt on 30 June 2009 was € 189.4 million, but was reduced in the 2nd half of 2009 as a result of the rights issue.

Working Capital

Working capital increased from € 99.5 million on 31 December 2009 to € 137.1 million on 30 June 2010, mainly driven by higher sales and traditional business seasonality.
Accounts receivables increased mainly due to strong sales in the second quarter.
Available cash allows targeted use of cash discounts on payables.
Inventories increased with increased sales and higher costs of raw materials.
As a result working capital on 30 June was 22.1% of annualised sales compared to 16% on 31 December 2009.

Capex

Capital expenditures during first half of 2010 were € 7.8 million. € 3.8 million of the capital spent relates to new extrusion tools, the remaining € 4.0 million relates to expenditures in operational improvement and maintenance.

Headcount

On 30 June 2010 the Group employed 2967 FTEs (including temporary workers and outsourced FTEs) as compared to 2816 FTEs on 31 December 2009. The increase mainly relates to increased direct labour, reflecting higher sales volume, adjusted for the labour productivity improvement realised in 2009-2010.

Financial calendar

21 October 2010:	Q3 2010 trading update
27 January 2011(*):	Q4 2010 trading update
17 March 2011 (*):	Announcement of 2010 annual results
10 May 2011:	Q1 trading update
10 May 2011:	Annual Shareholders meeting at 11 am

(*) indicative

About Deceuninck

Deceuninck is a leading international designer and manufacturer of high quality PVC systems for windows and doors, cladding and roofline, interior and garden applications. The basic technology used by the company is extrusion of patented PVC and 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 Group is active in over 75 countries, has 35 subsidiaries (production and/or sales) across Europe, North America and Asia, and employs 2,967 FTE (including temporary employees), of which 690 in Belgium. In 2009 the Deceuninck Group achieved consolidated sales of € 506 million.

(End of press release)

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Annexe 1: Interim condensed consolidated financial statements

For the six month period ended 30 June In thousand €	Notes	2010 Unaudited	2009 Unaudited
Net sales	2	**265,295**	**239,257**
Cost of goods sold		-182,008	-166,357
Gross profit		**83,287**	**72,900**
Marketing, sales and distribution expenses		-47,007	-48,166
Research and development expenses		-2,786	-2,351
Administrative and general expenses		-20,526	-20,483
Other net operating expenses		-252	-8,884
Operating result		**12,716**	**-6,984**
Financial charges		-26,740	-15,730
Financial income		17,001	11,405
Profit (+) / loss (-) before taxes		**2,977**	**-11,309**
Income taxes	4	827	2,444
Profit (+) / loss (-) for the financial year		**3,804**	**-8,865**

The result for the financial year is attributable to:			
Shareholders of the parent company		3,688	-8,888
Non-controlling interests		116	23

Earnings (+) /loss (-) per share distributable to the shareholders of the parent company (in €):			
Normal earnings (+) / loss (-) per share		0.03	-0.41
Diluted earnings (+) / loss (-) per share		0.03	-0.41

Annexe 2: Deceuninck consolidated Statement of Cash Flows

For the six month period ended 30 June In thousand €	Notes	2010 Unaudited	2009 Unaudited
OPERATING ACTIVITIES			
Profit (+) / loss (-) for the financial year		3,804	-8,865
Depreciation (in)tangible fixed assets		14,247	15,641
Impairments of (in)tangible fixed assets		692	461
Provision for pensions, restructuring and other risks & charges		-554	-1,498
Impairments on current assets		1,484	1,293
Net financial charges		9,739	4,325
Profit on sale of tangible fixed assets		-125	-1,049
Loss on sale of tangible fixed assets		52	169
Income taxes	4	-827	-2,444
Share based payment transactions settled in equity		110	72
Cash flow from operating activities before movements in working capital and provisions		**28,622**	**8,105**
Decrease/(increase) in trade debtors and other receivables		-29,362	-10,327
Decrease/(increase) in inventories		-19,141	12,826
Increase/(decrease) in trade debts		7,867	-21,619
Decrease/(increase) in other non-current assets		84	2,188
Decrease/(increase) in other current assets		-803	-285
Increase/(decrease) in other non-current liabilities		778	-3,572
Increase/(decrease) in other current liabilities		3,107	-5,874
Cash flow generated from operating activities		**-8,848**	**-18,558**
Interest received		1,072	1,192
Income tax paid		-1,723	-914
CASH FLOW FROM OPERATING ACTIVITIES		**-9,499**	**-18,280**

INVESTING ACTIVITIES			
Cash receipts on sale of tangible fixed assets		650	6,931
Purchases of tangible fixed assets		-7,803	-8,008
Purchases of intangible fixed assets		0	-432
Other transactions		0	53
CASH FLOW FROM INVESTING ACTIVITIES		**-7,153**	**-1,456**

FINANCING ACTIVITIES			
New long-term debts		0	133
New short-term debts		0	72,469
Repayments short-term debts		-10,319	-51,065
Interest paid		-5,892	-7,854
Net financial charges, excluding interests		13,485	956
CASH FLOW FROM FINANCING ACTIVITIES		**-2,726**	**14,639**
Net increase (+) / decrease (-) in cash and cash equivalents		**-19,378**	**-5,097**
Cash and cash equivalents as per 1 January	5	**50,902**	**46,819**
Impact of exchange rate fluctuations		-3,385	440
Cash and cash equivalents as per 30 June	5	**28,139**	**42,162**

Annexe 3: Deceuninck Consolidated statement of financial position as at 30 June 2010

In thousand €	Notes	30 June 2010 Unaudited	31 December 2009 Audited
ASSETS			
Intangible fixed assets		5,475	5,442
Goodwill		10,882	10,843
Tangible fixed assets		223,858	219,569
Financial fixed assets		1,274	1,274
Deferred tax assets		11,987	9,459
Long-term receivables		1,963	2,047
Non-current assets		**255,439**	**248,634**
Inventories		79,209	59,732
Trade receivables		122,725	96,720
Other receivables		12,624	9,705
Cash and cash equivalents	5	28,139	50,902
Fixed assets held for sale		3,631	4,143
Current assets		**246,328**	**221,202**
Total ASSETS		**501,767**	**469,836**
EQUITY and LIABILITIES			
Issued capital		42,495	42,495
Share premiums		46,355	46,355
Consolidated reserves		136,712	131,512
Treasury shares		-651	-651
Currency translation adjustments		-15,285	-23,497
Equity excluding non-controlling interest		**209,626**	**196,214**
Non-controlling interest		1,504	1,221
Equity including non-controlling interest		**211,130**	**197,435**
Interest-bearing loans		124,483	129,883
Long-term provisions		19,259	18,716
Deferred tax liabilities		3,927	4,980
Non-current liabilities		**147,669**	**153,579**
Interest-bearing loans		46,128	33,549
Trade debts		64,833	56,967
Tax liabilities		8,324	6,034
Employee related liabilities		13,280	10,646
Other liabilities		10,403	11,626
Current liabilities		**142,968**	**118,822**
Total EQUITY and LIABILITIES		**501,767**	**469,836**