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Press release

Regulated information – 1H 2015 results

Under embargo until Wednesday 22 July 2015 at 7:00 a.m. CET

Deceuninck 1H 2015: solid growth in sales (+18%) and EBITDA (€ 27.2m)

Recovery of building activity in Europe remains brittle.

- Sales increase 18.1% to € 312.1 million.
  - Comparable scope: +7.2%
    - Volume: +4.0%; exchange rates: +4.2%; mix: -0.9%
  - Pimapen Turkey & Enwin Russia acquisition: +10.9% or € 28.7 million
- Gross margin increases to 29.1% (1H2014: 27.4%).
- EBITDA at € 27.2 million or 8.7% of sales (1H2014: € 15.2 million or 5.7%)
- Net profit increases to € 4.7 million (1H2014: € 0.4 million)
- European PVC costs have reached a record level, after 4 consecutive raw material cost increases since March.
- Outlook 2015: cautious optimism on market development, and acceleration of investments in growth and efficiency

Tom Debusschere, Deceuninck CEO:

"The clear improvement of our 1H2015 results confirms that Deceuninck is on track with its projects and its margins. Increasing positive signals from the market in Western Europe, continued good performance in the US and the normalising availability of PVC make us more optimistic than at the start of the year.

At comparable scope, volumes increased by 4.0% for the first half year. We were pleased by the volume growth in Belgium during the 2nd quarter and we expect sales in France to bottom out. Various incentives from the French government to revitalize building activity should have a positive impact in the second half of the year.

Our strategy of launching ground-breaking innovations to the market such as the slimline glass fibre reinforced iSlide#neo sliding door helps us win new customers and new projects in a highly competitive market. We are truly perceived as the innovators in our sector.

Growth continued at double digit rate in the US. Volumes in Turkey remained stable, while gaining market share.

Sales in Russia are substantially lower due to the ruble devaluation and the impact of the sanctions on consumer confidence and construction activity.

Meanwhile we accelerate the integration of Pimapen in Turkey. Production of the Pimapen window profiles will be consolidated in Kocaeli from early 2016. Preparation for the construction of the new Menemen site near Izmir is progressing well.

Outlook 2015

We remain cautious for the full year 2015. Building and renovation activity in Europe remains brittle, driven by a subdued economic environment The PVC supply in Europe has returned to normal, after the force majeures were lifted. However, at historic high price levels.

We are convinced that our continued actions to launch innovations, to improve productivity, to reduce structure costs, and our discipline to pass on increased material cost to the market will sustain our margins and will allow further growth of net profits."

1. Key figures

(in € million)	1H 2014	1H 2015	Var (%)
Sales	264.2	312.1	18.1%
Gross profit	72.3	90.7	25.5%
Gross-margin (%)	*27.4%*	*29.1%*	
EBITDA	15.2	27.2	78.9%
EBITDA-margin (%)	*5.7%*	*8.7%*	
REBITDA	15.2	28.7	89.2%
REBITDA-margin (%)	*5.7%*	*9.2%*	
EBIT	4.0	12.0	198.2%
EBIT-margin (%)	*1.5%*	*3.9%*	
Financial result	-3.5	-4.6	
EBT	0.5	7.5	
Income taxes	-0.1	-2.7	
Net profit	0.4	4.7	
Net profit-margin (%)	*0.1%*	*1.5%*	

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2. Comments on the consolidated results

2.1. Sales

Sales breakdown per quarter and 1st halfyear

% of sales	1Q 2015	2Q 2015	1H 2015
Exchange rate	*4.6%*	*3.9%*	*4.2%*
Volume	*3.1%*	*4.6%*	*4.0%*
Mix (country, price, product)	*0.9%*	*-2.3%*	*-0.9%*
Scope change (*)	*9.4%*	*12.0%*	*10.9%*
TOTAL	***18.0%***	***18.2%***	***18.1%***

* Scope change : Pimapen Turkey, Enwin Russia

Sales breakdown 1H 2015 per region

(in € million)	Var. 1Q 2014/2015	Var. 2Q 2014/2015	1H 2015	Var. 1H 2014/2015	Var. 1H Loc. Curr.
Western Europe	1.0%	9.7%	101.6	5.5%	
Central & Eastern Europe	-4.6%	-9.1%	65.4	-7.2%	-1.7%
Turkey & Emerging Markets	58.6%	48.8%	92.4	53.0%	47.9%
North America	47.1%	39.5%	52.7	42.4%	15.3%
Total	**18.0%**	**18.2%**	**312.1**	**18.1%**	

Western Europe

1H 2015 sales in Western Europe increased 5.5% to € 101.6 million (1H 2014: € 96.3 million). Sales increase in the 2Q was strong with a 9.7% increase to € 54.7 million. Double digit sales growth in UK, The Netherlands, Spain and Italy continued and even accelerated in most countries.
Belgium and France recorded again sales growth in 2Q, a reversal of the trend observed in the previous quarters. In France various residential building market indicators do not yet show any improvement, in spite of the numerous government incentives to revitalize the market.

The strategy in Western Europe of launching true innovations such as the glass fibre reinforced Zendow#neo premium window and the slimline iSlide#neo patio door result in gaining new customers and increasing market share in a highly competitive market.
The launching of a unique “slide and swing” patio door and a fully reversible window boosted sales in the UK.

Central & Eastern Europe (incl. Germany)

1H 2015 sales in Central & Eastern Europe decreased year-on-year by 7.2% to € 65.4 million (1H 2014: € 70.5 million - at constant exchange rates 1.7%).
The same trends from 1Q more or less continued. Double digit growth in Poland and in the cluster of Czech Republic, Slovak Republic and Hungary as a result of competitive wins and increased demand from key accounts.
Inoutic window sales on the domestic market in Germany were stable from the 2nd quarter onwards. The German window market continues to be impacted by increasing imports from Eastern European cheap labour countries. Further weakening consumer confidence fed by the economic sanctions and strong devaluation of the Russian ruble (-35% Y-o-Y) severely hit newbuild and renovation activity in Russia

Turkey & Emerging Markets

Sales in Turkey & Emerging Markets increased by 53.0% to € 92.4 million (at constant exchange rates +47.9%). Sales include Pimapen sales in Turkey.
Deceuninck owns 3 brands in the top segment of the worldwide second largest PVC window market: Egepen Deceuninck, Winsa and Pimapen.
Organic domestic sales and exports to Northern Africa remained more or less stable. The outcome of the June parliamentary elections did not substantially change the trend.
A new corporate identity for the Pimapen brand, the most recognised brand for PVC windows in Turkey and a new Pimapen advertising campaign supported sales.
Turkey as Deceuninck’s export hub for developing Emerging Markets continued to build up new markets in South America and India.

North America

Sales increased 42.4% to € 52.7 million. (At constant exchange rates +15.3%)
Market indicators reflect a stable and growing U.S. economy with unemployment at the lowest point since 2008 (5.3%) while GDP for 1Q has been revised upward. NAHB/Wells Fargo Housing Market Index in July has risen to the highest level since November 2005 and remodelling activity has been consistent, but market growth has continued to be constrained by a shortage of experienced labour and credit availability. Deceuninck North America (DNA) has been accelerating its efforts to convert new and existing customers to its latest innovative products and materials while maintaining “Zero Back-orders” and expanding brand awareness. This resulted in higher than market sales growth.

2.2. Results

Gross profit

Gross-margin increased to 29.1% (1H 2014: 27.4%). Raw material costs increased in Europe from March onwards. Force majeure declarations by raw material producers in Europe resulted

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in sharp price increases. Raw material prices increased in Turkey due to a weakening of the Turkish lira against the US dollar. Gross margin was favourably impacted by a changed regional mix and by the elimination of operational inefficiencies.

EBITDA

EBITDA increased to € 27.2 million or 8.7% of sales (1H 2014: € 15.2 million or 5.7% of sales) as a result of higher gross margin combined with stable OPEX margins.
REBITDA was € 28.7 million or 9.2% of sales (1H 2014: € 15.2 million). Restructuring costs in Western Europe and Turkey amounted to € 1.5 million.
REBITDA was favourably impacted by a € 2.4 million gain on the sale of the Izmir site.
Productivity improvement projects are implemented worldwide and already resulted in the first half year in a positive contribution to EBITDA.

EBIT

Operating result (EBIT) was € 12.0 million (1H 2014: € 4.0 million) resulting in an EBIT-margin of 3.9% compared to 1.5% in 1H 2014.
Non cash costs amount to € 15.1 million against € 11.2 million in 1H 2014.

Financial result & Income taxes

Financial result was € -4.6 million (1H 2014: € -3.5 million). This is € 1.1 million higher mainly as a result of higher interest charges in Turkey due to the changed scope with Pimapen and due to increased cost for hedging the Russian ruble as a result of higher interest rates in Russian ruble.
In May 2015 Deceuninck extended its credit facilities with 3 years (until 2020) at improved conditions.

Income tax expense was € 2.7 million against € 0.1 million in 1H 2014 as a result of higher EBT (Earnings Before Taxes).

Net profit

The net profit 1H 2015 was € 4.7 million versus € 0.4 million in 1H 2014.

Working capital

Working capital increased from € 124.6 million on 31 December 2014 to € 151.7 million on 30 June 2015 (30 June 2014: € 113.3 million).
Inventories were € 15.1 million higher as compared to 30 June 2014 due to the Pimapen acquisition and to support growth in US and Turkey & Emerging Markets.
Trade receivables increased € 18.9 million as compared to 30 June 2014 due to higher sales volume. Days outstanding (DSO) decreased slightly year-on-year. The impact of the Pimapen customer base on trade receivables and DSO was offset by strict receivables management and expanding factoring to the UK customer base. Total factoring amounted to € 30.5 million at 30 June 2015.
Trade payables decreased year-on-year by € 4.5 million.
The operating working capital on 30 June 2015 was 22.0% of the Last Twelve Month (LTM) sales as compared to 17.5% on 30 June 2014.

Capital Expenditures

Capital expenditures (capex) in 1H 2015 were € 12.5 million against € 13.6 million at 30 June 2014.

Expansion capex (€ 4.1 million) was mainly spent on the new extrusion site Menemen in Turkey and investments in the US warehouse to meet growth and Zero Back orders target.
Deceuninck further started foiling activity and distribution in Croatia to better meet the customer requirements in Italy.
€ 5.4 million was spent on new tools and products. Maintenance capex was € 3.0 million.

Net financial debt

The net financial debt at 30 June 2015 amounted to € 92.1 million against € 71.0 million at 31 December 2014. The acquisition of Pimapen results in higher working capital needs. Net financial debt is traditionally higher at the end of June as compared to the end of December due to the seasonality of the business.

Equity

Equity slightly decreased by € 0.2 million to € 264.3 million from € 264.5 million at 31 December 2014. The net profit, unfavourable currency translation adjustments and the € 2.7million dividend payment combined had a minor impact on equity as compared to 31 December 2014. The gearing was 34.8% at 30 June 2015 against 26.8 % at 31 December 2014.

Headcount

On 30 June 2015 Deceuninck employed worldwide 3,600 full time equivalents (FTEs) (including temporary workers and external staff) (30 June 2014: 2,959).

Financial calendar 2015

21	October	2015	3Q 2015 trading update

End of press release

Building a sustainable home

At Deceuninck, our commitment towards innovation, ecology and design provides us with a clear focus: building a sustainable home. A home that is more energy-efficient to live in and more attractive to look at. Deceuninck works worldwide with state-of-the-art materials, resulting in low maintenance, top insulating and long lasting products that can be fully recycled at end of life. Moreover, our values of Candor, Top performance and Entrepreneurship help us build a better world for our Partners and end users. Deceuninck has strong ambitions. We want to build a work environment in which people are proud to contribute, and strengthen our position within the top three market players. Alongside our ecological sustainability, Deceuninck also pursues financial sustainability.
Deceuninck employs 3400 people in 25 countries. Deceuninck has production facilities in Belgium, Chili, Czech Republic, France, Germany, Poland, Russia, Thailand, Turkey, UK and US.

Deceuninck sales in 2014 were € 552.8 million with a net positive result of € 10.5 million.

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Annexe 1: consolidated income statement

For the six month period ended 30 June (in € thousand)	**Notes**	**2014** **Unaudited**	**2015** **Unaudited**
Sales	**2**	**264,221**	**312,114**
Cost of goods sold		-191,955	-221,426
Gross profit		**72,266**	**90,688**
Marketing, sales and distribution expenses		-46,664	-54,732
Research and development expenses		-3,292	-4,131
Administrative and general expenses		-18,750	-21,358
Other net operating result		482	1,582
Operating profit (EBIT)		**4,041**	**12,048**
Financial charges		-7,353	-16,200
Financial income		3,820	11,629
Profit before taxes (EBT)		**508**	**7,478**
Income taxes	4	-150	-2,745
Net profit		**358**	**4,732**

The net profit is attributable to:		
Shareholders of the parent company	295	4,748
Non-controlling interests	62	-16

Earnings per share distributable to the shareholders of the parent company (in €):		
Normal earnings per share	0.00	0.04
Diluted earnings per share	0.00	0.03

Annexe 2: consolidated statement of financial position

(in € thousand)	31 December 2014 Audited	30 June 2015 Unaudited
Assets		
Intangible fixed assets	5,922	5,924
Goodwill	10,871	10,755
Tangible fixed assets	215,649	213,670
Financial fixed assets	66	65
Deferred tax assets	21,080	21,887
Long-term receivables	1,068	1,188
Non-current assets	**254,657**	**253,490**
Inventories	93,417	109,576
Trade receivables	115,826	124,571
Other receivables	8,677	13,979
Cash and cash equivalents	29,046	28,735
Fixed assets held for sale	2,060	1,961
Current assets	**249,026**	**278,823**
Total assets	**503,684**	**532,313**
Equity and liabilities		
Issued capital	52,912	52,978
Share premiums	85,927	86,073
Consolidated reserves	169,423	171,762
Cash flow hedge reserve	-91	-55
Actuarial gains / losses	-3,864	-3,594
Treasury shares	-261	-261
Currency translation adjustments	-44,316	-47,113
Equity excluding non-controlling interest	**259,731**	**259,792**
Non-controlling interest	4,758	4,471
Equity including non-controlling interest	**264,489**	**264,261**
Interest-bearing loans	14,635	51,709
Long-term provisions	24,962	25,391
Deferred tax liabilities	5,771	6,060
Non-current liabilities	**45,368**	**83,161**
Interest-bearing loans	85,396	69,097
Trade payables	84,670	82,425
Tax liabilities	6,224	10,936
Employee related liabilities	9,702	14,066
Short-term provisions	777	777
Other liabilities	7,058	7,591
Current liabilities	**193,826**	**184,891**
Total equity and liabilities	**503,684**	**532,313**

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Annexe 3: consolidated statement of cash flows

For the six month period ended in 30 June (in € thousand)	**2014** **Unaudited**	**2015** **Unaudited**
Operating activities		
Net profit	358	4,732
Depreciations of (in)tangible fixed assets	10,749	12,756
Impairments on (in)tangible fixed assets	370	590
Provisions for pensions and other risks & charges	-539	687
Impairments on current assets	570	1,093
Net financial charges	3,533	4,571
Profit on sale of tangible fixed assets	-34	-1,610
Loss on sale of tangible fixed assets	88	147
Income taxes	150	2,745
Share-based payment transactions settled in equity	210	270
Cash flow from operating activities before movements in working capital and provisions	**15,455**	**25,982**
Decrease / (increase) in trade and other receivables	-15,228	-17,026
Decrease / (increase) in inventories	-17,497	-15,270
Increase / (decrease) in trade payables	22,712	-140
Decrease / (increase) in other non-current assets	-79	-89
Decrease / (increase) in other current assets	-771	-8,269
Increase / (decrease) in other non-current liabilities	0	7
Increase / (decrease) in other current liabilities	3,047	8,355
Cash flow generated from operating activities	**7,638**	**-6,450**
Interest received	629	584
Income taxes paid (-) / received (+)	-114	-447
Cash flow from operating activities	**8,153**	**-6,313**
Investing activities		
Cash receipts on sale of tangible fixed assets	208	5,510
Purchases of tangible fixed assets	-13,636	-11,874
Purchases of intangible fixed assets	-13	-647
Other transactions	-7	1
Cash flow from investing activities	**-13,125**	**-7,011**
Financing activities		
Capital increase	99	213
New (+) / repayments (-) of long-term debts	-5,030	11,272
New (+) / repayments (-) of short-term debts	14,907	11,363
Interests paid	-2,175	-4,471
Dividends paid	-61	-2,679
Other financial items	-276	-2,735
Cash flow from financing activities	**4,787**	**12,963**
Net increase (+) / decrease (-) in cash and cash equivalents	**-185**	**-360**
Cash and cash equivalents as per beginning of period	**21,715**	**29,046**
Impact of exchange rate fluctuations	-26	49
Cash and cash equivalents as per end of period	**21,503**	**28,735**