



Press release

Regulated information – 2016 results

Under embargo until Thursday 23 February 2017 at 7:00 a.m. CET

Deceuninck 2016: growth continues. Sales: € 670.9m(+4.1%), REBITDA: € 65.1(+16.5%) and net result: € 21.0m (+57.1%)

- Sales grow 4.1% to € 670.9m driven by strong business development especially in Turkey and US, which is partially offset by the decision to phase out certain low margin products. Negative FX largely compensated by price increases.
 - Strong performance in Turkey despite challenging market conditions. Outlook Turkey remains uncertain, however both IMF and OECD forecast continued real GDP growth.
- REBITDA increased to €65.1m thanks to higher sales, one-off raw material gains in certain markets and efficiency improvements which are offset by one-off costs and the Brexit impact.
- Net profit increases to €21.0m explained by higher REBITDA, the recognition of one time tax benefits and the capital gain on the sale of the US decking business.
- The Board will propose to the Annual General Meeting to increase the dividend to € 0.03 per share.
- Strong investments in efficiency and growth financed with operating cash flow, proceeds from sale US decking business and extension of payment terms from suppliers
- Key 2016 projects delivered
 - Optimization manufacturing footprint Turkey is well on track. Construction of the new Menemen factory and the expansion of the Kartepe site have been finalized, which will allow us to serve customers from two state-of-the-art facilities by Q2 2017.
 - US manufacturing capacity has been expanded thanks to the successful start of a new facility in Fernley, Nevada (Q4 2016) which will allow us to better service West Coast customers.
 - Commercialization of various new products and the acquisition of an innovative ventilation and aluminium system, which will over time strengthen our entire product portfolio.

Francis Van Eeckhout, CEO, comments:

“We are pleased with our 2016 result and would like to thank all our partners for their trust. Our performance further improved in all key markets, which confirms our strategy.

Key 2016 projects like the realisation of 2 state-of-the-art manufacturing facilities in Turkey, the start of the new plant in Fernley (US) and the acquisition of an innovative ventilation and aluminium system have been successfully delivered.

Uncertainty in Turkey is likely to remain high but experts like IMF and OECD see continued growth and our management team in the region has a strong track record. In addition we carefully monitor the recent rise in raw material prices and will take appropriate action.”



innovation



ecology



design

1. Key figures

1.1. Income Statement

(in € million)	2015	2016	Var (%)	1H 2016	2H 2016
Sales	644.5	670.9	4.1%	330.2	340.7
Gross profit	182.0	204.7	12.5%	103.6	101.1
Gross-margin (%)	28.2%	30.5%		31.4%	29.7%
EBITDA ⁽¹⁾	53.4	67.0	25.4%	34.6	32.3
REBITDA ⁽¹⁾	55.9	65.1	16.5%	32.5	32.5
REBITDA-margin (%)	8.7%	9.7%		9.9%	9.6%
EBIT	26.9	36.1	34.5%	21.2	14.9
Financial result	(10.0)	(13.9)		(5.8)	(8.1)
EBT	16.9	22.2	31.8%	15.4	6.8
Income taxes	(3.5)	(1.3)		(2.3)	1.0
Net profit	13.3	21.0	57.1%	13.1	7.8

(1): EBITDA has been redefined as EBIT excluding depreciations of fixed assets and amortization of goodwill. REBITDA has been redefined as EBITDA excluding non recurring costs or benefits such as capital gains or major restructuring programs.

Under the previous definitions EBITDA would have amounted to €71.3m and REBITDA €74.3m

1.2. Balance Sheet

(in € million)	2015	2016	Var (%)
Equity	269.3	275.0	2.1%
Net debt	92.1	88.4	(4.0%)
Total assets	562.6	601.1	6.8%
Capital expenditure	38.7	79.4	105.0%
Working capital	142.9	111.1	(22.2%)

2. Management Statement

2.1. Sales

% of sales	total	Western Europe	Central & Eastern Europe	Turkey & Emerging markets	North America
Sales (in € million) 2015	644.5	170.5	169.7	193.1	111.2
Volume	3.6%	2.7%	(4.7%)	9.2%	7.6%
Exchange rate	(4.4%)	(2.1%)	(1.9%)	(11.0%)	0.3%
Other (price,mix)	4.9%	2.9%	2.0%	12.8%	(1.3%)
Total	4.1%	3.5%	(4.7%)	10.8%	6.6%
Sales (in € million) 2016	670.9	176.5	161.8	214.0	118.6

2016 Sales in **Western Europe** increased by 3.5% to € 176.5 million (2015: € 170.5 million). This is driven by one-off project sales (€ 3.1m sound walls) and strong growth in NL, IT and UK (in local currency) which have been partially offset by weak market conditions and competitive pressure in FR and the 13% GBP weakening (-€3.5m) which was only partially compensated by price increases.

In **Central & Eastern Europe** 2016 sales decreased by 4.7% to € 161.8 million (2015: € 169.7 million). This is mainly explained by our decision to phase out selected low margin products and the further decline of the Russian market, which is partially compensated by strong business development in the Balkans. The 9% RUB depreciation has been compensated by price increases.

Turkey & Emerging Markets predominantly serves the domestic market in Turkey. 2016 Sales increased by 10.8% to € 214.0 million (2015: € 193.1 million). Despite a slowdown of real GDP growth to 2.9% volumes increased 9.2% thanks to superior products, service and branding in Turkey and further growth in Emerging Markets (mainly Chile). The TRY depreciation has been compensated by price increases.

Sales in **North America** increased by 6.6% to € 118.6 million (2015: € 111.2 million). Sales growth was driven by strong business development on the back of superior service, which has been partially offset by the sale of the decking business in January 2016. The sale of the decking business had a negative impact on sales of an estimated 5%. USD/EUR remained stable at 1.11.

2.2. Financial results

REBITDA⁽¹⁾ increased to € 65.1 million or 9.7% on sales (2015: € 55.9 million or 8.7% on sales). The REBITDA improvement was the result of higher volumes in all regions except for Central and Eastern Europe, efficiency improvements (integration of Gebze into Kartepe plant in Turkey and the integration of Enwin in the Protvino plant in Russia, the phase out of low margin products), and one-off raw material savings. The improvement was partially offset by the impact of the Brexit and one-off costs (restructuring, start-up costs Tunal and Isora, development of SAP template).

EBITDA⁽¹⁾ increased to € 67.0 million (2015: € 53.4 million) explained by higher REBITDA and the one-off € 2.8 million capital gain realized on the divestment of the US decking business.

Operating result (EBIT) was € 36.1 million (2015: € 26.9 million). Depreciation and amortisation expenses increased due to higher capex and impairment on Czech building following the decision to integrate the Czech warehousing operations in Poland.

Financial result was € (13.9) million (2015: € (10.0) million). The increase in financial expenses is explained by FX (revaluation of EUR denominated loans in Turkey) and the higher interest cost of the retail bond.

Income tax expenses amounted to € 1.3 million (2015: € 3.5 million) and include the one time recognition of US tax assets and tax incentives for construction of new facility in Turkey, partially compensated by the reversal of previously recognized tax assets in Belgium

The **net profit** in 2016 was € 21.0 million versus € 13.3 million in 2015.

2.3. Balance sheet

Trade working capital on sales reduced to 16.6% compared to 22.2% end 2015, which is mainly explained by increased factoring from €16.2m in 2015 to €27.9m in 2016 and the €21.0m extension of payment terms to suppliers in Turkey.

Capital expenditures in 2016 amounted to € 79.4 million compared to € 38.7 million in 2015. This increase is mainly explained by the investments in new factories in Turkey (Menemen) and the United States (Fernley), development of new products and a further improvement of the productivity of our operational processes.

The **net financial debt** at 31 December 2016 amounted to € 88.4 million against € 92.1 million at 31 December 2015, implying that investments have been financed by operating cash flow, the sale of the US decking business and the extension of supplier terms in Turkey.

2.4. Outlook

Assuming no material macro-economic disturbance in our key regions, growth is expected to continue throughout 2017 on the back of innovative product launches and superior quality and service, and supported by further efficiency gains. We however closely monitor the recent evolution of currencies and raw material prices as well as the increased level of uncertainty in some of our end markets.

Financial calendar 2017

23	February	2017	2016 Annual results
25	April	2017	Annual Shareholders Meeting at 4 pm
24	August	2017	H1 2017 results

End of press release

About Deceuninck

Founded in 1937, Deceuninck is a top 3 independent manufacturer of PVC and composite profiles for windows and doors, outdoor living, roofline & cladding and interior applications.

Headquartered in Hooglede-Gits (BE), Deceuninck is organised in 4 geographical segments: Western Europe, Central & Eastern Europe, North America and Turkey & Emerging Markets.

Deceuninck operates 15 vertically integrated manufacturing facilities, which together with 21 warehousing and distribution facilities guarantee the necessary service and response time to Customers. Deceuninck strongly focuses on innovation, ecology, design.

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Sales 2016
€ 670.9 million

People
3,700

Customers
>4,000

Countries
91

Logistic centres
21

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Annexe 1: consolidated income statement

For the 12 month period ended 31 December (in € thousand)	2015	2016
Sales	644,524	670,880
Cost of goods sold	(462,522)	(466,150)
Gross profit	182,002	204,730
Marketing, sales and distribution expenses	(104,465)	(113,122)
Research and development expenses	(7,643)	(8,034)
Administrative and general expenses	(40,818)	(45,875)
Other net operating result	(2,127)	(1,576)
Operating profit before gain from bargain purchase	26,949	36,123
Gain from bargain purchase	(96)	
Operating profit (EBIT)	26,853	36,123
Financial charges	(17,473)	(38,956)
Financial income	7,483	25,059
Profit before taxes (EBT)	16,864	22,226
Income taxes	(3,522)	(1,272)
Net profit	13,341	20,954

The net profit is attributable to:

Shareholders of the parent company	13,582	20,795
Non-controlling interests	(241)	159

Earnings per share distributable to the shareholders of the parent company (in €):

Normal earnings per share	0.10	0.15
Diluted earnings per share	0.10	0.15

Annexe 2: consolidated statement of financial position

(in € thousand)	31 December 2015	31 December 2016
Assets		
Non-current assets	255,066	291,481
Inventories	95,454	98,963
Trade receivables	121,484	113,773
Other receivables	16,424	20,580
Cash and cash equivalents	70,720	72,425
Fixed assets held for sale	3,473	3,829
Current assets	307,553	309,570
Total assets	562,620	601,051
Equity and liabilities		
Equity including non-controlling interest	269,252	275,039
Interest-bearing loans	143,486	129,206
Long-term provisions	25,119	28,439
Deferred tax liabilities	4,529	2,277
Non-current liabilities	173,134	159,922
Interest-bearing loans	19,324	31,640
Trade payables	74,070	101,593
Tax liabilities	6,933	9,721
Employee related liabilities	12,434	15,456
Short-term provisions	1,127	1,321
Other liabilities	6,345	6,359
Current liabilities	120,233	166,090
Total equity and liabilities	562,620	601,051
Total net debt	92,091	88,421

Annexe 3: consolidated statement of cash flows

For the 12 month period ended in 31 December (in € thousand)	2015	2016
Operating activities		
Cash flow from operating activities before movements in working capital and provisions	53,596	70,892
Decrease / (increase) in trade receivables	(14,147)	(7,523)
Decrease / (increase) in inventories	(2,277)	(7,507)
Increase / (decrease) in trade payables	(7,552)	36,310
Decrease / (increase) in other non-current assets	12	(1,677)
Decrease / (increase) in other current assets/liabilities	(5,145)	(4,183)
Increase / (decrease) in other non-current liabilities	(364)	406
Cash flow generated from operating activities	24,123	86,718
Interest received	1,735	1,294
Income taxes paid (-) / received (+)	(3,545)	(1,142)
Cash flow from operating activities	22,313	86,870
Investing activities		
Cash receipts on sale of tangible fixed assets	5,297	6,647
Purchases of tangible fixed assets	(37,839)	(78,791)
Purchases of intangible fixed assets	(906)	(639)
Cash flow from investing activities	(33,448)	(72,783)
Financing activities		
Capital increase	1,195	415
New (+) / repayments (-) of long-term debts	108,791	(8,571)
New (+) / repayments (-) of short-term debts	(40,583)	11,955
Interests paid	(7,664)	(8,873)
Dividends paid	(2,679)	(3,371)
Other financial items	(4,375)	(474)
Cash flow from financing activities	54,685	(8,917)
Net increase (+) / decrease (-) in cash and cash equivalents	43,551	5,170