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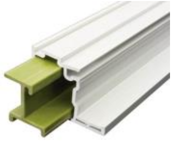

Press Release

Regulated Information – FY 2017 results

Under embargo until Thursday 22 February 2018 at 7:00 a.m. CET

Despite strong headwind from raw material prices, inflation and currencies, REBITDA remains steady

Sales	REBITDA	EU PVC Index	FX
€ 687.2 m	€ 66.7 m	1,117 €/T	GBP ↓
↑ +2.4%	↑ +2.4%	↑ +11.5%	TRY ↓ USD ↓

Note: % = change versus FY 2016

- FY 2017 sales increased 2.4% to € 687.2 million mainly driven by double-digit volume growth in the US. Price increases have been offset by unfavourable FX.
- REBITDA slightly increased to € 66.7 million (2016: € 65.1 million). REBITDA-margin stable at 9.7% on sales as the increase of raw material prices, higher levels of inflation, start-up expenses and the strengthening of the Euro have been compensated by efficiency gains resulting from strategic investments, price increases and lower cost of bad debt.
- Despite the slightly better REBITDA net profit decreased to € 13.8 million (2016: € 21.0 million), which is mainly explained by one-off tax benefits recognized in 2016 and €(4.7)m one-off tax expenses booked in 2017 resulting from the revaluation of previously recognized deferred tax assets to the lower tax rates that will apply as a result of the 2017 US and Belgian tax reforms.
- Net financial debt on 31 December 2017 amounted to € 118.3 million compared to € 88.4 million on 31 December 2016, resulting in a net financial debt / LTM REBITDA ratio of 1.8x. The increase of net financial debt is mainly explained by the sustained high level of investments (€ 54m in 2017), the negative impact of higher raw material prices on working capital (est. € 10m) and the decision to shorten payment terms to suppliers in Turkey (est. € 14m) and lower factoring (€4m).
- The Board will propose to the Annual General Meeting to maintain the dividend at € 0.03 per share.

Francis Van Eeckhout, CEO, comments:

Taking into account the strong increase in raw material prices and inflation our results confirm that we are on track. New product launches were well received and we further strengthened our manufacturing footprint which will enable further growth. Superior quality and service have also in 2017 been a top priority for Deceuninck. Although in general we made further progress, we

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regret that the implementation of a new ERP-system in Western-Europe, which will allow us to improve service over time, affected service to our Customers. Addressing this remains top priority.

Summary of consolidated Income Statement

(in € million)	2016	2017	Var (%)
Sales	670.9	687.2	2.4%
Gross profit	204.7	196.7	(3.9%)
Gross-margin (%)	*30.5%*	*28.6%*	
EBITDA	67.0	67.2	0.4%
REBITDA	65.1	66.7	2.4%
REBITDA-margin (%)	*9.7%*	*9.7%*	
EBIT	36.1	36.7	1.5%
Financial result	(13.9)	(14.7)	
EBT	22.2	22.0	
Income taxes	(1.3)	(8.2)	
Net profit	21.0	13.8	

Sales breakdown

% of sales		Total	Western Europe	Central & Eastern Europe	Turkey & Emerging Markets	North America
Sales (in € million)	**2016**	**670.9**	**176.5**	**161.8**	**214.0**	**118.6**
Volume		1.1%	(4.3%)	0.5%	1.9%	10.4%
Exchange rate		(6.9%)	(1.0%)	2.7%	(21.8%)	(2.2%)
Other (price & mix)		8.3%	2.3%	0.5%	22.2%	0.7%
Total		**2.4%**	**(3.1%)**	**3.7%**	**2.4%**	**8.9%**
Sales (in € million)	**2017**	**687.2**	**171.1**	**167.8**	**219.1**	**129.1**

In 2017 Deceuninck realized € 687.2 million sales, compared to € 670.9 million in 2016.

Sales in **Western Europe** decreased 3.1% to € 171.1 million (2016: € 176.5 million). This is primarily explained by the absence of one-off project sales (€ 5.0 million in 2016 of which € 3.1m related to a TGV sound wall project) and lower volumes in the Benelux and France, which is partially compensated by growth in Italy and Spain and revenues from the new aluminium and ventilation business. Price increases necessary to compensate for the higher raw material costs, increasing inflation and the weakening of the GBP have been implemented in all Western European countries.

In **Central and Eastern Europe** sales increased 3.7% to € 167.8 million (2016: € 161.8 million). Higher volumes in Czech Republic, Poland and the Balkan have partially been offset by lower volumes in Russia following a further decline of this market. The positive FX impact is explained by the stronger RUB (+11% vs 2016).

Sales in **Turkey & Emerging Markets** increased 2.4% to € 219.1 million (2016: € 214.0 million) despite challenging market conditions in Turkey. Price increases to compensate for the higher raw material prices and inflation have been offset by the weakening of the TRY (-23% vs 2016). Australia, Brazil and India continued to grow, while sales in Chile have declined following an unfavourable tax reform.

In **North America** sales increased 8.9% to € 129.1 million (2016: € 118.6 million). Volumes increased by 10.4% (+13.5% if corrected for the sale of the decking business in 2016) thanks to strong business development, our customers taking market share and market growth. Sales are positively impacted by price increases driven by the automatic indexing of higher PVC resin prices and by a more favourable product mix. The 2.2% negative FX effect is explained by the weakening of the USD in the second half of 2017.

Operating and financial results

The **Gross Margin** decreased from 30.5% in 2016 to 28.6% in 2017, as higher raw material prices, negative FX and inflation have not yet been entirely compensated by higher sales prices and efficiency gains resulting from strategic investments. In addition operational inefficiencies incurred in the US (due to difficulties to recruit qualified people in a tight labour market) and in Western Europe (following the launch of a new ERP-system) put further pressure on margins.

REBITDA increased to € 66.7 million (2016: € 65.1 million) while the REBITDA-margin remained stable at 9.7%. This is explained by the fact that the decrease in Gross Margin has been compensated by higher volumes and lower fixed costs. The decrease in fixed costs is mainly explained by the depreciation of the Turkish Lira and lower bad debt expenses incurred in 2017.
EBITDA remained stable at € 67.2 million (2016: € 67.0 million).

Operating result (EBIT) amounted to € 36.7 million (2016: € 36.1 million). Depreciation and amortization expenses decreased slightly from € 30.9 million in 2016 to € 30.5 million in 2017 as the one-off costs incurred in 2016 have been entirely offset by the negative impact from higher investments.

The **Financial result** amounted to € (14.7) million (2016: € -13.9 million). The increase versus 2016 is mainly explained by FX losses resulting from the weakening of the TRY and higher interest rates in Turkey. A one-off positive impact related to the liquidation of the inactive Enwin subsidiary has been largely offset by one-off costs related to the merger of Pimas and Ege.

Income tax expenses increased to € (8.2) million (2016: €-1.3 million) which is mainly explained by one-off tax benefits in 2016 and €(4.7)m one-off tax expenses booked in 2017 resulting from the revaluation of previously recognized deferred tax assets to the lower tax rates that will apply starting 2018 as a result of the 2017 US and Belgian tax reforms.

As a consequence, **net profit** in 2017 decreased to € 13.8 million (€21.0m in 2016).

In December 2017 the merger between the Turkish subsidiaries Ege Profil and Pimas has been finalized. At this occasion Pimas shares have been converted into Ege Profil shares at a conversion ratio of 0.49. After the merger, Deceuninck NV holds 95.88% of the merged entity.

Summary of consolidated Balance Sheet

(in € million)	2016	2017	Var (%)
Total assets	601.1	558.6	(7.1%)
Equity	275.0	257.6	(6.3%)
Net debt	88.4	118.3	33.8%
Capital expenditure	79.4	54.2	(31.8%)
Working capital	111.1	135.9	22.3%

Working capital on 31 December 2017 increased to 19.8% of LTM sales compared to 16.6% on 31 December 2016, which is mainly explained by higher raw material prices (est. €10m) and the decision to shorten payment terms to suppliers in Turkey (est. €14m). Factoring at the end of December 2017 amounted to € 24.3 million (vs € 27.9 million end of December 2016).

Capital expenditures in 2017 amounted to € 54.2 million compared to € 79.4 million in 2016.

Net financial debt on 31 December 2017 amounted to € 118.3 million compared to € 88.4 million on 31 December 2016, resulting in a net financial debt / LTM REBITDA ratio of 1.8x.

Outlook

Growth is expected to continue in 2018 on the back of innovative product launches and superior quality and service. Efforts to adjust sales prices to the further increasing raw materials prices and inflation will be maintained while investments in efficiency and growth will continue.

Statement of the auditor

Our statutory auditor, Ernst & Young Bedrijfsrevisoren BCVBA represented by Marnix Van Dooren, has confirmed that the audit procedures on the consolidated financial statements, which have been substantially completed, have not revealed any material adjustments which would have to be made to the accounting data included in the present press release.

Annex 1: Consolidated Income Statement

For the 12 month period ended per 31 December (in € million)	2016	2017
Sales	**670.9**	**687.2**
Cost of goods sold	(466.2)	(490.5)
Gross profit	**204.7**	**196.7**
Marketing, sales and distribution expenses	(113.1)	(107.4)
Research and development expenses	(8.0)	(8.3)
Administrative and general expenses	(45.9)	(44.8)
Other net operating result	(1.6)	0.4
Operating profit (EBIT)	**36.1**	**36.7**
Financial charges	(25.6)	(21.7)
Financial income	11.7	7.0
Profit before taxes (EBT)	**22.2**	**22.0**
Income taxes	(1.3)	(8.2)
Net profit	**21.0**	**13.8**

The net profit is attributable to: (in € thousand)		
Shareholders of the parent company	20,795	12,453
Non-controlling interests	159	1,362

Earnings per share distributable to the shareholders of the parent company (in €):		
Normal earnings per share	0.15	0.09
Diluted earnings per share	0.15	0.09

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Annex 2: Consolidated statement of financial position

At 31 December (in € million)	2016	2017
Assets		
Intangible fixed assets	4.4	6.1
Goodwill	10.7	10.7
Tangible fixed assets	254.0	252.9
Financial fixed assets	0.1	0.1
Deferred tax assets	19.4	10.7
Long-term receivables	2.9	1.8
Non-current assets	**291.5**	**282.3**
Inventories	99.0	114.3
Trade receivables	113.8	109.0
Other receivables	20.6	9.4
Cash and cash equivalents	72.4	42.0
Fixed assets held for sale	3.8	1.5
Current assets	**309.6**	**276.3**
Total assets	**601.1**	**558.6**
Equity and liabilities		
Issued capital	53.4	53.8
Share premiums	87.1	87.9
Consolidated reserves	199.0	207.7
Cash flow hedge reserve	(0.1)	0.0
Actuarial gains / losses	(6.2)	(6.3)
Treasury shares	(0.3)	(0.1)
Currency translation adjustments	(61.2)	(88.0)
Equity excluding non-controlling interest	**271.6**	**255.0**
Non-controlling interest	3.4	2.6
Equity including non-controlling interest	**275.0**	**257.6**
Interest-bearing loans	129.2	129.6
Long-term provisions	28.4	27.8
Deferred tax liabilities	2.3	1.7
Non-current liabilities	**159.9**	**159.1**
Interest-bearing loans	31.6	30.7
Trade payables	101.6	87.5
Tax liabilities	9.7	5.0
Employee related liabilities	15.5	13.1
Short-term provisions	1.3	1.6
Other liabilities	6.4	3.9
Current liabilities	**166.1**	**141.9**
Total equity and liabilities	**601.1**	**558.6**
Total net debt	**88.4**	**118.3**

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Annex 3: Consolidated statement of Cash Flows

For the 12 month period ended per 31 December (in € million)	2016	2017
Operating activities		
Net profit	21.0	13.8
Depreciations of (in)tangible fixed assets	26.5	29.3
Impairments on (in)tangible fixed assets	4.4	1.2
Provisions for pensions and other risks & charges	(0.8)	0.5
Impairments on current assets	5.1	(1.0)
Net financial charges	13.9	14.7
Profit on sale of tangible fixed assets	(2.1)	(0.7)
Loss on sale of tangible fixed assets	1.1	0.7
Income taxes	1.3	8.2
Share-based payment transactions settled in equity	0.6	0.5
Cash flow from operating activities before movements in working capital and provisions	**70.9**	**67.2**
Decrease / (increase) in trade and other receivables	(7.5)	(8.4)
Decrease / (increase) in inventories	(7.5)	(21.9)
Increase / (decrease) in trade payables	36.3	(2.1)
Increase / (decrease) other	(5.5)	(3.3)
Cash flow generated from operating activities	**86.7**	**31.6**
Interest received	1.3	1.5
Income taxes paid (-) / received (+)	(1.1)	(1.5)
Cash flow from operating activities	**86.9**	**31.5**
Investing activities		
Cash receipts on sale of tangible fixed assets	6.6	4.6
Purchases of tangible fixed assets	(78.8)	(52.9)
Purchases of intangible fixed assets	(0.6)	(1.2)
Cash flow from investing activities	**(72.7)**	**(49.6)**
Financing activities		
Capital increase	0.4	(0.6)
New / (repayments of) long-term debts	(8.6)	9.2
New / (repayments of) short-term debts	12.0	1.0
Interests paid	(8.9)	(9.9)
Dividends paid	(3.4)	(4.1)
Other financial items	(0.5)	(2.0)
Cash flow from financing activities	**(8.9)**	**(6.5)**
Net increase / (decrease) in cash and cash equivalents	**5.2**	**(24.5)**
Cash and cash equivalents as per beginning of period	**70.7**	**72.4**
Impact of exchange rate fluctuations	(3.4)	(6.0)
Cash and cash equivalents as per end of period	**72.4**	**42.0**

Financial calendar 2018

22 February 2018	FY 2017 results
24 April 2018	Annual General Meeting (4.00pm)
23 August 2018	H1 2018 results

Glossary

REBITDA	Recurring earnings before interest, taxes, depreciation / impairments of fixed assets as well as amortisation/impairment of goodwill and effect of negative goodwill = EBITDA excluding non-recurring costs/benefits, e.g. restructuring costs = recurring operating cash flow
REBITDA-margin	REBITDA compared to sales
LTM REBITDA	REBITDA realized over the last twelve months
Net Financial Debt	Financial debts – cash and cash equivalents

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. Headquartered in Hooglede-Gits (BE), Deceuninck is organized 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 and design. Deceuninck is listed on Euronext Brussels (“DECB”).

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