Annual report **2018**

deceuninck group

In December 2018, Deceuninck Group's brand new recycling facility at its recycling and compounding site in Diksmuide (Belgium) became fully operational. With this investment, Deceuninck confirms its belief in PVC as a sustainable and future-proof material for the building industry. The brand new high-tech recycling line will allow Deceuninck to recycle over time up to 45,000 tonnes of PVC per year.

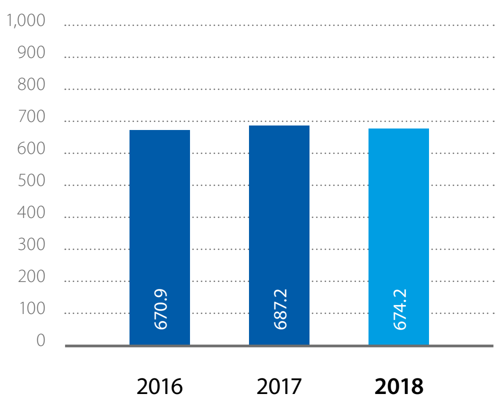
Key figures 2018**

KEY FIGURES (in € million)	2016 RESTATED (*)	2017 RESTATED (*)	2018	VARIANCE %
CONSOLIDATED INCOME STATEMENT				
Sales	670.9	687.2	**674.2**	(1.9%)
Adjusted EBITDA	64.0	68.1	**72.4**	6.4%
EBIT	35.0	38.1	**43.9**	15.3%
Net profit	21.0	13.8	**15.6**	12.7%
CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
Equity	275.0	257.6	**255.6**	(0.8%)
Net debt	88.4	118.3	**93.7**	(20.8%)
Total assets	601.1	558.6	**590.0**	5.6%
Capital expenditure	79.4	54.2	**62.1**	14.7%
Working capital	111.1	135.9	**92.3**	(32.1%)
Capital employed	402.6	418.2	**396.3**	(5.2%)
RATIOS				
Net profit on sales	3.1%	2.0%	**2.3%**	
Adjusted EBITDA/sales	9.5%	9.9%	**10.7%**	
Net debt/Adjusted EBITDA	1.38	1.74	**1.29**	
EBIT/Capital employed	8.7%	9.1%	**11.1%**	
HEADCOUNT				
Total Full Time Equivalents (FTE)	3,682	3,927	**3,803**	

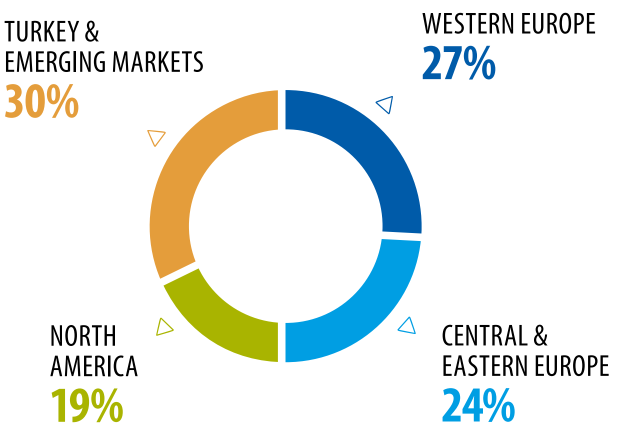
(*) As from 2018 profits and losses resulting from the conversion of monetary assets and liabilities in foreign currencies into the local currency of the entity are recognized In the consolidated income statement as financial exchange result. The impact is disclosed in Note 1.
(**) Definitions: see Glossary p. 159.

KEY FIGURES PER SHARE	2016	2017	2018
Number of shares as at 31 December	135,382,446	136,383,256	**136,670,838**
Market capitalisation as at 31 December (in € million)	306.0	409.1	**263.8**
Net profit per share as at 31 December (in €)	0.15	0.09	**0.11**
Book value per share (in €)	2.03	1.89	**1.87**
Gross dividend per share (in €)	0.030	0.030	**0.030**
Share price at 31 December (in €)	2.26	3.00	**1.93**

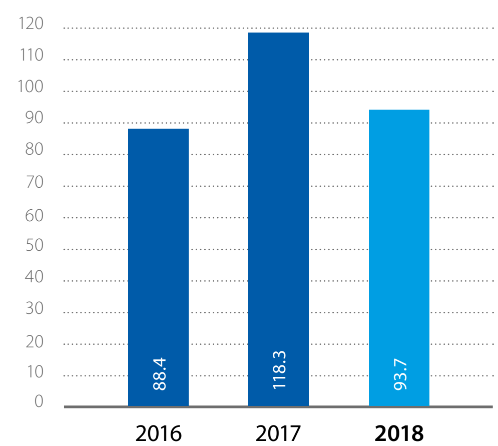
SALES (in € million)



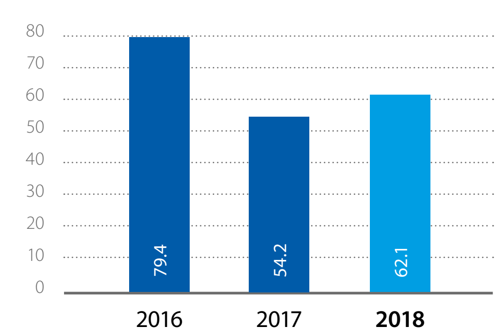
SALES 2018 PER REGION



NET DEBT (in € million)



INVESTMENTS (in € million)



ADJUSTED EBITDA (in € million)

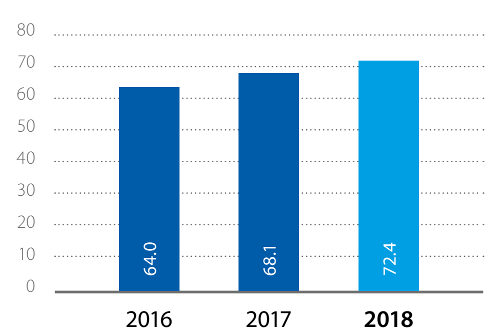


Table of contents

Message from the Chairman & the CEO

Dear Customers, Partners, Shareholders and Colleagues worldwide,

2018 Proved to be a good year for Deceuninck Group with adjusted EBITDA increasing from €68.1 million in 2017 to €72.3 million in 2018, the highest level in the last decade. In parallel, we managed to further improve our financial strength with net financial debt decreasing from €118 million in 2017 to €93.7 million in 2018, while investing €62.1 million to modernize factories and ensure our longer term growth potential.

Together with our Customers, we operate in a market with ample growth opportunities. In general our market is benefitting from the shift from wood and low end aluminum towards polymer profiles, thanks to improved esthetics, ease of use, superior insulation, and endless recycling possibilities. Nevertheless, there will always be markets, like Turkey today, in which we will be confronted with temporary setbacks. These challenges however confirm the value of our diversified geographic exposure, and present, if we play it well, a great opportunity to grow market share.

During 2018 we made further progress in fine-tuning and executing our strategic plan, which essentially consists of 5 pillars. First of all we want to serve our customers with a superior offering. A unique aspect of our industry is that in a large part of the world our customers, the window fabricators, use our brand to market the windows they make. This year we therefore not only further invested in the renewal and broadening of our product range (while however remaining focused on products which improve the "shell" of our homes), but we also started to further strengthen our brands. We became title sponsor of the world's most successful cycling team and we decided to rationalize the number of brands we maintain (by uniting two product brands, Inoutic and Deceuninck, under one global brand, being Deceuninck) which will allow us to use our marketing budgets more effectively. This not only to benefit our company, but also to benefit the customers using our brands.

A second pillar in which we made further progress is sustainability. A huge amount of 30-40 years old windows will gradually return from the market. A true recycling capability, in combination with our continued commitment that we should be able to recycle every product we make, will not only support our ecological ambition but also reduce dependency from virgin material supply and mitigate to a certain extent the negative effect of fluctuating raw material prices. In 2018, we built a large, state of the art recycling plant in Belgium and secured the necessary collection and logistical flows. This plant is now gradually getting up to speed, making us effectively producer of raw material. In parallel, we further reduced our dependency on non-renewable energy sources through a variety of larger and smaller initiatives, like for instance the creation of Solardec, a cooperative allowing employees to co-invest in solar panels installed on our factories.

Third, we aim to make our cost base more efficient and more flexible. Even though a large part of our cost structure today is already fully variable, we continue to squeeze costs and optimize the proportion fixed – variable. This will make us more resilient in case of a possible downturn, which like in any other industry is inevitable. Doing so, we focus not only on the Pounds (with for instance the consolidation from 3 to 2 plants in Turkey or from 2 to 1 plant in Russia) but also on the Penny's (yes we do print black & white on both sides of the paper).

Fourth, we aim to maintain a resilient capital structure, by carefully balancing between leverage on the one hand and the level and speed of our investment program on the other hand, and by installing a very strong focus on cash flow in the entire organization. In 2018 net debt and leverage improved much, partially however thanks to some actions which were exceptionally successful and which might reverse partially in 2019.

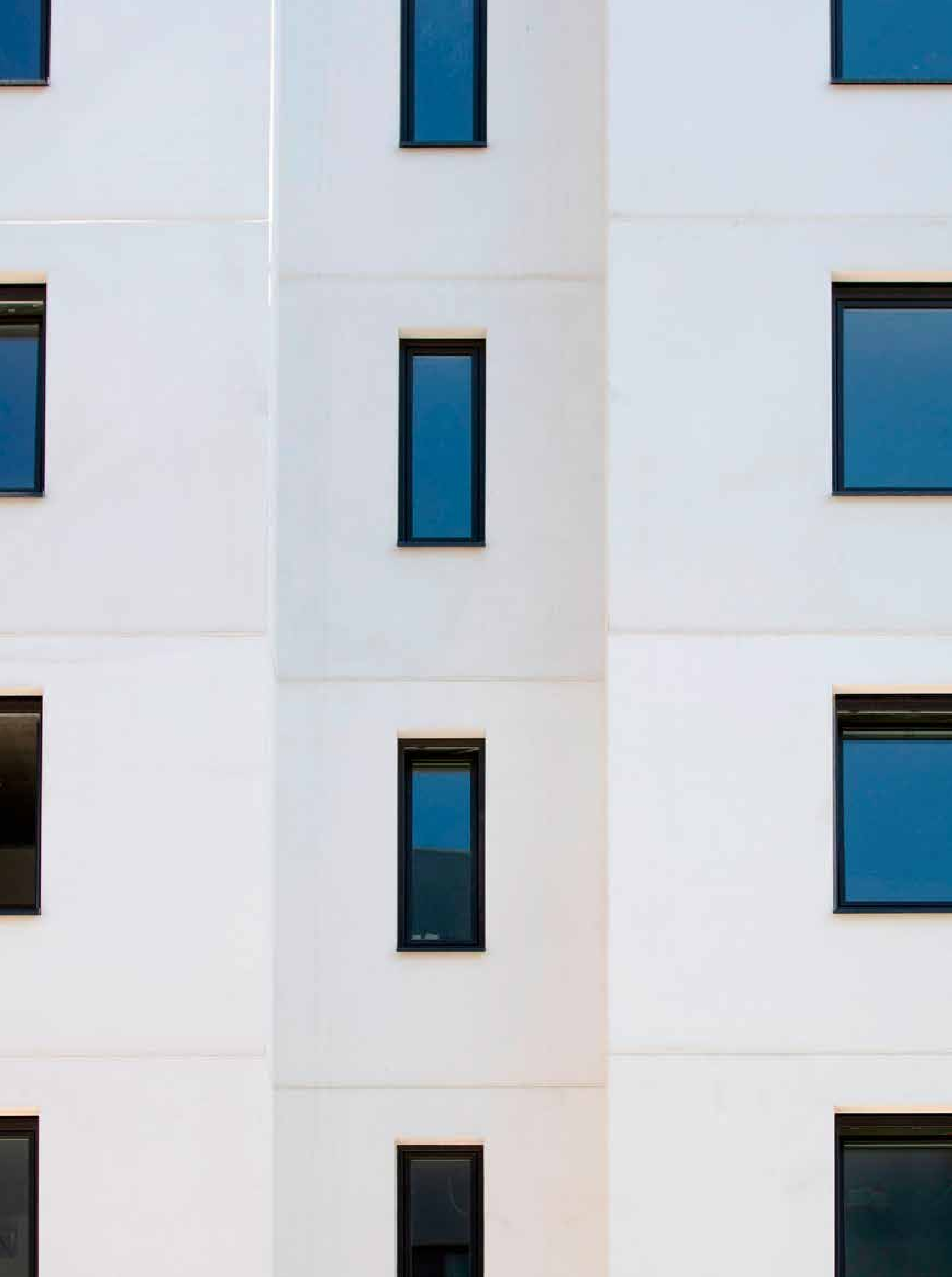
Finally, our team of colleagues around the world is without doubt our most valuable pillar. Their profound industry knowledge, their enthusiasm and passion, and their desire to succeed is what drives our Company. We want to thank all of them.

We look forward to 2019, which is likely to be a year of great opportunities and important challenges. We remain very positive about the long term growth potential of our industry, but will have to manage the downturn in some of our end markets, while continuing to make strong progress on the execution of our strategic plan.

Francis Van Eeckhout
CEO

Paul Thiers
Chairman


PAUL THIERS
FRANCIS VAN EECKHOUT



Our mission

“Consistent with our **building a sustainable home** aspiration, we relentlessly pursue to bring superior value to our customers, by designing **beautiful, energy-efficient and fully recyclable** window, door and home protection systems, which we supply **with superior quality and service**, driven by a **top performing and passionate** team and enabled by a **solid free cash flow**.”

INNOVATION ECOLOGY DESIGN

Milestones 2018

January - August

JANUARY

Deceuninck North America, Monroe facility added 23,000m^2 of warehouse space. Investments in operational equipment, including adding extrusion, pultrusion and lamination capacity continued throughout the year to support increased sales and new business.

FEBRUARY

Opening first showroom in Santiago de Chile (Chile).

FEBRUARY

Official opening new production plant in Colombia which serves as a hub for customers in Latin and Central America.

FEBRUARY

Deceuninck North America hosted major customers for the 3rd annual Future Fabricators workshop. The event provided attendees with insights into the state of the fenestration industry and the opportunity for young leaders to network.

MARCH

Deceuninck/Inoutic successfully introduces its new and award-winning window profile system Elegante at Fensterbau exhibition in Nürnberg. Elegante stands for unmatched design without compromising on performance.

GERMAN DESIGN AWARD SPECIAL 2019

MAY

Celebration of 25 years Deceuninck in Poland and start of the construction of a new logistical center to support our future growth.

JUNE

Official opening of the new Deceuninck office in Puebla (Mexico) to support the fast paced growth within our emerging markets and to support the best service to our customers.

AUGUST

To answer to specific market demands in Russia, launch of the new window system Favorit, offering 3 ranges: Arctic, Crystal and Platinum.

Milestones 2018

September - December

SEPTEMBER

Deceuninck North America launched 3 new window systems at the Glassbuild tradeshow, the premier industry event for the US fenestration market.

OCTOBER

Thanks to our Rovex technology which offers best insulation performance Deceuninck North America earns Passive House certification for the Revolution XL™ Tilt & Turn Window.

OCTOBER

Advertisement campaign DEKEAR is bronze winner in international business award in the category: 'Brand experience of the year: B2B'. A new Spanish verb "dekear" is used in the campaign. Derived from the name Deceuninck and meaning: enjoy your life, enjoy your home, share moments.

OCTOBER

Deceuninck announces its partnership with the world's number one cycling team, Deceuninck - Quick-Step as of January 2019.

NOVEMBER

To further achieve our renewable energy objectives in our plants, Green Energy Solar and Trigenerator was installed in our EGE Profil facility in Turkey.

DECEMBER

The Zendow product range has received the VinylPlus® Product Label after a profound audit performed by BRE, an independent British research institute. This label recognizes the longstanding focus on responsible entrepreneurship in all aspects of its business.

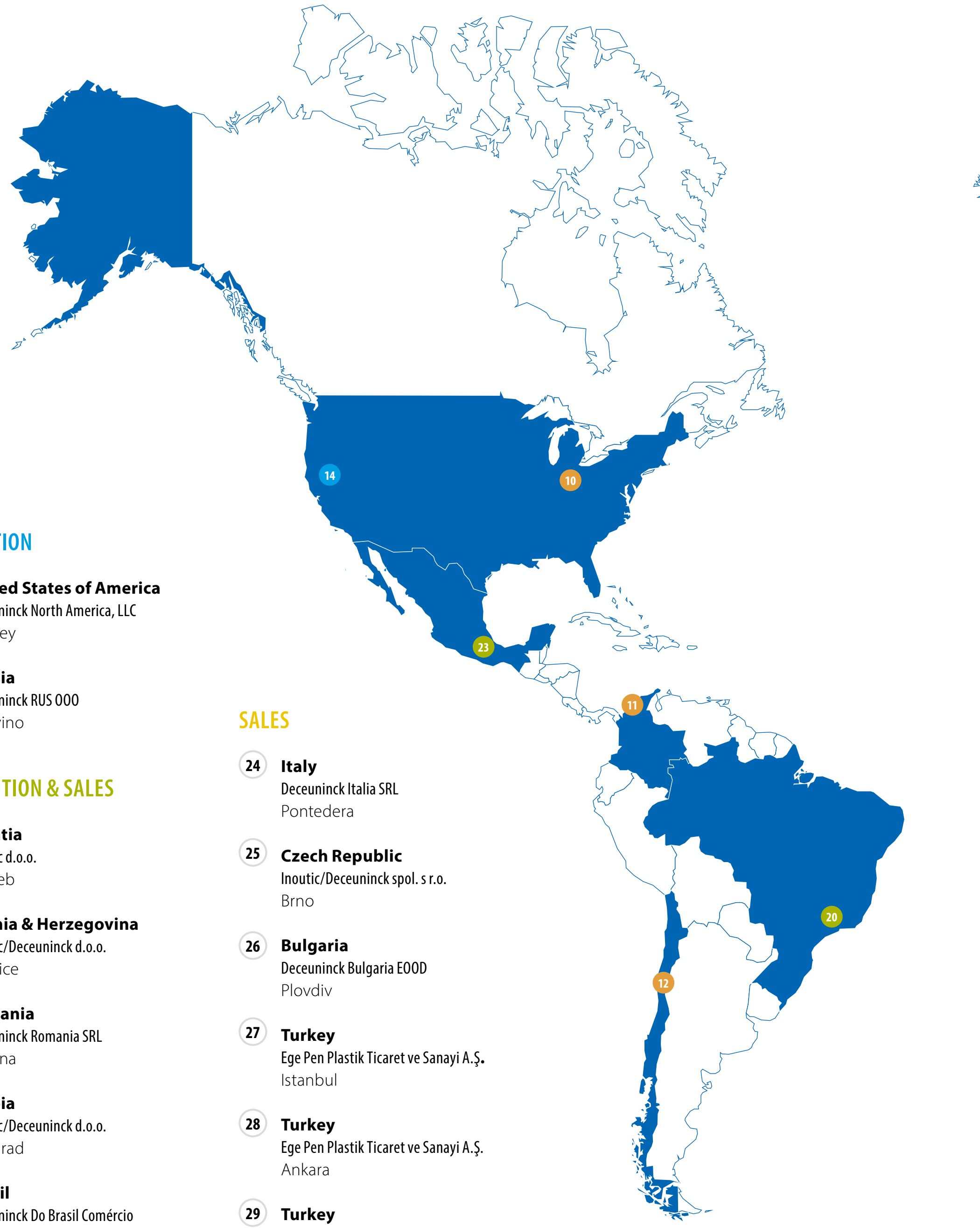
DECEMBER

Deceuninck UK wins the G18 'Product of the Year' award with Linktrusion™ technology. This is the second year running Deceuninck has scooped the top prize for product innovation at the prestigious G-Awards. The annual G-Awards celebrates the achievements of companies and individuals in the glass and glazing industry within the UK.

Deceuninck installs new machinery in its recycling facility in Diksmuide that will increase its recycling capacity up to 45,000 tonnes, becoming the biggest recycling plant in Western Europe.

DECEMBER

Operational & commercial footprint 2018



PRODUCTION, DISTRIBUTION & SALES

1 **Belgium**
Deceuninck nv
Hooglede-Gits (headquarters)
Decalu nv
Hooglede-Gits
Deceuninck nv - Divisie Compound
Diksmuide
Easy Belgium bvba
Lokeren

2 **France**
Deceuninck S.A.S.
Roye

3 **Germany**
Inoutic/Deceuninck GmbH
Bogen

4 **United Kingdom**
Deceuninck UK Ltd.
Calne

5 **Spain**
Deceuninck nv - Sucursal en España
Borox - Toledo

6 **Poland**
Inoutic/Deceuninck Sp. z o.o.
Swarzędz
So Easy System Sp. z.o.o.
Czosnow

7 **Croatia**
Deceuninck d.o.o.
Zagreb

8 **Turkey**
Ege Profil Ticaret ve Sanayi A.Ş.
Izmir

9 **Turkey**
Ege Profil Ticaret ve Sanayi A.Ş.
Kartepe

10 **United States of America**
Deceuninck North America, LLC
Monroe

11 **Colombia**
Deceuninck S.A.S.
Turbaco

12 **Chili**
Deceuninck Importadora Limitada
Santiago

13 **Thailand**
Deceuninck (Thailand) Co. Ltd.
Samutprakarn

PRODUCTION

14 **United States of America**
Deceuninck North America, LLC
Fernley

15 **Russia**
Deceuninck RUS OOO
Protvino

DISTRIBUTION & SALES

16 **Croatia**
Inoutic d.o.o.
Zagreb

17 **Bosnia & Herzegovina**
Inoutic/Deceuninck d.o.o.
Živinice

18 **Romania**
Deceuninck Romania SRL
Chiajna

19 **Serbia**
Inoutic/Deceuninck d.o.o.
Beograd

20 **Brazil**
Deceuninck Do Brasil Comércio
de PVC Ltda
Cotia

21 **India**
Ege Profil Ticaret ve Sanayi A.Ş.
Thiruvallur - Chennai

22 **Australia**
Deceuninck Pty. Ltd.
Victoria

23 **Mexico**
Deceuninck de Mexico
Puebla

SALES

24 **Italy**
Deceuninck Italia SRL
Pontedera

25 **Czech Republic**
Inoutic/Deceuninck spol. s r.o.
Brno

26 **Bulgaria**
Deceuninck Bulgaria EOOD
Plovdiv

27 **Turkey**
Ege Pen Plastik Ticaret ve Sanayi A.Ş.
Istanbul

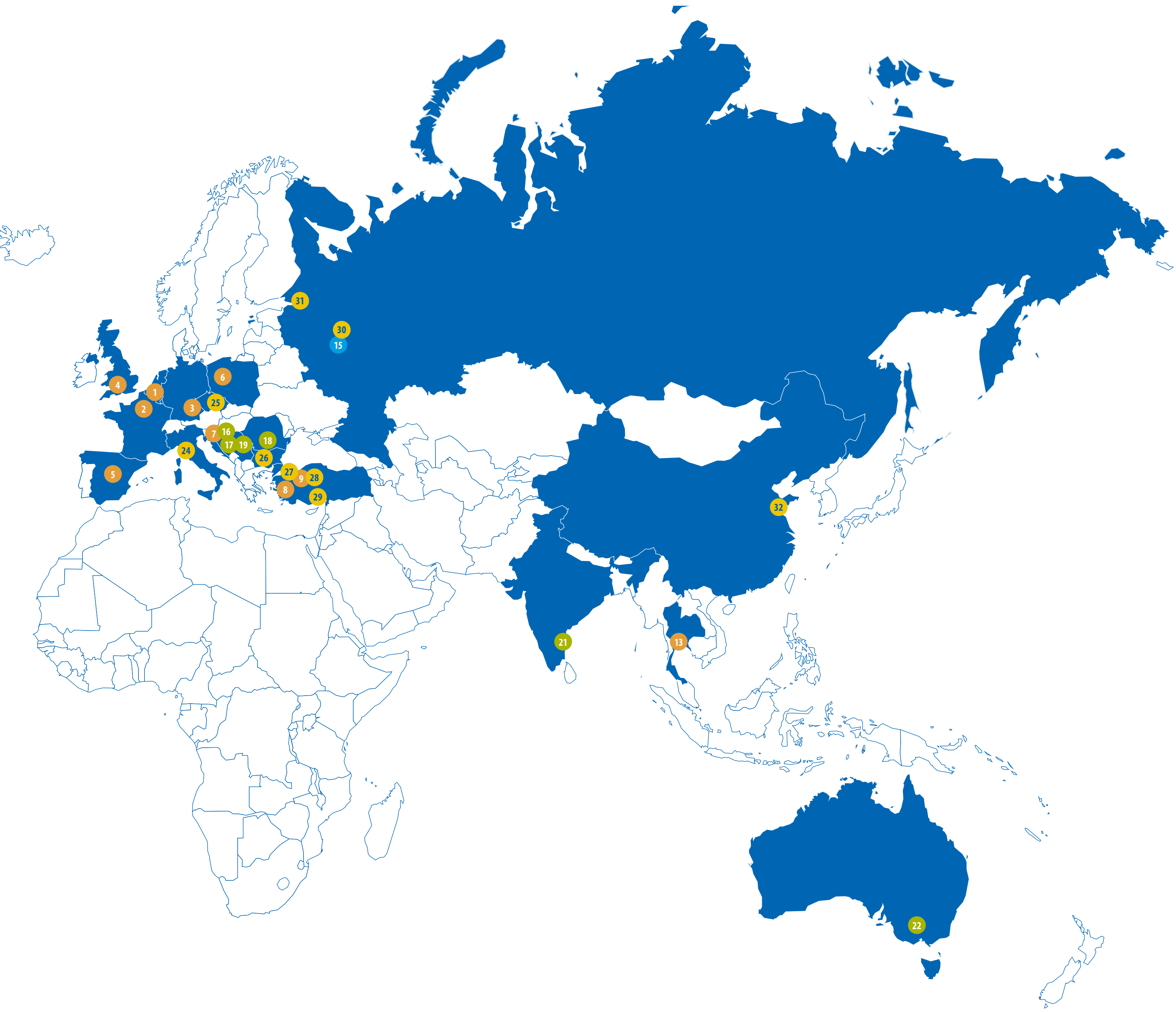
28 **Turkey**
Ege Pen Plastik Ticaret ve Sanayi A.Ş.
Ankara

29 **Turkey**
Ege Pen Plastik Ticaret ve Sanayi A.Ş.
Adana

30 **Russia**
Deceuninck RUS OOO
Moscow

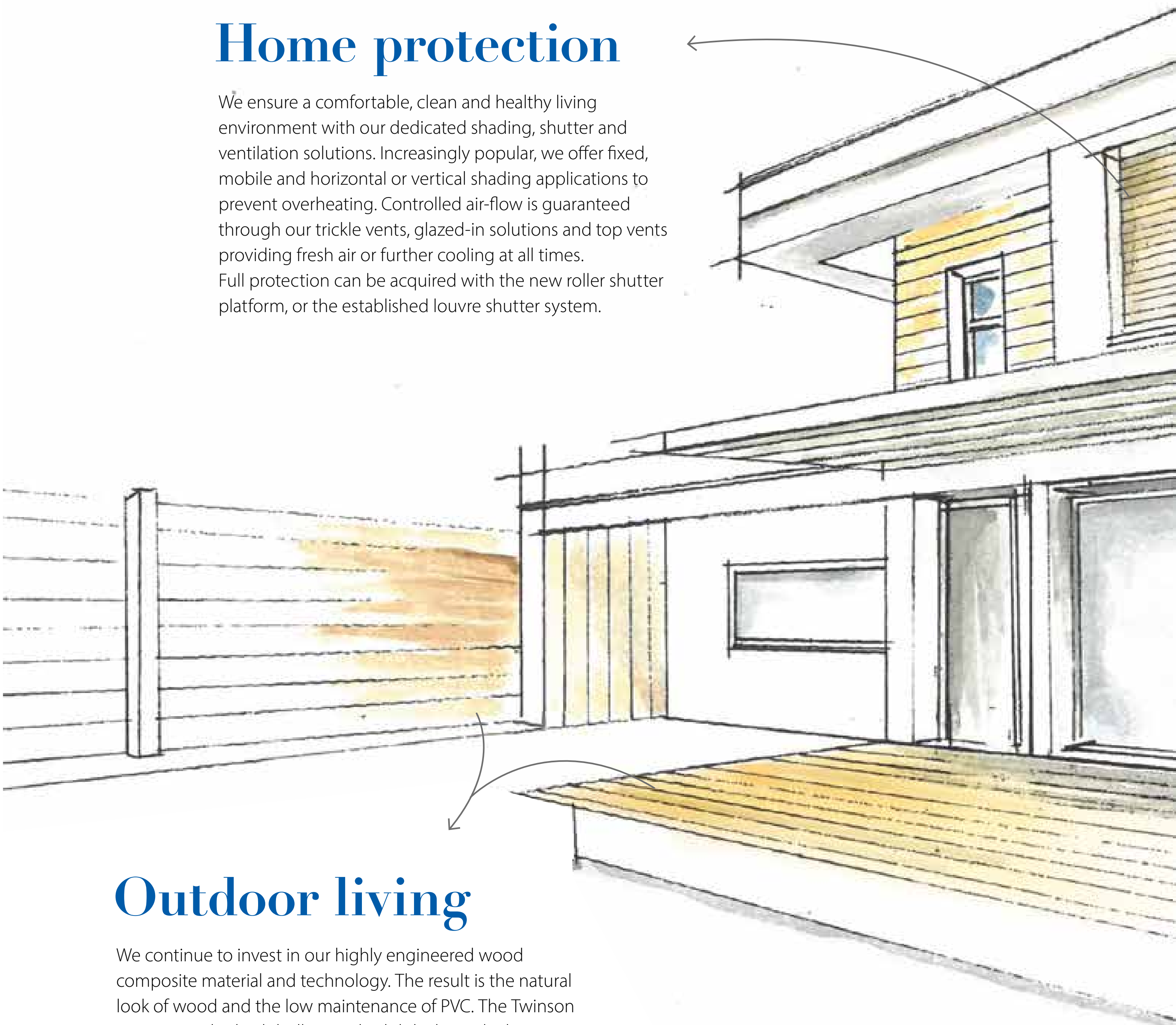
31 **Russia**
Deceuninck RUS OOO
Saint Petersburg

32 **China**
Rep. Office Deceuninck nv China
Qingdao



"Supporting more than 4,000 customers in over 90 countries"

Building a sustainable home:
offering integrated facade solutions



Home protection

We ensure a comfortable, clean and healthy living environment with our dedicated shading, shutter and ventilation solutions. Increasingly popular, we offer fixed, mobile and horizontal or vertical shading applications to prevent overheating. Controlled air-flow is guaranteed through our trickle vents, glazed-in solutions and top vents providing fresh air or further cooling at all times.
Full protection can be acquired with the new roller shutter platform, or the established louvre shutter system.

Outdoor living

We continue to invest in our highly engineered wood composite material and technology. The result is the natural look of wood and the low maintenance of PVC. The Twinson range provides both hollow and solid decking planks, in a vast range of colours and textures. Our wood composite decking solutions are slip resistant and shatterproof. All materials are fully recyclable and blend in perfectly with the surrounding green environment thanks to the natural appearance.

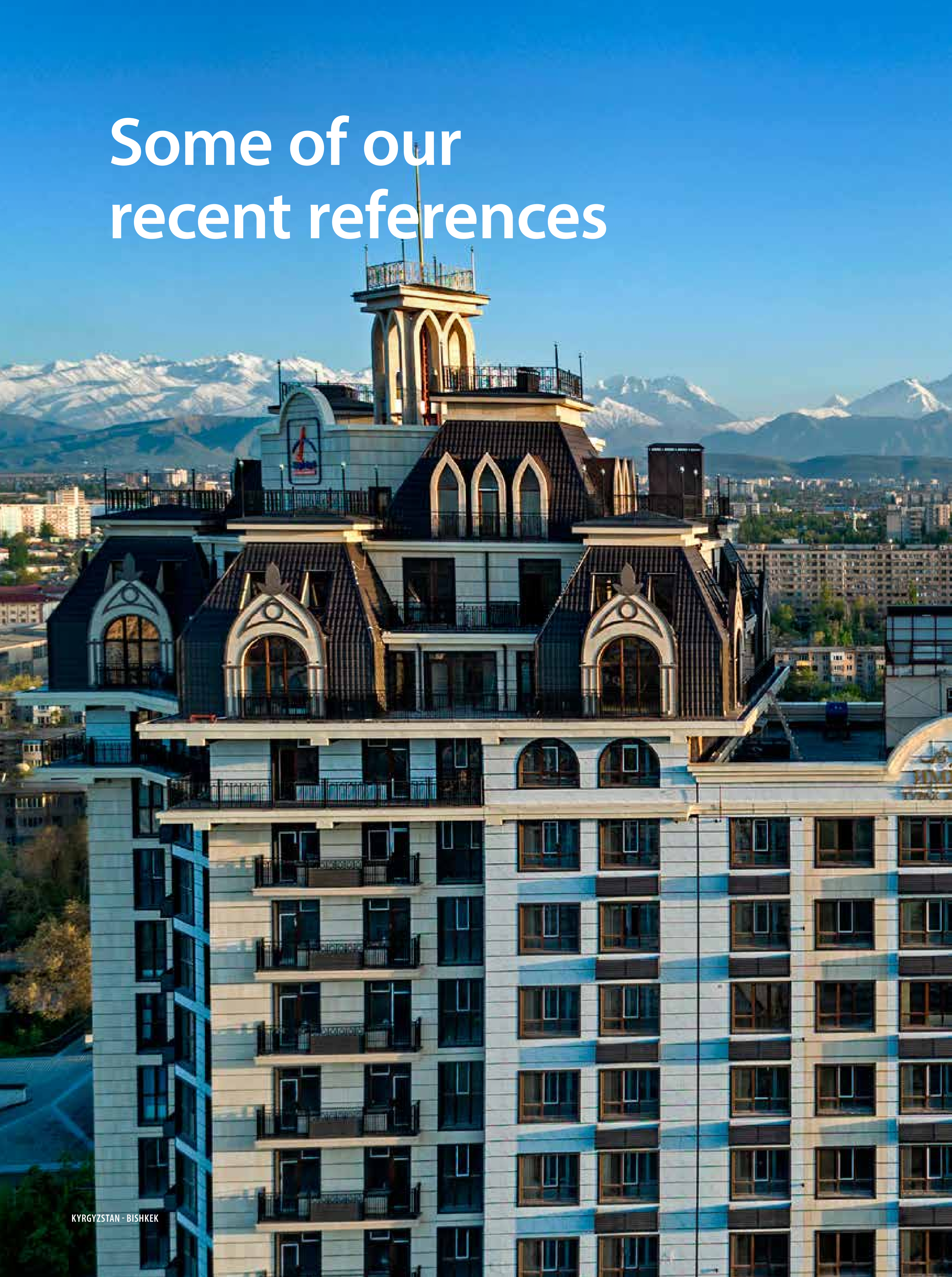
Roofline & cladding

Aesthetic elegance and longevity are the two main requirements that Deceuninck's rooflines and wall claddings solutions fully meet. Our claddings come in both our unique Twinson wood composite as well as PVC for supreme durability. The list of advantages is endless: our cladding solutions offer excellent weatherability, are lightweight and easy to install. Moreover, they are resistant to rot and are fully recyclable.

Windows & doors

What defines our PVC and aluminum windows & doors: the best thermal and acoustic performances, combined with the lowest possible material consumption. Energy efficient and stylishly designed they complement any façade. Passing stringent tests we achieved top performance in security. On top of that, our innovative Linktrusion and Rovex pultrusion technologies provide extra stability, strength and insulation performance.

Some of our recent references



KYRGYZSTAN - BISHKEK


USA - INDIANAPOLIS


INDIA - MUMBAI

BRAZIL - GRAMADO

RUSSIA - MOLKOVO

RUSSIA - LYUBERTSY

USA - CHICAGO

RUSSIA - MOSCOW

RUSSIA - MOSCOW

BELGIUM - SCHOTEN

BELGIUM - TORHOUT

USA - INDIANAPOLIS


QUARANTAINE

Report of the Board of Directors

Corporate Governance Statement

Deceuninck's **Corporate Governance Charter**, which can be consulted at www.deceuninck.com, contains the **main aspects of its corporate governance policy**. It is based on and adheres to the principles of corporate governance and transparency as determined by the Belgian Corporate Governance Code of 12th March 2009 (hereinafter "the Code"). The Code has been adopted as reference code for Deceuninck's corporate governance.

This Corporate Governance Statement contains further information on the application of Deceuninck's corporate governance policy during 2018.

The Board of Directors and its Committees

Composition of the Board of Directors

Current composition

The Board of Directors currently consists of seven Directors. One member is Executive Director ("CEO") and four members are Independent Directors in accordance with article 526ter of the Belgian Companies Code. Three Directors were appointed on the recommendation of important shareholders.

These are the functions and memberships of the Directors within the Board of Directors and its Committees per 21 February 2019:

FUNCTION	NAME	MEMBERSHIP COMMITTEES	LATEST RENEWAL MANDATE	MANDATE EXPIRY
EXECUTIVE DIRECTOR				
CEO	Beneconsult BVBA represented by Francis Van Eeckhout		12/05/2015	AGM 2019
NON-EXECUTIVE DIRECTORS				
Chairman Independent Director	Pentacon BVBA represented by Paul Thiers	- Audit Committee (member) - Remuneration and Nomination Committee (Chairman)	12/05/2015	AGM 2019
Vice Chairman Independent Director	Marcel Klepfisch SARL represented by Marcel Klepfisch	- Audit Committee (Chairman) - Remuneration and Nomination Committee (member)	24/04/2018	AGM 2021
Director	Bene Invest BVBA represented by Benedikte Boone	- Remuneration and Nomination Committee (member)	12/05/2015	AGM 2019
Director	Mardec Invest BVBA represented by Evelyn Deceuninck		16/12/2015	AGM 2019
Independent Director	Alchemy Partners BVBA, represented by Anouk Lagae		25/04/2017	AGM 2021
Independent Director	Homeport Investment Management BVBA, represented by Wim Hendrix	- Audit Committee (member)	24/04/2018	AGM 2022

Changes in the composition of the Board of Directors in 2018

+ At the Annual General Meeting of 2018, Homeport Investment Management BVBA, represented by Wim Hendrix, was appointed as Independent Director for 4 years, i.e. until the Annual General Meeting in 2022.
+ At the Annual General Meeting of 2018, Marcel Klepfisch SARL, represented by Marcel Klepfisch, was reappointed as Independent Director for 3 years, i.e. until the Annual General Meeting in 2021.

Proposed changes in the composition of the Board of Directors in 2019

The Board of Directors will propose to the Annual General Meeting of 2019 to reappoint:

+ Beneconsult BVBA, represented by Francis Van Eeckhout, as Director for 4 years, i.e. until the Annual General Meeting in 2023;
+ Pentacon BVBA, represented by Paul Thiers, as Independent Director for 4 years, i.e. until the Annual General Meeting in 2023;
+ Bene Invest BVBA, represented by Benedikte Boone, as Director for 4 years, i.e. until the Annual General Meeting in 2023;
+ Mardec Invest BVBA, represented by Evelyn Deceuninck, as Director for 4 years, i.e. until the Annual General Meeting in 2023.

Other

Deceuninck's honorary Directors are:

+ Pierre Alain Baron De Smedt (honorary Chairman)
+ Arnold Deceuninck, representative of R.A.M. Comm. VA
+ Willy Deceuninck, representative of T.R.D. Comm. VA

The Secretary of the Board of Directors is Ann Bataillie, representative of Bakor BVBA, General Counsel.

> BOARD OF DIRECTORS FLTR
FROM LEFT TO RIGHT: WIM HENDRIX, ANOUK LAGAE, PAUL THIERS, FRANCIS VAN EECKHOUT , BENEDIKTE BOONE, EVELYN DECEUNINCK, MARCEL KLEPFISCH

Resumes of the members of the Board of Directors

Pentacon BVBA, represented by Paul Thiers (1957), Chairman and Independent Director

- **Education**: Master of Law (1980), Master in Notaryship (1981), Vlerick Management School (1982-1983)
- **Professional experience**: 1982-2005: co-CEO and member of the Board of Directors of the Belgian Unilin Group
- **Current other mandates**: member of the Board of Directors of Pentahold NV, Altior CVBA, Accent NV, ION, Vergokan and Origis NV

Beneconsult BVBA, represented by Francis Van Eeckhout (1968), CEO

- **Education**: Master of Commercial Engineering (KUL 1990)
- **Professional experience**: 1992-1993: marketing department of Bahlsen Keksfabrik in Hannover, 1994-2011: managing director of Van Eeckhout NV (concrete), VVM NV (cement), Diamur NV (mortar) and Nivelles Beton NV (concrete)
- **Current other mandates**: managing director of Gramo BVBA (holding), board member at Pollet Water Group

Marcel Klepfisch SARL, represented by Marcel Klepfisch (1951), Independent Director

- **Education**: Master of Commercial Engineering (University of Antwerp)
- **Professional experience**: 2009: Chief Restructuring Officer at Deceuninck NV, former member of the Board of Directors of Nybron Flooring International Switzerland, Chief Executive Officer at Ilford Imaging, member of the Executive Committee at Vickers Plc, Chief Financial Officer of BTR Power Drives and Chairman of the Board of Directors of Pack2Pack and Chairman of the Board of Volution in the UK
- **Current other mandates**: Management Advisory Board of Tower Brook in London and Chairman of GSE Group in France

**Bene Invest BVBA,
represented by Benedikte Boone (1971),
Non-Executive Director**

- Education: Master of Applied Economic Sciences (KUL 1994)
- Professional experience: she has held positions at Creyf's Interim and Avasco Industries
- Current other mandates: member of the Board of Directors at Lotus Bakeries since 2012, director in various family companies (Bene Invest BVBA, Holve NV and Harpis NV)

**Mardec Invest BVBA,
represented by Evelyn Deceuninck (1979),
Non-Executive Director**

- Education: Bachelor Physiotherapy (Ghent 2001), Osteopathy for horses (Roosendaal, NL), Certificate of Competence in International Passenger Transport; certificate of Public Coach Company (OBO)
- Professional experience: managing director of Deceuninck Auto's NV, a coach company operated by De Lijn (Belgium)
- Current other mandates: managing director of tyre service centre Bandeman

**Alchemy Partners BVBA,
represented by Anouk Lagae (1975),
Independent Director**

- Education: Master in Business and Engineering (Solvay Management School), Kellogg School of Management, Northwestern University in Chicago, USA
- Professional experience: Coca Cola (Brussels, London and Sydney), Unilever (Brussels), Business Unit President, Core Europe at Duvel Moortgat
- Current other mandates: director at Brasserie D'Achouffe SA

**Homeport Investment Management
BVBA, represented by Wim Hendrix (1967),
Independent Director**

- Education: Master of Commercial Engineering (KU Leuven 1990), Master of Business Administration (Washington University St. Louis, Missouri, USA 1993), Master Wealth Management (Wharton Business School, Pennsylvania, USA 2011)
- Professional experience: Gamma België NV, Siemens NV, Begos, Corelio, Homeport Investment Management
- Current other mandates: Chairman of the Board at XIX-Invest NV; Board Member at Capricorn Sustainable Chemistry Fund

Composition of the Committees of the Board of Directors

General

The Board of Directors has set up specialized committees to deal with specific matters and to give advice to the Board of Directors. The Committees have an advisory role. The ultimate decision making responsibility lies with the Board of Directors.

Audit Committee

The current Audit Committee consists of three members, all of which are Non-Executive Directors. All members of the Audit Committee are independent as defined in article 526ter of the Belgian Companies Code:

+ Marcel Klepfisch SARL, represented by Marcel Klepfisch, Chairman
+ Pentacon BVBA, represented by Paul Thiers
+ Homeport Investment Management BVBA, represented by Wim Hendrix

The Audit Committee members as a whole have competence relevant to the sector in which Deceuninck is operating and at least one member has competence in accounting and/or auditing.

Remuneration and Nomination Committee

The current Remuneration and Nomination Committee consists of three members, all of which are Non-Executive Directors. Two members of the Remuneration and Nomination Committee are independent as defined in article 526ter of the Belgian Companies Code:

+ Pentacon BVBA, represented by Paul Thiers, Chairman
+ Marcel Klepfisch SARL, represented by Marcel Klepfisch
+ Bene Invest BVBA, represented by Benedikte Boone

Taking into account their education and professional experience, the members have the necessary expertise in the field of remuneration policy.

Activity Report of the Board and Committee meetings in 2018

	BOARD OF DIRECTORS	AUDIT COMMITTEE	REMUNERATION AND NOMINATION COMMITTEE
TOTAL MEETINGS HELD IN 2018	**7**	**6**	**4**
Beneconsult BVBA, represented by Francis Van Eeckhout	7	/	/
Marcel Klepfisch SARL, represented by Marcel Klepfisch	7	6	4
Bene Invest BVBA, represented by Benedikte Boone	7	/	4
Mardec Invest BVBA, represented by Evelyn Deceuninck	7	/	/
Pentacon BVBA, represented by Paul Thiers	7	6	4
Alchemy Partners BVBA, represented by Anouk Lagae	7	/	/
Homeport Investment Management BVBA, represented by Wim Hendrix	7	6	/

Board of Directors

The Board of Directors convened seven times, mainly discussing the following topics:

+ long-term strategy,
+ monitoring innovation projects and the technology strategy,
+ monitoring and deciding on investment and divestment opportunities,
+ approval of investment files,
+ monitoring of the business plans of the various regions,
+ financial reporting,
+ continuous monitoring of the debt and liquidity situation of the Group,
+ monitoring the organizational structure of the Group and the management succession planning,
+ preparation of the statutory and consolidated financial statements and annual report,
+ governance, risk and compliance
+ remuneration and long term incentives for the CEO and members of the Executive Management
+ issue of a new warrant plan,
+ preparation of the Annual General Meeting and an Extraordinary General Meeting.

Furthermore, the Board also took note of the reports and proposed resolutions of the Audit Committee and the Remuneration and Nomination Committee and, when necessary, took decisions based on the recommendations of these Committees.

Audit Committee

The Audit Committee convened six times. It assisted the Board of Directors in the execution of its responsibilities in the broadest sense and it mainly dealt with the following topics:

+ providing advice with respect to the nomination of the internal auditor and making recommendations with regard to the selection, appointment and reappointment of the statutory auditor;
+ monitoring of audit activities, along with the systematic verification of signed missions by the statutory auditor;
+ assessing the reliability of financial information;
+ supervising the internal audit system;
+ assessing the internal control and the risk management systems, and
+ controlling of the accounts and monitoring the budget.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee convened four times, mainly dealing with the following topics:

+ the remuneration policy and the remuneration of the Directors and the Executive Committee;
+ the policy with regard to the appointment of Directors and members of the Executive Committee;
+ the structure and composition of the Committees;
+ the resignation and appointment of members of the Board of Directors;
+ the issuance of a new warrant plan and grant of warrants.

The CEO attended all meetings of the Remuneration and Nomination Committee except when the appointment and remuneration of Bene Invest BVBA, represented by Benedikte Boone, and of himself were discussed.

FRANCIS VAN EECKHOUT

WIM VAN ACKER

MIEKE BUCKENS

ERGÜN CICEKCI

ARTUR PAZDZIOR

FILIP GEERAERT

ANN BATAILLIE

DIDIER LECLERCQ

BERNARD VANDERPER

Composition of the Executive Management

The Executive Management of Deceuninck consists of an Executive Committee (a management committee in accordance with art. 524bis of the Belgian Companies Code) and an Executive Team.

The Executive Management supports the CEO in the day-to-day operational management of the Group.

As of 1 October 2018, the Executive Committee consists of the following members:

EXECUTIVE COMMITTEE (AS PER 1 OCTOBER 2018)

Francis Van Eeckhout
Representative of
Beneconsult BVBA
CEO
Chairman of the Executive Team

Wim Van Acker
Representative of Fienes BVBA
CFO

Ann Bataillie
Representative of
Bakor BVBA
General Counsel
Secretary of the Board of Directors

The Executive Team consists of the following members:

EXECUTIVE TEAM (AS PER 1 OCTOBER 2018)

Mieke Buckens
Representative of
Barbel Comm.V.,
HR Director

Ergün Cicekci
Director Turkey &
Emerging Markets

Didier Leclercq
Representative of Dilec BVBA
COO Europe

Artur Pazdzior
Director Integration

Filip Geeraert
Director United States
of America

Bernard Vanderper
Director Sales
Western-Europe - Alu

Diversity policy

Criteria

Deceuninck aims for both diversity and complementarity in the composition of the Board of Directors and the Executive Committee. The diversity criteria relate to gender, age, educational/professional background, geographical provenance, (international) experience and expertise/know-how, taking into account the rules and generally accepted principles of non-discrimination.

Implementation

The Remuneration and Nomination Committee nominates one or more candidates for appointment as member of the Board of Directors, taking into account the needs of Deceuninck, the appointment procedures and selection criteria of the Board of Directors. Board members are appointed by the General Meeting of shareholders, to whom the relevant resumes are disclosed. Other than that, Deceuninck does not provide detailed information about diversity criteria and objectives to its shareholders.

The members of the Executive Committee are appointed by the Board of Directors on the proposal of and after consultation with the CEO and the Remuneration and Nomination Committee.

Results

+ Gender:
  Deceuninck complies with the rules on gender diversity in the composition of the Board of Directors and the Executive Committee. In accordance with the Law of 28 July 2011, at least one-third of the Board's members must be of a different gender than the other members, by no later than 1 January 2019. On 31 December 2018, three women and four men sat on the Board, while the Executive Committee consisted of one female and two male members.

+ Age:
  The age of the Board members ranges between 39 and 67 years of age. The youngest Executive Committee member is 45 years and the oldest member is 60 years of age.

+ Educational/professional background:
  The members of the Board of Directors and the Executive Committee have various backgrounds, in (a.o.) economics, law, engineering, marketing, finance, IT, physiotherapy.

+ Geographical provenance:
  Currently, one member of the Board of Directors has the Dutch nationality; the other members are Belgian citizens. The Executive Committee consists of Belgian citizens.

+ (international) Experience:
  Most of the Board and Executive Committee members have studied and/or worked abroad.

+ Expertise/know-how:
  Given their educational and/or professional backgrounds, the expertise and know-how of the Board and Executive Committee members fulfils Deceuninck's aim for diversity and complementarity.

Transactions between the Company and its Directors, not covered by the legal provisions governing conflicts of interest

Deceuninck's policy regarding transactions and other contractual relations between the Company (including its affiliated companies) and its Directors, not covered by the conflict of interest rules set out in Articles 523, 524 or 524ter of the Belgian Companies Code is incorporated in the Corporate Governance Charter.

The Charter provides that every transaction between the Company (or any of its subsidiaries) with any Director must be approved in advance by the Board of Directors, whether or not such a transaction is subject to applicable legal rules. Such a transaction can only take place based on terms in accordance with market practices.

Policy for the prevention of market abuse

The Board has drawn up a dealing code regulating transactions and the disclosure of such transactions in shares of Deceuninck or in derivatives or other financial instruments linked to them carried out for their own account by persons discharging managerial responsibilities and certain key employees.

The principles of Deceuninck's Dealing Code have been annexed to the Corporate Governance Charter.

Main features of the evaluation process of the Board, its Committees and the Directors

The Board of Directors is responsible for a regular evaluation of its own performance with a view to constantly improving the management of the group. To this end, the Board of Directors, led by its Chairman, carries out an evaluation of its scope, composition, activities and interaction with the Executive Committee, preferably every three years.

The Board of Directors also assesses the functioning of the Committees and the individual Directors.
The evaluation process has four objectives:

- to assess the functioning and activities of the Board of Directors and of the relevant Committees;
- to check whether important issues are thoroughly prepared and discussed;
- to evaluate the actual contribution of the Board of Directors; and
- to assess the current composition of the Board of Directors or the Committees in light of the desired composition of the Board of Directors or the Committees.

On the basis of the results of the evaluation, the Chairman provides the Board of Directors with a report describing the weaknesses and strengths and, if necessary, proposes the appointment of a new Director or the non-renewal of a Director's mandate to the Remuneration and Nomination Committee.

A performance evaluation was carried out in 2018, the results of which are summarized below:
- In general, the feedback on the composition and functioning of the Board and Committees was very positive.
- Suggestions made:
    - to treat a separate theme at each Board meeting (e.g. group purchasing).
    - to invite members of the Executive Management to Board meetings, in order to get insights from the business

Remuneration Report

Procedure for developing the remuneration policy and for determining the remuneration granted to individual Directors and members of the Executive Committee

Non-Executive Directors

The General Meeting of the Company fixes the remuneration of Directors following the proposal of the Board of Directors which is based on the recommendations of the Remuneration and Nomination Committee.

In line with the overall remuneration strategy of the Company, the Remuneration and Nomination Committee regularly establishes a benchmark for the remuneration of Non-Executive Directors with comparable Belgian listed companies. This is done in order to ensure that the remuneration is still appropriate, and in conformity with market practices, taking into account the size of the Company, its financial situation, its position within the Belgian economic environment, and the responsibilities that the Directors bear.

Members of the Executive Committee

The remuneration of the members of the Executive Committee, including the CEO, is determined by the Board of Directors based on the recommendations of the Remuneration and Nomination Committee. The aim of the general remuneration policy of the Group is to attract, retain and motivate competent and professional employees. For this reason, the amount of the remuneration is determined in proportion to the individual tasks and responsibilities. The Remuneration and Nomination Committee annually reviews and proposes to the Board of Directors the total compensation based on the strategic positioning of each of the functions versus the benchmark in the market and the expected market trends. Every two years, a thorough benchmark is conducted with comparable international companies of similar size and structure. The contribution made by members of the Executive Committee to the development of the activities and the results of the Group constitutes an important part of the remuneration policy.

Declaration regarding the remuneration policy used for members of the Board and the Executive Committee during 2018

Non-Executive Directors

Non-Executive Directors receive a fixed amount as remuneration for the execution of their mandate and a fixed amount for each Board meeting attended, limited to a maximum amount. Performance-based remuneration such as bonuses and fringe benefits are excluded. The amount of remuneration is different for the Chairman, the Vice-Chairman and the other Non-Executive Directors. If the Non-Executive Directors are also members of a Committee, their remuneration will be increased by a fixed amount per meeting of the relevant Committee.

The fixed remuneration remained unchanged in 2018.

(IN EUR)	MIN/YEAR (FIX)	ALLOWANCE PER BOARD OF DIRECTORS	ALLOWANCE PER COMMITTEE	MAX/YEAR
Chairman	40,000	3,000	1,000	80,000
Vice-Chairman	30,000	1,500	1,000	60,000
Director	20,000	1,500	1,000	40,000

The Group does not issue any personal loans, guarantees, etc. to the members of the Board of Directors or the Executive Committee.

If Directors are assigned special tasks and projects, they may receive an appropriate remuneration for this. No such remuneration has been paid in 2018. No termination compensation is provided for Non-Executive Directors.

The Annual General Meeting of 2018 approved the granting of warrants under the Warrant Plan 2017 to the non-executive directors as follows: 30,000 to the Chairman and 15,000 to each of the non-executive directors.

It is not the intention to make changes to the remuneration awarded to Non-Executive Directors in the two financial years to come.

Members of the Executive Committee

The total remuneration of the Executive Committee members consists of the following elements: the fixed remuneration, the short term variable remuneration and the long-term variable remuneration.

FIXED REMUNERATION

The fixed remuneration of the members of the Executive Committee is determined according to their individual responsibilities and skills. It is awarded independently of any result.
Part of this fixed remuneration may be used, at the discretion of the Executive Committee member, for pension and insurance contributions like:

+ the payment of a life endowment in favour of the insured person on the date of his retirement;
+ the payment of a death benefit in case of death of the member prior to retirement, for the benefit of its beneficiaries (plus an additional benefit in case of accidental death);
+ the payment of a disability annuity in case of accident or sickness (other than occupational), and;
+ the exemption from insurance premiums in case of illness or accident;
+ health insurance.

SHORT-TERM VARIABLE REMUNERATION

In order to align the interests of the Company and its shareholders with the interests of Executive Committee members, part of the remuneration package is linked to Company performance with objectives related to the annual business plan.

For the members of the Executive Committee, the performance of the Company is based on the REBITDA and on the Adjusted Free Cash Flow of the past financial year. The Board of Directors reviews these criteria annually on the proposal of the Remuneration and Nomination Committee, and may revise them if necessary. For 2018, the evaluation criteria for the performance of the CEO and the other members of the Executive Committee were: REBITDA Group (50%) and Adjusted Free Cash Flow Group (50%). If the manner in which results were obtained is not in line with the core values (Candor, Top Performance and Entrepreneurship), the Remuneration and Nomination Committee reserves the right to decide not to pay any bonus.

The Remuneration and Nomination Committee evaluated the achievement of the 2018 objectives for the members of the Executive Committee and proposed to the Board of Directors to pay a short-term variable remuneration based on the 2018 performance criteria.

The short-term variable remuneration is in principle 35% of the fixed annual remuneration for the members of the Executive Committee and 75% of the annual fixed remuneration of the CEO. This percentage may be exceeded as far as the Company results are concerned, but should never exceed 45.5% (for the members of the Executive Committee) or 97.5% (for the CEO). The variable remuneration related to the Company objectives are only granted if 90% or more of the pre-established financial targets have been achieved.

The basis for the variable remuneration is the remuneration earned during the financial year. The payment takes place end of February of the following year.

The variable remuneration is not spread over time. The Extraordinary General Meeting of the Company of 16 December 2011 decided that the Company is not bound by the limitations of the rules of article 520ter paragraph 2 of the Belgian Companies Code concerning the spreading of the variable remuneration of the Directors, the CEO and members of the Executive Committee, over time.

LONG TERM VARIABLE INCENTIVES

Stock options and warrants

The Company also offers options and/or warrants on shares of the Company. The purpose of this kind of remuneration is to motivate and retain employees who (can) have a significant impact on the Company results in the medium-term. When granting options and/or warrants, due account is taken of the strategic impact of the function that the employee performs and his/her future (growth) potential. The underlying philosophy is to raise Deceuninck's value to the maximum extent in the long term, by linking the interests of the warrant holders to those of shareholders, and to strengthen the long-term vision of the management. In this context, the exercise period of an option and warrant is max. 10 years. The stock options and warrants can only be exercised the 3rd year following the year in which the options and warrants were offered. If they are not exercised at the end of the exercise period, they are, ipso facto, reduced to zero, and lose all value.

One third of the warrants/options are each time released for exercise in the fourth, in the fifth and in the sixth calendar year after the year in which the granting has been made up to the end of the term.
In the event of involuntary dismissal (except in case of termination of contract for cause), the accepted and exercisable stock options/ warrants can only be exercised during the first exercise period following the date of the termination of contract. The options/warrants that are not exercisable shall be cancelled. In the event of involuntary dismissal for cause, the unexercised, accepted stock options and warrants are cancelled, whether or not they were exercisable. These terms and conditions relating to the acquisition and exercise of options and warrants in the event of voluntary or involuntary dismissal can be applied without prejudice to the competence of the Board of Directors to make changes to these stipulations to the advantage of the beneficiary, based on objective and relevant criteria. If the employment agreement ends due to legal retirement or end of career, the warrants/options shall remain exercisable. The shares that may be acquired in connection with the exercise of the options/warrants are listed on Euronext Brussels; they are of the same type and have the same rights as the existing ordinary Deceuninck shares.

Performance Share Plan

The members of the Executive Committee participate in a Performance Share Plan. The members are granted Performance Share Rights, which can be converted into "matching" or Performance Shares of Deceuninck NV at the vesting date (i.e. the 3rd calendar year following the year of the grant), provided the beneficiaries invested in Deceuninck Shares before 30 June 2018, at the Investment Price (i.e. the average share price of the 30 trading days preceding 31 December 2017). For each invested Share, the Executive Committee member will be entitled to one or more matching Deceuninck Shares pursuant to the fulfillment of the Performance Condition, defined as a cumulative annual average increase of the Total Shareholder Return as determined in the Plan, the realization of which determines the fraction or the multiple (if any) of Performance Shares a vested Performance Share Right effectively entitles to.

It is not the intention to make any changes to the remuneration awarded to the members of the Executive Committee in the two financial years to come.

Remuneration of the Non-Executive Directors in 2018

The total remuneration (gross) paid to the non-executive members of the Board of Directors in the financial year 2018 amounted to 253,500 EUR. The amount includes an additional remuneration for the attendance at Committee meetings.

In 2018, the Company or any affiliated Company of the Group did not grant any loans to any of the Directors, nor are there any outstanding repayments owed by the Directors to the Company or any affiliated Company of the Group.

	BOARD	AUDIT COMMITTEE	REMUNERATION AND NOMINATION COMMITTEE	FIXED REMUNERATION	TOTAL GROSS REMUNERATION
Marcel Klepfisch SARL, represented by Marcel Klepfisch	€10,500	€6,000	€4,000	€30,000	**€50,500**
Bene Invest BVBA, represented by Benedikte Boone	€10,500	-	€4,000	€20,000	**€34,500**
Mardec Invest BVBA, represented by Evelyn Deceuninck	€10,500	-	-	€20,000	**€30,500**
Pentacon BVBA, represented by Paul Thiers	€21,000	€6,000	€4,000	€40,000	**€71,000**
Alchemy Partners BVBA, represented by Anouk Lagae	€10,500	-	-	€20,000	**€30,500**
Homeport Investment Management BVBA, represented by Wim Hendrix	€10,500	€6,000	-	€20,000	**€36,500**
Beneconsult BVBA, represented by Francis Van Eeckhout	-	-	-	-	**-**

The member of the Executive Committee who also sits on the Board as executive director, Beneconsult BVBA, represented by Francis Van Eeckhout, did not receive a fixed remuneration nor any attendance fees.

Remuneration of the CEO and the members of the Executive Committee in 2018

CEO

In 2018, the CEO received a fixed remuneration in the amount of 500,000 EUR. He acquired a variable remuneration in the amount of 423,185 EUR. The CEO does not have a company car.

Other members of the Executive Committee

Because of the new composition of the Executive Committee with entry into force as of 1 October 2018, the following breakdown is made:

OTHER MEMBERS OF THE EXECUTIVE COMMITTEE	REMUNERATION RECEIVED
5 members of the Executive Committee 1 Jan – 30 Sep 2018	fixed: 1,076,236 EUR variable: 271,169 EUR
2 members of the Executive Committee 1 Jan – 31 Dec 2018	fixed: 583,570 EUR variable: 216,602 EUR
TOTAL	2,147,577 EUR

The remuneration package awarded to members of the Executive Committee does not include a long-term cash bonus.

Before 1 October 2018, a company car was provided to the members of the Executive Committee acting in their personal name. Given the fact the current members of the Executive Committee act through a management company, no company car is provided.

Shares, stock options and other rights to acquire Deceuninck shares that were granted, exercised or that have lapsed during 2018

Stock options

The Extraordinary General Meeting of October 2006 approved a stock option plan on existing shares under which the Board of Directors is authorized to allocate 75,000 options on existing shares each year.

In 2018, no stock options were granted to the members of the Executive Committee, 23,102 stock options were exercised by Ann, Bataillie, member of the Executive Committee, and 65,750 stock options lapsed.

Warrants

On 21 December 2017, the Board of Directors approved a new warrant plan ("Warrant Plan 2017") of 4,500,000 warrants. The eight members of the Executive Committee were offered 770,000 warrants, granted as follows:

+ The CEO was offered 350,000 warrants, all of which were accepted on 21 February 2018
+ Each other member of the Executive Committee was offered 60,000 warrants. 380,000 out of 420,000 warrants were accepted.

The warrants offered in 2017 have an exercise price of EUR 3.06 (for the members of the Executive Committee and the CEO).

On 21 December 2018, the Board of Directors approved a new warrant plan ("Warrant Plan 2018") of 4,500,000 warrants. The three members of the Executive Committee were offered 470,000 warrants, granted as follows:

+ The CEO was offered 350,000 warrants
+ The other members of the Executive Committee were each offered 60,000 warrants

The warrants offered in 2018 have an exercise price of EUR 1.965 (for the members of the Executive Committee and the CEO).

Also in December 2018, the following warrants and warrant plans were cancelled:

+ 1,158,500 outstanding warrants and Warrant Plan 2015
+ 3,275,500 outstanding warrants and Warrant Plan 2017

In June 2018, the following members of the Executive Committee exercised warrants:

+ Filip Geeraert exercised 27,500 warrants
+ Bernard Vanderper exercised 32,703 warrants
+ Ann Bataillie exercised 17,500 warrants

No warrants of the members of the Executive Committee lapsed during 2018.

Right of recovery

The stipulations of the agreements between the Company and the CEO and the members of the Executive Committee do not contain recovery clauses.

Severance Pay

For the members of the Executive Committee and the CEO, special severance pay conditions of 12 months base salary have been agreed in the management agreements. No special agreements that could deviate from the applicable current employment laws and practice were made with the regional managers in North America and Turkey.

Internal control and risk management systems

Deceuninck Group's core values are Candor, Top Performance and Entrepreneurship. Taking calculated risks is an integral part of operational management. The purpose of risk management is to identify and to manage the risks.

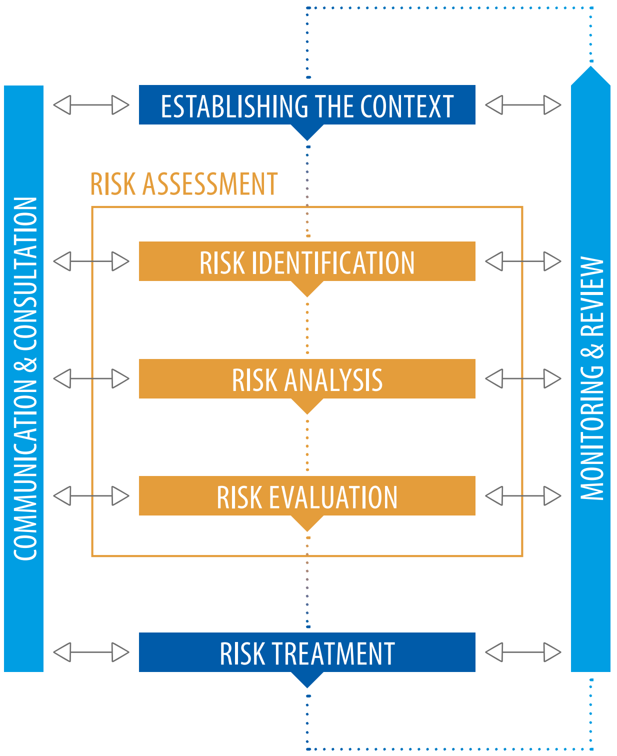
Main features

The most important features of the internal control and risk management systems, including the financial reporting, can be summarized as follows:

+ Defining targets for permanent follow-up of operating priorities as well as operational and financial performance of the Group and the individual companies;
+ Continuous analysis of historical financial results and regular update of mid-term financial forecasts;
+ Follow up of exchange rate risks and mitigating actions;
+ Defining the company's policies and procedures for compliance with applicable laws and regulations;
+ Defining procedures clarifying authorization levels and segregation of duties, reviewed for compliance by the internal audit department;
+ Ensuring business continuity and access control of IT systems;
+ Discussion of internal audit reports with the internal auditor and, if required, further consultation for additional information and clarification as well as taking measures in order to implement and be compliant with the recommendations;
+ Constant monitoring of raw material prices and any changes in prices;
+ Requesting confirmation from local management teams to ensure that they comply with the applicable laws and regulations and internal procedures of the company;
+ Monitoring and regular discussion with the legal department of litigations that could be of material significance.

Risk framework

The ISO 31000 standard has been selected as a framework for the risk management system. The following steps can be distinguished within this process:



Establishing the context

In order to detect the risks, it is important to have a clear understanding of the context in which Deceuninck Group operates. On the one hand, there is the ever changing external context which includes our social, cultural, political, legal, legislative, financial, technological, economical, natural and competitive environment. On the other hand, there is the internal context in which the objectives of Deceuninck as a Group, as well as the objectives of each individual entity, need to be defined.

Risk identification

Risk identification is the first step within the risk assessment process. The risks that might have an impact on the achievement of targets are identified in various brainstorming sessions, and subsequently summarized in a Risk Register.

Risk analysis

Risk analysis is the process that seeks to identify the possibility that the risk will occur and what the possible impact will be on achieving the objectives. For this, we take into account the impact on the core objectives i.e. people, planet, quality, service and cost.

Risk management

Risks are evaluated and ranked on the basis of the probability that they will occur and the impact they will have.
The outcome of this is summarized in a Risk Matrix.

Risk treatment

Risks can be treated in four possible ways:

+ Completely avoid the risk by changing or stopping the activity;
+ Take action to reduce the probability (prevention) or to lower the impact (protection).
+ Transfer the risk through insurance or through other contracts with third parties;
+ Accept the risk without further action;

The risk process is a continuous effort and the different phases continuously have to be reviewed and monitored.
At Deceuninck Group this is organized as follows:

+ Group Finance maintains the Risk Register and Risk Matrix for all risks which are relevant at Group level, as well as a list of actions which have been agreed to treat these Risks. Actions are assigned to cross regional teams and overseen by an Executive Team member.
+ These are reviewed twice a year by the Executive Team, to ensure completeness of the Risk Register and to ensure that agreed actions are implemented.
+ Twice a year there is a similar review with the Audit Committee of the Board, typically during a dedicated risk management session or as separate agenda item during the scheduled meetings of the Audit Committee
+ Internal Audit applies a risk based internal audit approach which aims to identify potential new risks during their audits at legal entity level. This helps to ensure completeness.

Risk structure

Deceuninck Group structures its risks along following dimensions:

Risks specifically related to Deceuninck Group's operations and industry

+ Risks relating to innovative processes, products and business models
+ Risks related to the availability and price of raw materials
+ Operational risks, including safety of our people and breakdown of critical infrastructure
+ Risks of disruptions of our supply chain
+ Risks related to our sales processes
+ People related risks, including difficulties to recruit the right people and fraud
+ ICT related risks
+ Financial risks, including liquidity and exchange rate related risks
+ Legal risks, including non compliance with rules and regulations and IP infringements

Generic risks affecting other industries as well

+ Economic risks, like for instance an immediate and material deterioration of the economic sentiment
+ Political risks, like expropriation and political violence
+ Natural disasters, like earthquake and flooding

The most relevant risks are highlighted below:

Financial risks

The exchange rate risks, interest risks, credit risks and liquidity risks are further discussed in this report under Note 24.

Economic risks

As most companies, Deceuninck Group is exposed to the risks of an economic recession, the volatility on the credit and capital market and the economic and financial situation in general. These factors have a negative influence on product demand.

Deceuninck Group primarily manufactures window profiles destined for the residential construction sector and related products. Consequently, our future results will mainly depend on the evolution of these markets. Against this background the current financial and economic situation has a considerable impact on the economy in general and influences all markets in which we operate.

Deceuninck Group cannot predict how the markets will evolve in short term. Although the authorities of some geographical markets in which we operate have taken policy measures to stimulate economic growth, Deceuninck Group cannot guarantee that these measures will suffice in order to achieve this effect. Furthermore, the measures that were taken can be withdrawn or adjusted. The markets in which Deceuninck Group operates are subject to strong competition. We compete with other companies based on different factors, such as (i) knowledge of and access to new technologies and new production processes, (ii) the ability to launch new products that offer improved functionality or that are less expensive than the existing range, (iii) completeness of the solutions that are offered, (iv) reputation and vision, (v) geographical presence, (vi) distribution network and (vii) prices. Furthermore, competition can increase by consolidation or by new competitors offering similar products that enter the market. Strong competition can cause market overcapacity and price pressure.

In addition, contracting parties, customers or other parties that operate in Deceuninck Group's market can change their operational model in a matter that influences our activities.

In other words, Deceuninck Group's success depends on its capacity to maintain competitiveness as the market structure changes. Although Deceuninck Group was able to do so by adjusting to the market structure changes, future changes could have a considerable impact on its activities, operating profit or financial position.

The activities, operating profit and financial position of Deceuninck Group fluctuate according to the general economic climate. The decision whether or not to buy capital goods, which would enable Deceuninck Group's customers to integrate its products, concerns relatively high amounts of money.

Such a decision on investment can among other things be associated with the general economic climate. The decision by end users of our products to invest in real estate can also be associated with the general economic climate and credit access. The renovation market is less sensitive to economic fluctuations than new construction.

Availability and price of raw materials

Future profitability of Deceuninck Group is partly determined by changes regarding the purchase prices of raw materials (especially PVC resins and additives), components, capital goods, salaries and other corporate services, as well as by sales prices Deceuninck Group can charge for its products and services. For most of these components there are no hedging possibilities.

If the increase of raw material prices is substantial and long-lasting, and if market conditions allow it, experience shows that charging higher raw material prices to the market takes about 3 – 6 months' time, with large differences between markets.

Operational risks

Deceuninck Group's compound factories are considered to be a critical infrastructure that deliver compound to most of the Group's extrusion factories. They are situated in a limited number of countries (Germany, Belgium, the United States, Russia and Turkey). Although no considerable problems arose in the past, an activity interruption at one of the compound factories could substantially interrupt the production process of the extrusion facilities, as it is difficult to ship compounds under commercially attractive conditions. Such unavailability could substantially influence our activities, operating profit and financial position.

People risks

The success of Deceuninck Group will depend to a large extent on its ability to attract and retain skilled staff and managers who have a thorough knowledge of and are familiar with its markets, technology and products. Deceuninck Group is active in a competitive labor market and therefore no assurance can be given that it will be able to retain its key personnel. If we fail to attract or retain skilled persons, this could have a material adverse effect on Deceuninck Group's business or results of operations.

Legal risks

Deceuninck Group relies on a combination of trademarks, trade names, trade secrets, patents and knowhow to define and protect its intellectual property rights of its products and operational processes. So it is of the utmost importance that Deceuninck Group is able to continue to use its intellectual properties and to sufficiently protect all valuable intellectual properties by acting against violations of its intellectual property rights, by maintaining trade secrets and by using the available legal means such as trademarks, patents and design registrations. Although there are no important disputes, the Company cannot exclude judicial procedures in order to protect its rights.

In case the above-mentioned methods cannot sufficiently protect Deceuninck Group's intellectual property rights in its most important markets or in case the protection is no longer

valid, third parties (competitors included) could commercialize its innovations or products or use its knowhow, which could affect our activities and/or operating results.
We cannot guarantee that all trademarks and patents that are applied for will be approved in the future. Deceuninck Group cannot exclude the risk that certain trademark and patent registrations of Deceuninck Group will expire should we not succeed in extending such trademark and patent registrations. In certain geographical markets it might be more difficult for Deceuninck Group to obtain property rights.

Deceuninck Group's success will partially depend on its ability to exercise its activities without infringing on third parties' property rights, or without unlawfully appropriating those rights. Although there are currently no important claims against Deceuninck Group regarding the violation of intellectual property rights, Deceuninck Group cannot guarantee that it will not (unintentionally) infringe on third parties' patents from time to time. Deceuninck Group might be obliged to spend a lot of time and efforts or might incur judicial costs should the Company have to deal with legal claims on intellectual property rights, irrespective of their justifiability.

If Deceuninck Group indeed infringes or has infringed on patents or other intellectual property rights of third parties, it can be subject to substantial insurance claims that could impact the Group's cash flow, activities, financial situation or operating results. The Group might also be required to put a halt to the development, use or sales of the product or process concerned. It might also need to obtain a license in order to be able to use the disputed rights, which is not available at commercially reasonable conditions or not available at all.
To reduce probability of such a violation, the management has implemented a process to continuously examine possible infringements of patents and intellectual property rights.

Deceuninck Group's activities are subject to possible product liability risks that are characteristic to the production and distribution of its products. Product liability can also apply to new products that will be manufactured or distributed in the future. A possible insufficiency of the product liability insurance to cover product liability claims could substantially influence the Company's activities, financial situation and operating results. Furthermore, defense against such claims can exert considerable pressure on the management, considerable damages can be claimed or Deceuninck Group's reputation can be influenced negatively, even if the Company's defense against such claims regarding the products they put on the market is successful.

Violations by employees of the Group of applicable laws and regulations as well as Deceuninck Group's Code of Conduct can have a material adverse effect on the Group's business, results of operations or financial position.
Within an international company, individual employee actions can lead to an infringement in the area of compliance. This can have a negative impact on the image of the company, on the activities and on the value of the share.
Despite internal training and Deceuninck Group's Code of Conduct (dealing with a.o. human rights, anti-bribery, anti-corruption), the Group cannot avoid that some employees would commit individual breaches of applicable laws and regulations or Deceuninck Group's Code of Conduct.

Deceuninck Group operates in markets with different strict and evolving environmental requirements.
Compounding and storage of hazardous industrial products always involves an environmental risk. Although Deceuninck Group has taken all necessary measures to mitigate this risk and no significant problems have occurred in the past, environmental liability can not be excluded, especially as environmental legislation and regulations can provide for a system of strict liability by which Deceuninck Group becomes liable, regardless of whether Deceuninck Group has been negligent or has committed any other offense. Failure to comply with existing or future environmental legislation and regulations may result in criminal or administrative penalties, which could have a material adverse effect on Deceuninck Group's business, results of operations or financial position.
Deceuninck Group may be liable to third parties for any agreement, guarantee, declaration, compensation or similar provision that is contained in agreements with which Deceuninck Group has disposed of production facilities.

External audit

2018

Ernst & Young Bedrijfsrevisoren BCVBA, represented by Marnix Van Dooren was re-appointed as Deceuninck's statutory auditor for a period of three years at the Annual General Meeting of 2017, which means until the closing of the Annual General Meeting of 2020.

Transactions between related parties

General

Each Director and each member of the Executive Committee are encouraged to arrange their personal and business interests so that there is no direct or indirect conflict of interest with the Company. Deceuninck has no knowledge of any potential conflict of interest affecting the members of the Board of Directors and the Executive Committee between any of their duties to the Company and their private and/or other duties.

Directors' conflicts of interest

The conflict of interest settlement procedure of article 523 of the Belgian Companies Code was not applied in 2018.

Transactions with affiliated companies

The conflict of interest settlement procedure of article 524 of the Belgian Companies Code was not applied in 2018.

Article 34 of the Belgian Royal Decree of 14 November 2007 concerning the obligations of issuers of financial instruments admitted to trading on a regulated market

Capital structure on 31 December 2018

The share capital was fully paid up and was represented by 136,670,838 shares without nominal value.

Restrictions on transferring securities as laid down by law or the Articles of Association

The Company offers stock options and warrants on shares of the Company. Stock options and warrants are assigned personally and are not transferable, except in case of decease of the holder.

Holders of any securities with special control rights

None

Systems of control of any employee share scheme where the control rights are not exercised directly by the employees

None

Restrictions on exercising voting rights as laid down by law or the Articles of Association

The voting rights attached to the shares held by Deceuninck and its direct and indirect subsidiaries are suspended. At 31 December 2018, these rights were suspended for 69,769 shares (0.05% of the shares in circulation at that time).

Shareholder agreements known to Deceuninck NV that could restrict the transfer of securities and/or the exercise of voting rights

None

Rules governing the appointment and replacement of Board members and the amendment of the Articles of Association of Deceuninck NV

The members of the Board of Directors are appointed by the General Meeting of Shareholders. Their initial term of office lasts maximum 4 years (based on the Company's Corporate Governance Charter) but can be renewed. The Remuneration and Nomination Committee presents one or more candidates, considering the needs of the Company and taking into account the nomination and selection criteria established by the Board of Directors. In the composition of the Board of Directors an appropriate balance is sought, based on (a.o.) gender, skills, experience and knowledge (see above "Diversity Policy").

The age limit for Directors is set at 70 years at the time of the (re)appointment. In principle, a Director's term ends after the Annual General Meeting, at which moment his or her mandate can be considered ended.

The amendment of Deceuninck's Articles of Association is to be executed in accordance with legal provisions of the Belgian Companies Code.

Powers of the Board with regard to the issue and repurchase of treasury shares

At the Extraordinary General Meeting of 21 December 2016, it was decided to grant the Board of Directors the authority to acquire treasury shares, by purchase or exchange, directly or by intervention of a person who acts in his own name but at the expense of the Company at a minimum price of 1.00 EUR and at a maximum price of 10.00 EUR, provided that by doing so, the Company does never possess treasury shares whose nominal value is higher than 20% of the Company's subscribed capital. No preceding decision by the General Meeting is necessary in case the acquisition of shares occurs in order to offer them to the Company's staff.

Furthermore, the Board of Directors is authorized to sell these shares without being bound to above-mentioned price and time limitations.

This authorization is valid for a period of five years starting on 21 December 2016 and can be renewed in accordance with article 620 of the Belgian Companies Code.

During the financial year 2018, no treasury shares were purchased.

At the Extraordinary General Meeting of 21 December 2016, it was decided to grant the Board of Directors the authority to acquire or sell treasury shares, profit-sharing bonds or certificates which relate to these bonds, according to articles 620 and the following of the Companies Code, when the acquisition or alienation is necessary to avoid threatening serious damages to the Company. This authorization is valid for a period of three years as from its publication in the Annexed to the Belgian Official Gazette and can be renewed in accordance with article 620 of the Companies Code.

Authorised capital

The Board of Directors is authorized, for a period of 5 years as from the date of publication of the deed concerning the modification of the articles of association dated 21 December 2016, to increase the Company's issued capital on one or several occasions to a maximum amount of 53,324,946.55 EUR. This capital increase can take place in conformity with the conditions determined by the Board of Directors by a cash contribution, a contribution in kind, an incorporation of the reserves or share premiums, with or without the issuance of new shares, as well as by issuing debt securities that can be converted to shares on one or several occasions, debt securities with warrants or warrants that whether or not are linked to other stocks. However, the capital increase as decided by the Board of Directors cannot be reimbursed by shares without indication of nominal value issued below accountable par value of the old shares.

The Extraordinary General Meeting of 21 December 2018 authorized the Board of Directors, for a period of 3 years, under the conditions and within the limitations of article 607 of the Belgian Companies Code, to use the authorised capital in case of notification by the Financial Services and Markets Authority (FSMA) of a public takeover bid on the Company's shares. The Board of Directors determines the data and conditions of the instructed capital increases in application of the foregoing, including the possible payment of issue premiums.

If the foregoing occurs (including for the issuance of convertible debt securities or warrants), the Board of Directors determines, in accordance with articles 592 and following of the Belgian Companies Code, the term and other conditions concerning the exercise of the shareholder's preferential rights as assigned by the law.

Furthermore, it can, in accordance with articles 592 and following, in the Company's interest and under the conditions determined by law, limit or cancel the shareholder's preferential rights in favour of one person or several people that are selected, no matter whether or not these people are part of the Company's or its subsidiaries' staff.

If an issue premium is paid as a consequence of a capital increase, than it is transferred by right to an unavailable account named "issue premiums" which can only be used under the conditions required for the capital decrease.
It can, however, always be added to the instructed capital; this decision can be taken by the Board of Directors as stated above. Furthermore, said extraordinary general meeting of the Company authorized the Board of Directors, considering the coordination of the articles of association, as soon as the authorized capital or a part of it is converted into instructed capital, to amend the relevant article of the articles of association.

In 2018, there were no capital increases within the authorized capital, other than the three confirmatory capital increases within the framework of the authorized capital as a result of the exercise of warrants (on 20 June, 20 September and 19 December 2018).

Significant agreements to which Deceuninck NV is a party and which take effect, alter or terminate upon a change of control of Deceuninck NV following a public takeover bid

None

Agreements between Deceuninck NV and its Directors or employees providing for compensation if the directors resign or are made redundant, or if employees are made redundant, without valid reason following a public takeover bid

None

Shareholder structure

Every shareholder holding a minimum of 3% of the voting rights needs to comply with the law of 2 May 2007 in respect of the notification of significant investments, the Royal Decree of 14 February 2008 and the Belgian Companies Code.

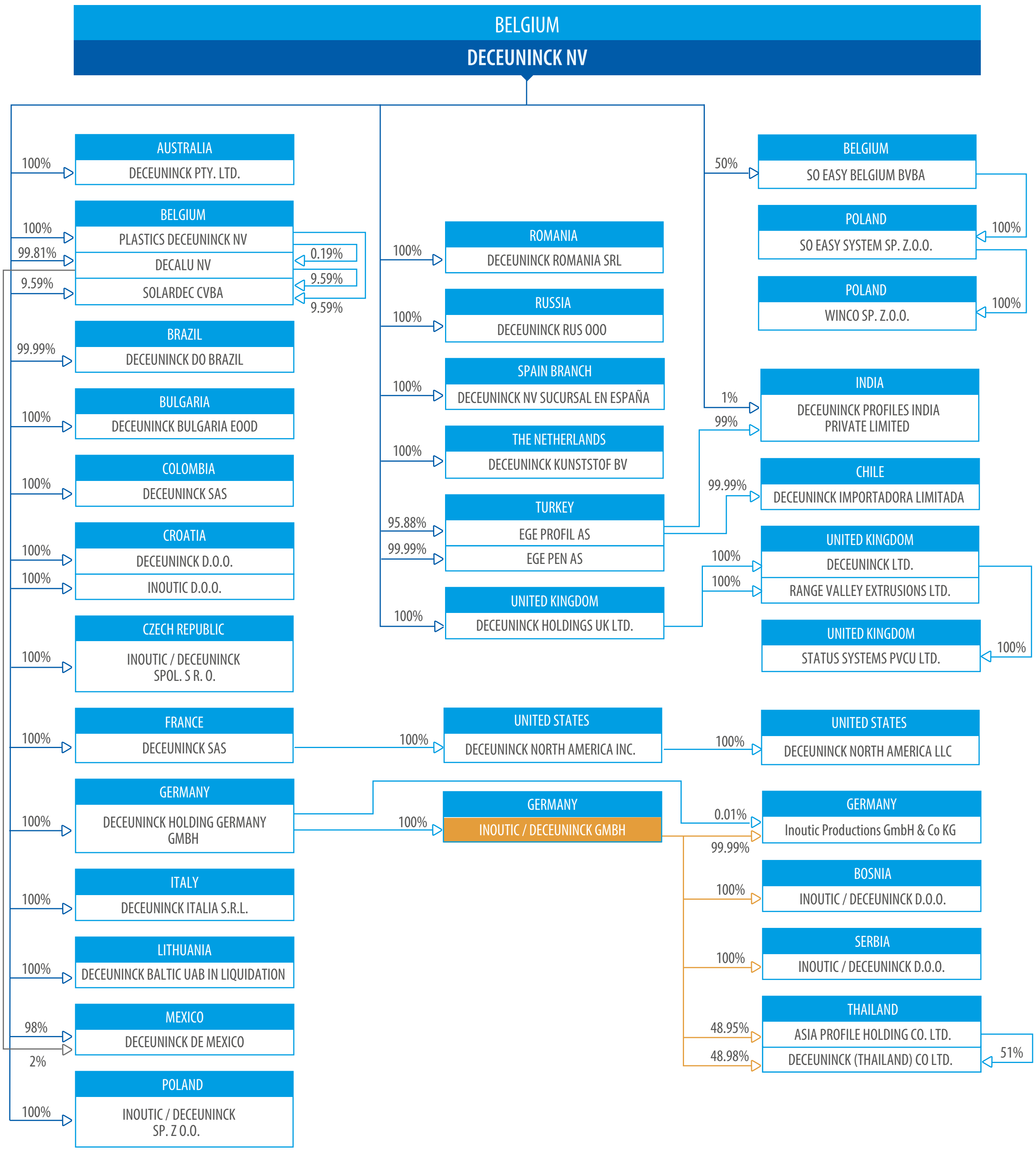
The involved parties need to submit a notification to the Financials Services and Markets Authority (FSMA) and to the Company.

In application of the Law of 2 May 2007, the latest report of participations that have been received shows the following breakdown of shareholders on 31 December 2018:

Gramo BVBA [1]	23,679,374	17.33%
Holve NV [1]	15,706,807	11.49%
H.P. Participaties Comm.V.	10,000,000	7.32%
Sofina NV	9,461,513	6.92%
Fidec NV [2]	7,089,632	5.19%
Lazard Frères Gestion SAS	6,695,000	4.90%
Allacha (Burgerlijke maatschap) [3]	5,379,317	3.94%
Evalli (Burgerlijke maatschap) [4]	4,258,171	3.12%
Treasury shares	69,769	0.05%
Others	54,331,255	39.75%
TOTAL	**136,670,838**	**100.00%**

(1) Holding controlled by Francis Van Eeckhout
(2) Holding controlled by Frank Deceuninck
(3) Civil company represented by its statutory manager Willy Deceuninck and partners Alain, Laurenz and Charlotte Deceuninck
(4) Civil company represented by its statutory manager Arnold Deceuninck and partners Evelyn, Alexander and Lieselot Deceuninck

Legal structure



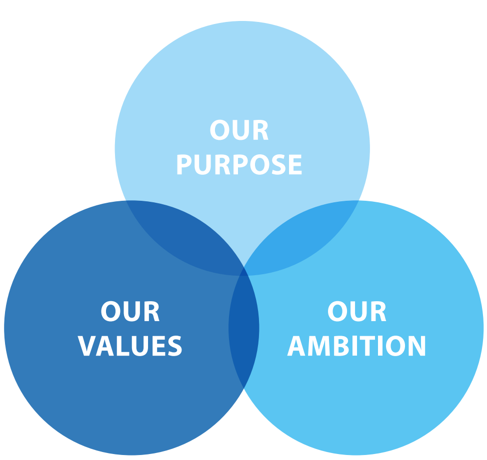
Non-Financial reporting
Mission on sustainability

Building a sustainable home

Sustainability has been part of our strategy for a decade. Our mission is to build a sustainable home for our people and our customers, based on our core values and focusing on the key purpose: innovation, ecology and design. When confronted with a choice, we choose in accordance with our business values: People, Planet, Quality, Service and Profit (PPQSP).

For Deceuninck Group, sustainability is about the safety and development of our employees, long-lasting relationships with customers and suppliers, community engagement, environmental responsibility and economic success. That means we operate not only in our own interest, but also for our stakeholders, such as our employees, the end-consumer, manufacturers, suppliers, shareholders and local communities.

> "At Deceuninck, we are working hard every day to build a sustainable home and we are confident that every step we take brings us closer to that goal"



Sustainability topics

Deceuninck Group focuses its sustainability efforts on the topics that are most relevant to its stakeholders and its business. A materiality assessment helped us to identify and prioritize those topics.

Global trends

Deceuninck operates in a changing world. Global trends influence our current and future operations and create opportunities for our future business. Below, we describe some of the most important trends and give some examples of how they influence both our operations and product development:

TREND	INFLUENCE
Climate change	+ Superior quality and long lifespan of the products + Energy savings thanks to the insulating and thermal characteristics of the products. + Due to increased insulation, less energy is needed for heating or cooling. + Natural ventilation is energy efficient compared to air conditioning + Energy saving and reduction of CO_2 impact by reuse of materials + Development of products tailor-made to extreme weather effects of climate change
Changing demographic balances	+ Impact of population growth and increasing demand for housing worldwide + Movable houses + Co-housing + The avoidance of exhaustible resources such as wood + Noise-isolating characteristics of the products is a surplus value with the eye on urbanization
Increasing shortages of raw materials and resources	Investments in reuse and collection of end-of-life products
Diversity and Ethical Behaviour	+ Code of Conduct + Gender equality
Digitization	Technical innovation towards the use of domotics and apps for sales processes tailored to the customer

Governance

Deceuninck Group's corporate governance structure can be found in the Corporate Governance Statement.

Within that framework, the following bodies are in charge of sustainability strategy, implementation, monitoring and reporting:
+ Executive Management
+ Sustainability Officer
+ Expert Working Groups: Corporate Legal Department, HR, Operations.

Deceuninck Group's material sustainability topics

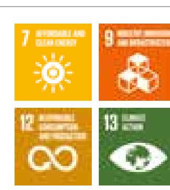
Taking into account those global trends and keeping in mind the interests of our stakeholders, Deceuninck Group identified the following material sustainability topics in 2018:

Stakeholders' interests

For the materiality analysis 2018, our internal stakeholders have been consulted through expert working groups. Interaction with external stakeholders with regard to our sustainability policy will be evaluated in 2019.

About this Chapter

In this chapter, we provide an overview of our ambitions and (bigger or smaller) achievements in the field of sustainability, inspired by the Global Reporting Initiative standards and linked to the United Nations Sustainable Development Goals. The sustainability actions and indices cover the wholly and majority owned subsidiaries of Deceuninck NV, unless stated otherwise. Risks related to the topics described in this chapter can be found in the "Internal Control and Risk Management Systems" section of the annual report.

PPQSP BUSINESS VALUES			
	PEOPLE	**PLANET**	**PROFIT**
Mission	We build a sustainable 'home' for our people and our customers. We build long lasting relationships and intimacy, based on our core values.	We help to build a home that is more energy-efficient to live in. We create long lasting, low maintenance building products with top insulating properties. Our products are created with the lowest ecological footprint and can be fully recycled at end-of-life.	We need to ensure sufficient cash flow generation and maintain a healthy capital structure in order to guarantee financial sustainability.
Material topics	+ Health & safety + Workforce diversity + Training & development + Health and safety of the end-user + Community engagement + Ethical behaviour	+ Energy-efficient products + Recycling of products + Collection of products + Environmental management + Energy consumption in production	+ Financial sustainability
UN Sustainable Development Goals			

People, markets and society

At Deceuninck Group, we build a sustainable home for our people and our customers. We build long lasting relationships and intimacy, based on our core values Candor, Top Performance and Entrepreneurship. We also believe we have a role to play in society and we therefore support charity projects worldwide, both bigger and smaller ones, making a difference for each and everyone involved.

Our employees

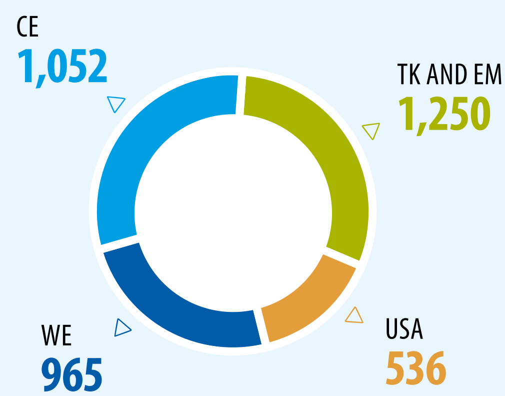
Diversity

TOPIC	DECEUNINCK GROUP'S POLICY
Diversity	We respect cultural differences. Diversity of people and ideas will provide the Company with a business advantage.

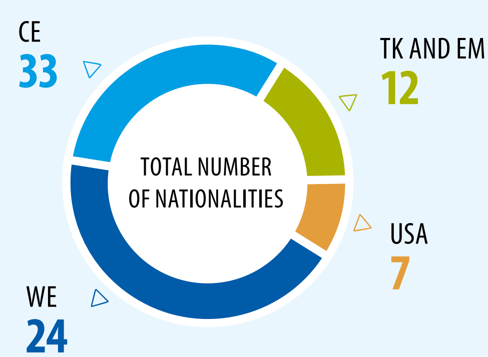
DECEUNINCK GROUP'S AMBITION IN 2019
Throughout the Group, we aim at having employees of all age groups.

The Deceuninck Group population amounts to 3.803 FTE, spread over 23 countries around the world.

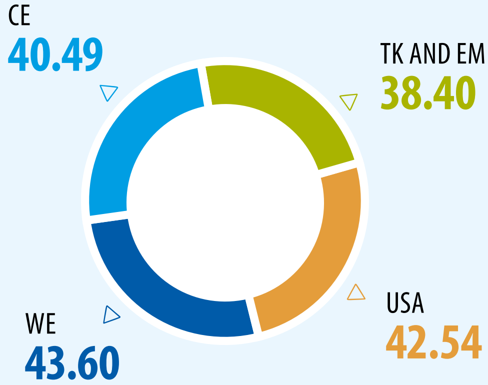
TOTAL FTES PER REGION



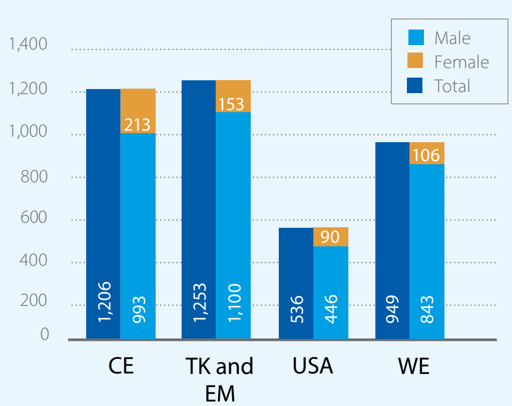
NATIONALITY PER REGION

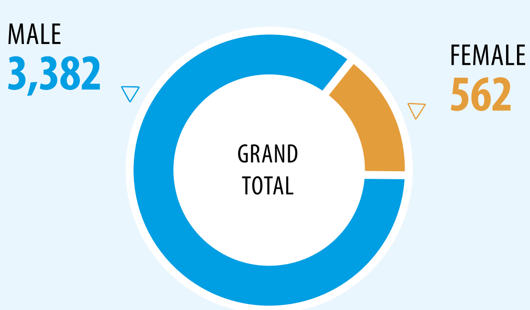


AVERAGE AGE PER REGION



GENDER BASED ON HEADCOUNT





Health & safety

TOPIC	DECEUNINCK GROUP'S POLICY
Health and Safety	Each of us is responsible for observing all of the safety and health rules that apply to our jobs. We are all responsible for taking precautions to protect ourselves and our fellow employees from an accident, injury or unsafe condition. Additionally, each of us must promptly report unsafe or unhealthy conditions and take steps to correct those conditions immediately.

DECEUNINCK GROUP'S AMBITION IN 2019
As it should be everyone's aspirational goal to have no work accidents at all, it is also our ambition to reduce the number of work accidents (resulting in lost days or requiring medical attention) to zero.

Building a sustainable home can only be done with healthy people and in a safe way.
Today, we have not yet achieved our zero accidents ambition, but we believe that investing in prevention, creating awareness and making available the necessary monitoring and reporting tools will help us improve every day. There are safety trainings for all employees, a Health and Safety Day (in Turkey) and several awareness programmes, such as the Safety Barometer, that was introduced in Belgium in order to create both awareness and accountability with regard to safety on the floor ("behaviour-based safety").

At Deceuninck Group, we also attach great importance to a healthy working environment. These are a few of the many examples throughout the Group: healthy employee snacks (free fruit for everyone), yoga course, "Kilos In The Game" (the proceeds of which were donated to charity), participation to several sports events.

Training & development

TOPIC	DECEUNINCK GROUP'S POLICY
Training and development	We believe that great people deliver great results. Therefore, we aim at creating a culture of excellence by establishing a tangible link between learning, performance and compensation, succession planning and knowledge transfer, by arranging for and providing training that broadly supports strategic organizational objectives and by fostering a culture of continuous improvement that values organizational learning.

DECEUNINCK GROUP'S AMBITION IN 2019
We believe that every employee has the right to have a career discussion, with focus on development. A performance review takes place twice a year.

New joiners, young leaders, technicians, sales people... everyone receives tailor-made trainings throughout his career at Deceuninck Group. Also in terms of personal development, we encourage internal and international mobility. This year, Egemen Altintas is happy to share some thoughts on the opportunities he gets at Deceuninck Group:

Egemen Altintas

Costing Controller, Group

Deceuninck encourages its employees to take up new job opportunities in different departments and in different facilities around the world, which is what I was looking for two years ago.

I started working at Deceuninck Turkey in 2015 after three years of experience at a Big Four audit firm as auditor. In my new role as financial analyst, I had the chance to learn about manufacturing, combine it with my financial knowledge, communicate with managers and board members to understand their needs, cooperate with all other departments to increase the quality and timing of financial reports and eventually, to be a part of the Deceuninck family.

In March 2017, I decided to look for a job opportunity abroad, something I had been dreaming about for a long time. My wife and I had always been eager to live in Europe.

My manager at Deceuninck Turkey came up with a job opportunity as Costing Controller at the headquarters of Deceuninck in Belgium. That opportunity for me meant working more closely to manufacturing, in which I could use my past experience, and to learn even more about it. Moreover, being a Turkish national and a native speaker, it would also facilitate the cooperation with Deceuninck Turkey. So, I immediately accepted the offer. My wife and I, who were engaged at that time, got married and soon we moved to Belgium. She happens to be a PhD candidate at Ghent University!

Since May 2018, I am working as a Costing Controller in Hooglede-Gits in a very dynamic environment. The team I am working in is so dedicated to increase the quality of Costing and to continuously improve the procedures, creating new ideas, adapting the methods and overcoming the challenges. I am very happy to be a part of this team. Additional to the satisfying work experience, my wife and I also very much enjoy our new life in Belgium. Easy access to work allows us to share time together after working hours even during the week. The perfect location of Belgium also allows us to plan trips to its lovely cities and to neighbor countries during the weekend. Of course, we miss our friends and family, but a couple of Belgian chocolates and beers definitely bring the good vibes back!

88.6% of all employees already completed the Code of Conduct e-learning program

Ethical behavior

TOPIC	DECEUNINCK GROUP'S POLICY	DECEUNINCK GROUP'S AMBITION IN 2019
Human rights	We are committed to safeguard human rights. We value and respect the unique character and contribution of each person and each employee. Treating each other with dignity, respect and fairness is the foundation of good business. We treat each other the way we would expect to be treated ourselves.	+ Our UK Anti-Slavery and Human Trafficking Policy will be rolled out to the rest of the Deceuninck Group. + The e-learning program on our Code of Conduct will be rolled out to our blue collar workers.
Non-discrimination	Discriminating against any employee or person with whom we do business on the basis of age, race, color, religion, gender, disability, national origin, sexual orientation is not permitted. The recruitment, remuneration, application of employment conditions, training, promotion and career development of our employees are based on professional qualifications only.	The e-learning program on our Code of Conduct will be rolled out to our blue collar workers.
Anti-bribery and anti-corruption	+ We exercise honesty, loyalty, fairness, equity, proper courtesy, consideration, integrity, accountability and sensitivity in dealing with customers, suppliers and employees. + We cannot accept or offer cash at any time and should never accept or offer any gift, favor, entertainment or other advantage, directly or through an intermediary to any public officials, civil servants, for the purpose (or with the intent) of influencing him/her in the performance of his/her official functions in order to obtain or retain business for Deceuninck Group or gain an unfair advantage over competitors neither to any other person with the intent to induce such person to improperly perform his/her function or improperly influence his/her decisions + We do not support political institutions.	The e-learning program on our Code of Conduct will be rolled out to our blue collar workers.

Deceuninck Group employees act ethically and with integrity, in terms of good practice, safety and compliance with laws and regulations. That is fundamental to our long-term future and company reputation.

The rules and guidelines are set out in our Code of Conduct, which highlights the policies and procedures which are essential for the operation of our business. To make sure that all of our employees have the same understanding of the Code of Conduct principles, an e-learning program was launched for white collars in 2017. The aim of the e-learning program was to explain the main principles and rules of Deceuninck Group's Code of Conduct. The training is a perfect way to determine whether the employees are sufficiently familiar with the main principles of integrity as envisaged at our company. The e-learning program is still active and is now ready to be rolled out to our blue collar workers.

Our markets

Health and safety of the customer and the end-user

TOPIC	DECEUNINCK GROUP'S POLICY	DECEUNINCK GROUP'S AMBITION IN 2019
Our products	We provide innovative and sustainable building products but also ensure these products are safe. Products must be designed, produced and serviced to Deceuninck Group standards and should comply with applicable regulations and contractual obligations.	We go for zero incidents of non-compliance concerning the health and safety impacts of our products.
Our production process	Environmental protection is part of our business strategy. We work to reduce and prevent waste, emissions and releases in all of our operations. We safely use, handle, transport and dispose of all raw materials, products and wastes. We help others understand their environmental responsibilities when using our products.	We strive for continuous improvement of our environmental performance, in partnership with government agencies, contractors and communities.

Today, our pvc cladding products are subject to CE marking. The CE mark signifies that products sold in the European Economic Area have been assessed to meet high safety, health, and environmental protection requirements. It covers the following seven basic requirements: mechanical resistance and stability, safety in case of fire, hygiene, health and environment (dangerous substances, VOC, ...), safety and accessibility in use, protection against noise, energy economy and heat retention, sustainable use of natural resources (durability). The safety and performance of our pvc cladding products are officially stated in a Declaration of Performance, published on the website of Deceuninck and made directly available to the customers.

Pvc window profiles are not subject to CE marking, unlike the pvc windows and doors. The CE marking of those products is provided by the window manufacturer, among other things based on ITT (initial type testing) reports provided by Deceuninck.
Also without compulsory CE marking, Deceuninck safeguards the safety and performance of its products by carrying out voluntary quality tests and achieving technical approvals. Those technical approvals are based on national quality standards, such as ATG (Belgium), KOMO (The Netherlands), NF-CSTB (France), RAL (Germany), etc.

Supply chain

TOPIC	DECEUNINCK GROUP'S POLICY
Supplier compliance	We must comply with all applicable laws, rules and regulations in all countries, and report suspected violations. We are driven to do not only what is expected from an entrepreneur, but also what is required by law. We expect our business partners to do the same.

DECEUNINCK GROUP'S AMBITION IN 2019
We have created a supplier Code of Conduct, which we will introduce to our new and existing suppliers in 2019.

We expect our suppliers to comply with the same ethical standards as we do, in particular (but not limited to) with regard to non-discrimination, anti-bribery, anti-corruption and human rights.

Privacy

TOPIC	DECEUNINCK GROUP'S POLICY
Personal data	Deceuninck Group is committed to do the utmost to protect personal data against unauthorized users, and operates in accordance with the applicable rules and legislation

DECEUNINCK GROUP'S AMBITION IN 2019
We go for zero complaints on breach of privacy or loss of data

SAFETY CAMPAIGN EGE PROFIL - TURKEY

Our Society

Community engagement

In 2018, Deceuninck Group made three major donations to charity projects, amongst other, smaller projects.

YouthStart

YouthStart is a non profit organisation that builds the self-confidence of underprivileged youth and opens up possibilities for them to achieve their ambitions.

An eight-day training programme provides young people with the right knowledge, skills and mindset to become entrepreneurs. This enables them to move forward in their lives in a positive and successful way.

Deceuninck Group supports the YouthStart association as a Golden Partner in 2018, 2019 and 2020.

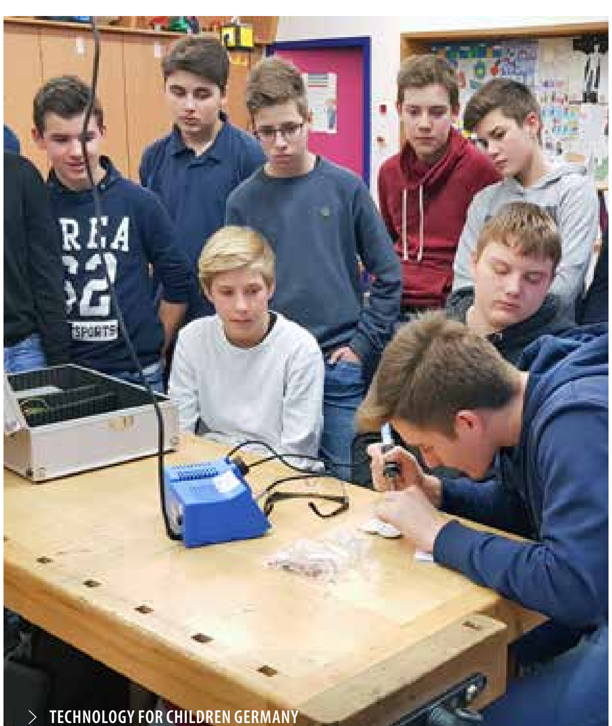
Entrepreneurs for entrepreneurs

Entrepreneurs for Entrepreneus ("Ondernemers voor Ondernemers" or OVO) is the link between Belgian companies and entrepreneurs and local business initiatives in Africa and other developing countries.

OVO supports initiatives that contribute to sustainable entrepreneurship. Socially oriented projects are eligible if they encourage entrepreneurship and if they meet the following conditions:

+ The project must have an ecologically and socially sustainable character
+ It must directly (and permanently) benefit the local population
+ The project must be self-sufficient in the medium term.

Deceuninck is core member of OVO.



> TECHNOLOGY FOR CHILDREN GERMANY

> SCHOOL PROJECT GERMANY

> HABITAT FOR HUMANITY - NORTH AMERICA

Scientific Research

Deceuninck Group supports the "Opening the future" campaign of the Catholic University of Leuven from 2018 until 2021. The campaign supports advanced scientific research with regard to Alzheimer's and Parkinson's disease, ALS, muscular dystrophy and autism.

Other initiatives

People at Deceuninck Group care not only for each other, but also for people outside of the company, and especially the more vulnerable ones. There are too many local initiatives to mention, so here are just a few examples:

+ Deceuninck North America donated windows for Habitat for Humanity, they donated blood for local Blood Drives and toys for local Toy Drives and made numerous donations, for example to: Alzheimers Association, Ronald McDonald House, Down Syndrom Society, Coats for Kids, and Rocky Mountain Elk Foundation to support Nevada wildlife management.
+ Deceuninck in Turkey organized an aid campaign for chilren who suffer from cancer, together with the Kanordusu Cancer Society; they also organized a clothing and stationary aid campaign for local students and they organized a nice breakfast for the elderly people in the local nursing home.
+ In Germany, another edition of "Technology for Children" was organized In 2018, and our colleagues from Poland sponsored a charity event organised by a local primary school
+ Employees in the UK raised a total £4,381 in 2018 for Wiltshire Air Ambulance; a lifesaving charity offering an emergency service to the people of Wiltshire and surrounding areas. Employees took part in several organised events throughout the year including a sponsored 5km walk, sponsored bike ride to Borneo, London marathon run, sponsored head shave, cake sale and raffles.

HABITAT FOR HUMANITY - NORTH AMERICA


SAFETY CAMPAIGN EGE PROFIL - TURKEY

LOCAL CHARITY PROJECT DECEUNINCK NORTH AMERICA

Our planet

As part of our mission since many years, sustainability and ecology are two key strategic pillars of Deceuninck. These pillars are present in all aspects of our activities. Besides our People, Markets and the Society, we strive for a healthy world by optimizing the impacts of our activities on the environment.

Sustainability at Deceuninck is the standard we are guided by and the culmination of everything we put behind our windows and into the world around us. Our designs. Our processes. Our engineering. Our innovations.

Deceuninck is committed to sustainability through a closed-loop approach, carefully dictating how we source recycled materials, how we design and manufacture products, and how those products are shipped, delivered and even recycled at the end of their long, long lifetimes.

2018 main events

2018 has been characterized by the following major achievements, which have a significant impact on our ecological footprint and which we are proud of having achieved.

2018 main events

New recycling plant Diksmuide operational

Increased use of recycled materials in profiles

Awarded VinylPlus product label for sustainability

Installation of solar panels at Gits

Closing the loop in our industry

Striving to build a circular economy is at the heart of Deceuninck's operations. For Deceuninck, circularity means to ensure our PVC products are designed to be 100% recyclable, are being recycled at superior efficacy and quality, and are being re-used in the production of new profiles. Moreover, is also means to have an effective waste management policy in which we minimize waste volumes and seek to close the loop for the remaining waste fractions coming from our production processes.

Recycling

TOPIC	DECEUNINCK GROUP'S POLICY
Recycling	Deceuninck is committed to prevent as many materials from landfill or incineration and to process the materials at high quality so they can be used 1 on 1 in the production of new window profiles.

DECEUNINCK GROUP'S AMBITION IN 2019
Our objective is to recycle 25,000 tonnes of post-industrial and post-consumer materials in 2019.

2018 was marked by the installation of a brand new, high tech recycling line at our compounding facility in Diksmuide. With this investment in the new line, we have quadrupled our recycling capacity to 45,000 tons of materials every year. As such, Deceuninck becomes one of the largest u-PVC recyclers of Western Europe.

The installation of this new recycling line shows our commitment to become a circular player. Recycling post-industrial materials sourced from our own production facilities and window fabricators is what we have been doing since 2012 but only met part of this ambition.

Creating a circular economy goes further and aims to close the loop for all material fractions:

+ Used or "post-consumer" u-PVC profiles coming from demolition or renovation works
+ By-products of windows such as TPE's, metals, glass, etc.

The high tech automated line enables a better sorting of the materials and as such to process PVC profiles at superior efficiency and quality. The latter are key requirements to be able to use the recycled materials from post-industrial as well as post-consumer sources, one-on-one in the production of new profiles.

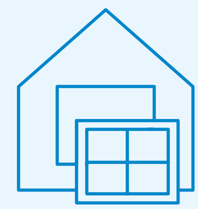
As an example, the sorting and recycling techniques used are so effective it also shifts the harder to be removed contaminations such as fiberglass.

The investment in a new line is a logical step in our strive to being a responsible, sustainable and ecological industry player.

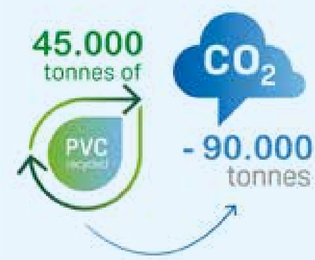
Overall, Deceuninck Diksmuide recycled 10,000 tons of post-industrial and post-consumer PVC waste in 2018. The total recycled content of Deceuninck Group amounted to 21,600 tons, including the scrap regrinded on local production sites.

Deceuninck's recycling activities are EuCertPlast certified and contribute to the Recovinyl objectives to recycle 800,000 tons of PVC in Europe by 2020, of which +/- 50% window profiles and related products. At full recycling capacity, Deceuninck's contribution will account for 11% of the targeted volume.

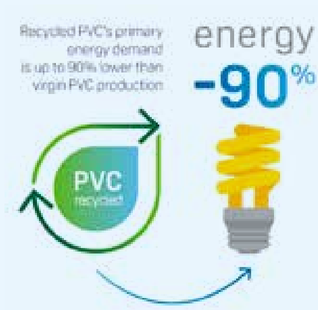
Our capacity of 45,000 tonnes of recycled material represents:



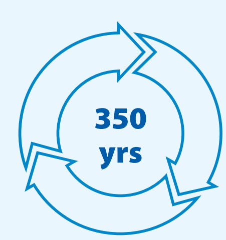
Preventing 2.3 million windows from going to landfill or incineration every year



Reduced CO_2 emissions worth 90,000 back and forth flights Paris - New York



The energy consumption of recycling PVC is 90% lower than the energy needed to produce virgin PVC



PVC can be recycled up to 10 times without losing its mechanical characteristics, with a lifespan of 35 years, the potential lifecycle of PVC materials reaches up to 350 years

PVC as sustainable future-proof material for the construction industry

PVC is a valuable and sustainable material that can be recycled up to 10 times without losing its mechanical & chemical characteristics. Installed for around 35 years, it has a potential lifecycle of up to 350 years.

The use of PVC commenced it surge during the 1980s in just about all European countries. In the same logic of being installed for about 35 years, the inflow of PVC is expected to increase significantly over the coming years. In addition, the strengthened European building codes for energy efficient homes will only result in more renovation projects and consequently will add up to this increase in PVC materials that become available from construction.

Ensuring the recyclability and re-utilization of PVC is thus the way forward. A way in which Deceuninck wants to take a leading role.

Impact of recycling on our ecological footprint

For the collection of the materials, we cooperate with various partners such as waste management companies, container parks, demolition companies, window fabricators, etc. that enable an efficient and sustainable organization of the logistic flows. We mainly source within the 500 km range. For sources out of this range, we ensure optimized transport by grinding the materials prior to being transported.

All production facilities at Deceuninck grind their scrap where possible on their own site. This way we avoid transport to Diksmuide or other local recyclers. The output material from local grinding is used immediately and one-on-one in the extrusion process.

Source: VinylPlus (www.vinylplus.com) and LVA of recycling PVC window frames, Heinz Stichnothea, B.

Use of recycled materials in our products

TOPIC	DECEUNINCK GROUP'S POLICY
Use of recycled materials	Deceuninck believes it should exploit the potential of PVC as a sustainable future proof material for the construction industry the fullest. This means re-using it for its entire potential lifecycle and at the same time to reduce the use of virgin PVC.

DECEUNINCK GROUP'S AMBITION IN 2019
It is our ambition to have 15% of total compound usage coming from recycled materials.

Besides the positive impacts on the environment and on the image of PVC, the investment in the new recycling activity has also been done with the objective of increasing the use of recycled products in the production of new window profiles. Having our own recycling activity enables us to control the recycling process and thus to have control over the quality of the recycled output. This way, we can ensure the recycled compound meets the quality requirements applicable on our new profiles.

The recycling activities of Deceuninck are strategically located in Diksmuide where also our compounding activities are located. In our R&D department, all material formulations are developed & quality is continuously carefully checked. The more than 30 years knowledge of virgin material formulation is now applied on the recycling materials to upgrade them fully to virgin material quality level.

All recycled materials are CSTB & ATG certified.

Deceuninck also invested heavily in new production lines and tools in the Western European production facilities in order to use the recyclate in the core of our profiles. The investments in new lines and tools will be continued in the coming years over all Deceuninck's production facilities.

In 2018, the share of recycled materials in the total compound needs for the entire group represented 12%. This is largely exceeding our target of 10%..

Waste management

TOPIC	DECEUNINCK GROUP'S POLICY
Waste management	It is Deceuninck's ambition to work towards a zero-waste future. A goal we want to attain by embedding a zero-waste-mindset throughout our entire organization. As a result our processes and policies are continuously being questioned and optimized towards attaining that goal.

DECEUNINCK GROUP'S AMBITION IN 2019
To be defined in the course of 2019

In 2018, over 85% of waste from all our facilities was brought back in the economy or sent to incineration with e-recovery.

For those waste fractions we have not found a circular solution yet, pilot projects have been set up with universities and other partners to investigate how we can valorize those material flows. One example is "PVCirculair" which has as objective to re-use the fiberglass released from the recycling process back in the production of new fiberglass profiles.

Hazardous waste volumes reduced with 2% in 2018 compared to 2017.

Sustainable products and production processes

TOPIC	DECEUNINCK GROUP'S POLICY
Sustainable products and processes	Being a sustainable player goes beyond the ecological footprint of our products but should be incorporated in all aspects of our business

DECEUNINCK GROUP'S AMBITION IN 2019
+ Renewing the VinylPlus product label in 2020 with an even higher score. + Renewing ISO 14001 or 50001 certifications with no remarks on environmental aspects

Europe

In 2018, Deceuninck obtained the Vinyl Plus product label. The label is the very first "quality mark" for PVC building and construction profiles that certifies company's policies, processes, products and performance for fulfilling stringent sustainability criteria centered on five topics:

1. **Responsible Sourcing** – traceability of raw materials
2. **Controlled Loop Management** – reduce waste and increase use of recycled material
3. **Organo-chlorine Emissions** – PVC sourced from ECVM chartered suppliers
4. **Sustainable use of additives** – cadmium and lead free products, additives used contribute to lower ecological footprint
5. **Energy and climate stability** – energy efficiency improvement and use of renewable energies above national legal requirements

The label is a result of our longstanding focus and commitment on responsible entrepreneurship which is embedded in all aspects of our business. It gives evidence that our products and processes are applying to the highest quality, performance and sustainability standards.

> VINYLPLUS CERTIFICATE

The VinylPlus product label was put into place by VinylPlus (www.vinylplus.eu), BRE and the Natural Step and was originated to make it easier for customers and markets to choose the most sustainable, high performance PVC products.

VinylPlus is the voluntary commitment of the PVC industry in Europe. Among its most significant achievements was the establishment of an infrastructure for the annual collection and recycling of PVC. The VinylPlus commitment includes an ambitious set of sustainable development targets.

As a founding member of EPPA (www.eppa-profiles.org), through its contribution to the Vinyl Foundation, Deceuninck Group endorses since many years the VinylPlus voluntary commitments.

North America

In 2018, Deceuninck North America was certified for the 7th year for the recycled content in extruded window lineals and continues to be the only Green Circle Certified extruder in the USA. The Green Circle certification.

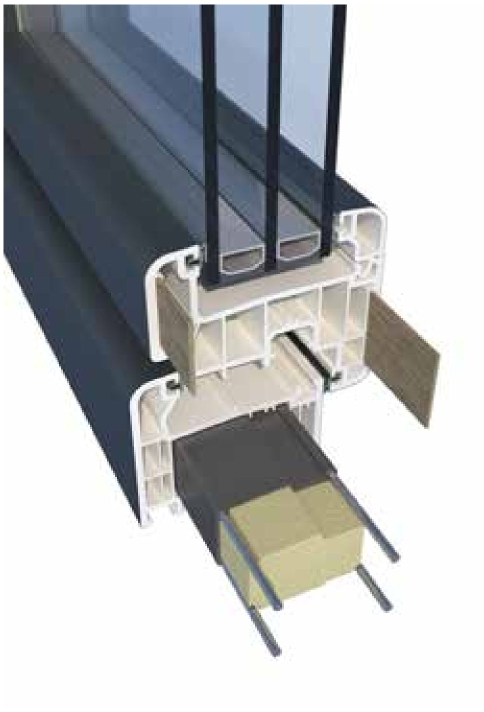
Our designation as a GreenCircle Certified company for Recycled Content offers third-party assurance that Deceuninck engineers fenestration components with a focus on environmental impact. Deceuninck products feature life-cycle engineering for recyclability at the end of use. Raw materials extracted from recycled products are used in manufacturing new products.

Companies that are GreenCircle Certified have demonstrated that they conform to the materials and resources criteria for recycled content for building products as specified in the U.S. Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) Green Building Rating Systems and in the National Association of Home Builders (NAHB) National Green Building Standard Program.

For further information on the Green Circle Certification see: **www.greencirclecertified.com**.

Sustainable products

National building codes are gradually introducing stricter insulation and ventilation targets in order to meet European insulation legislation (EPBD – Energy Performance of Buildings Directive). The EPBD is the main legislative instrument at EU level to achieve energy performance in buildings. The Directive requires Member States to set performance standards for buildings; apply energy performance certificates (EPCs) to buildings; and ensure that from the end of the decade only 'nearly zero energy buildings' (NZEBs) are built.



Zendow#neo premium

An LCA (Life Cycle Assessment) or ecological footprint calculation made by Futureproofed (www.futureproofed.com) shows that the latest Zendow#neo premium window frame (with Linktrusion® technology) has a 40.8% lower ecological impact as compared with the traditional steel reinforced Zendow window. Lower heat loss of the Zendow#neo window frame during the 35 years use phase accounts for 90% of the improved ecological impact.
As a result major environment gain comes from further improvement of the insulation degree of the framing material. In Zendow#neo premium pultruded glassfibre reinforcements in the PVC window sash and embedded steel wires in cellular foam reinforcement for the outer frame replace the badly insulating steel reinforcements. Zendow#neo premium offers 30% better insulation.
Replacing 60% of the virgin PVC by recycled PVC could result in a further ecological footprint gain of 37%.
Zendow#neo (Linktrusion®) has won the G18 product of the year award in the UK.

Elegante

In 2018, Deceuninck launched the Elegante window system in Central Europe. Elegante stands for unmatched design without compromising on performance
Elegante aims with a new, ultraslim window concept to be highly attractive for end consumers and architects.
It has high thermal insulation values, is environmentally friendly using the recycling material EcoPowerCore in the profiles and features a rebate of only 9mm.
No other PVC window system for industrial fabrication purpose has dared to go this slim. On top of that, the glass is positioned in line with the window surface for an exceptionally minimalistic look.

Storbox 2.0

Storbox 2.0, our new roller shutter system, has become the market reference for PVC roller shutter boxes. The product guarantees exceptional thermal & acoustic performance (Uc 1,0; >45 dB sound dampening) with best in class airtightness performances.
Designed to improve and automate the assembling its concept technology is unique and patented. The product is applicable on wood, alu & PVC windows and for new built or renovation.
Storbox 2.0 has won the innovation award at Equip'baie, the leading trade fair in Paris.

Deceuninck North America Tilt & Turn window

Deceuninck North America's Revolution XL™ Tilt & Turn window has been certified as Passive House Component, representing the global pinnacle of high-performance sustainability.

As the leading standard in energy efficient building and construction, Passive House Institute principles are based on performance standards that can create heating- and cooling-related energy savings of up to 90 percent. Deceuninck's Revolution XL Tilt & Turn Passive House Edition window offers superior thermal and acoustical performance as well as compression seal technology, which delivers exceptional resistance to air and water infiltration. It is ideal for the remodelling, replacement and new construction markets.

Sustainable production process

Production sites in Belgium (Gits and Diksmuide), Turkey (Izmir & Kartepe) and the United Kingdom (Calne) are ISO 14001 certified. The ISO 14001 certification takes into account a number of prevention principles to limit or prevent the impact for people, the environment and the neighbourhood.
The Plan-Do-Check-Act approach of ISO 14001 results in continuous improvements of the environment performance based on procedures and instructions. All five production sites concluded their ISO 14000 environmental audit successfully in 2018. The Belgian production sites in Gits and Diksmuide are already certified up to the latest standard ISO14001/2015.

The production sites in Bogen and Turkey (Izmir & Kartepe) are ISO 50001 certified. The energy management system ISO 50001 specifies the requirements for establishing, implementing, maintaining and improving an energy management system, whose purpose is to enable an organization to follow a systematic approach in achieving continual improvement of energy performance, including energy efficiency, energy security and energy use. The standard aims to help organizations continually reduce their energy use, and therefore their energy costs and their greenhouse gas emissions.

A systematic energy management system is based on detection of all energy flows in the company and the evaluation of the state of energy efficiency, especially important for the energy-consuming equipment such as: extrusion systems, injection molding machines, laminating machines, compound mixing, heating, cooling, water and compressed air supply. ISO 50001 certification helps our production sites to critically review and improve all processes to reduce energy consumption per processed kg.

All worldwide production sites further focused on scrap reduction as well as reduced energy & water consumption.

Invest in renewable energy and “green” technologies

TOPIC	DECEUNINCK GROUP’S POLICY
Renewable energy	Making the world a “greener” place through the implementation of “Green Technologies” projects on all of our production sites worldwide.
DECEUNINCK GROUP’S AMBITION IN 2019	
In 2019 we will further work on attaining this objective.	

Besides our recycling activities, the second pillar of our sustainability goals is centered on making the world a “greener” place. In this effort, our CEO called for the implementation of “Green Technologies” and “Green projects” on all Deceuninck production sites worldwide. Many initiatives have been launched and several large solar power projects have been implemented. However, we can still do better and we will further work towards a greener future.

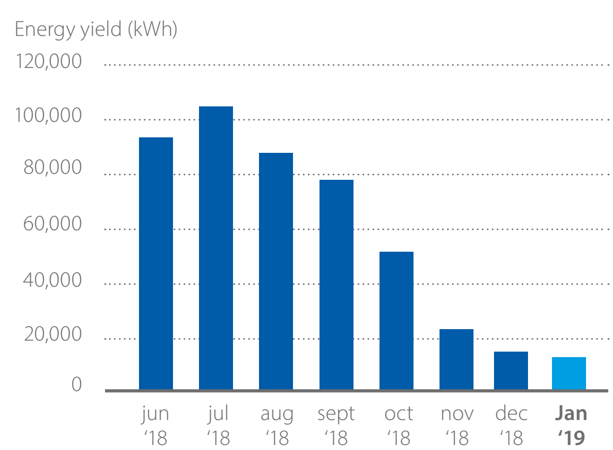
INAUGURATION ON 24 MAY 2018

Belgian solar power with SolarDec CVBA

SolarDec is a cooperative company that manages the operation of solar panels and in which Deceuninck NV, Decalu NV and Plastics Deceuninck NV participate as founding partners. SolarDec CVBA is recognized as a cooperative society with the National Cooperations Council (“Nationale Raad voor de Coöperatie”). During a first investment round, some of our employees took the chance to co-invest in this smart investment in sustainable and renewable energy production through cooperative shares. Since December 2018, also inhabitants of the town of Hooglede-Gits and the cities of Roeselare and Diksmuide are eligible to becoming co-investors.

In April 2018, 2.780 solar panels were installed on the roof of our plant in Gits (Belgium), expected to produce 728 MWh of solar energy per year (equaling the average annual energy consumption of 210 families). From their first production date in June 2018 until 31 December 2018, the solar panels already produced 522 MWh of solar energy.

ENERGY YIELD COMPARISON



Our cooperative solar project was inaugurated by the former Flemish minister for Energy, Mr. Bart Tommelein, on 24 May 2018.

Strengthened by the enthusiasm of our employee-investors, we will be looking at other renewable energy projects in 2019 for our site in Diksmuide (Belgium).

Belgium: Participation in the “Green Deal”

Deceuninck Belgium subscribed for the Green Deal, an initiative launched by the OVAM (governmental agency for waste management), the VCB (Confederation for the Flemish construction industry) and Vlaanderen Circulair (Circular Flanders).

The Green Deal seeks to bring different committed players of the building industry, knowledge centers and governmental bodies together with the aim of finding a solution to blocking points in projects around circularity.

By participating, Deceuninck hopes to further optimize material and transport flows.

Turkey: Photovoltaic Power system in Menemen plant

At the end of 2018, a brand new photovoltaic power system became operational at the Menemen plant.

The photovoltaic system, also PV system or solar power system, is a power system designed to supply usable solar power by means of photovoltaics. It also use a solar tracking system to improve the system’s overall performance.

1,900 solar panels were installed covering an area of 8,735 m^2. The expected annual energy production amounts to 1,027 MWh.

Turkey: trigeneration and photovoltaic installation in Kartepe

In 2016 the installation of a trigeneration system in our plant in plant in Kartepe (Turkey) was completed. The system started to generate electricity, cooling and heating at the beginning of 2017. A trigeneration installation generates simultaneously power, heating and cooling using natural gas.

The Trigenerator reduces energy costs by generating own electricity, by using less electricity for cooling, and by applying excess heat usefully. It generates 1.580 kW of cooling and is used in our production process to cool PVC materials after the extrusion process.

In addition to the trigeneration installation, solar panels were installed on the roof of the Kartepe plant back in 2014.
In 2018, 650 Mwh of renewable energy was produced at the Kartepe plant.

Germany

35% of energy consumed in Bogen is coming from renewable energy sources. Bogen does not have any renewable energy sources installed itself, but has been able to contract renewable energy from external sources.

SOLAR PANELS IN HOOGLEDE-GITS PLANT

PHOTOVOLTAIC POWER SYSTEM IN MENEMEN PLANT

The Deceuninck Group Share

Number and types of shares

The Company capital amounts to €53,900,988.26 and is represented by 136,670,838 shares. Deceuninck Group holds 69,769 treasury shares as at 31 December 2018. There are 115,746,396 dematerialized shares and 20,924,442 registered shares.

Quotation on the stock exchange

Deceuninck Group shares are listed under the code DECB and are traded on the Continuous segment of Euronext Brussels. DECB is part of the BELSMALL index.

ICB sectorial classification: 2353 Building materials & fixtures.

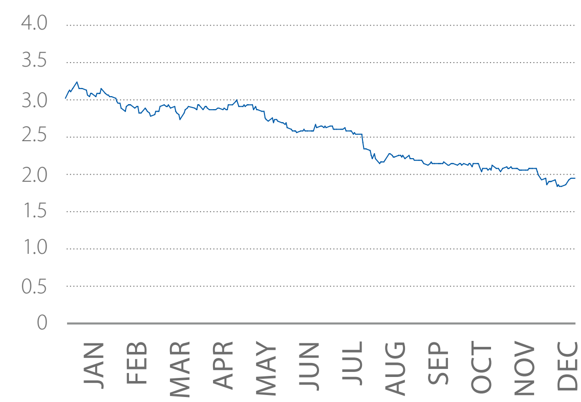
Evolution of the Deceuninck Group share price

The closing price of the Deceuninck Group share decreased from €3.01 on 31 December 2017 to €1.93 on 31 December 2018. The Volume Weighted Average Price (VWAP) for 2018 was €2.49. The lowest closing price was €1.82 on 20 and 21 December 2018 and the highest closing price was €3.23 on 8 January 2018.

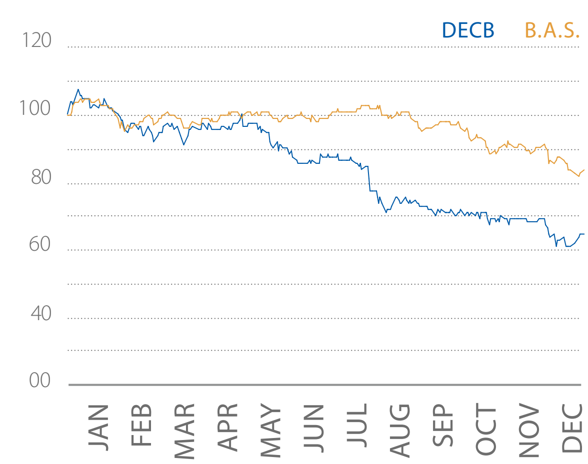
Dividends

At the Annual General Meeting scheduled on 23 April 2019, the Board of Directors will propose to pay a dividend of €0.03 per share for the financial year 2018.

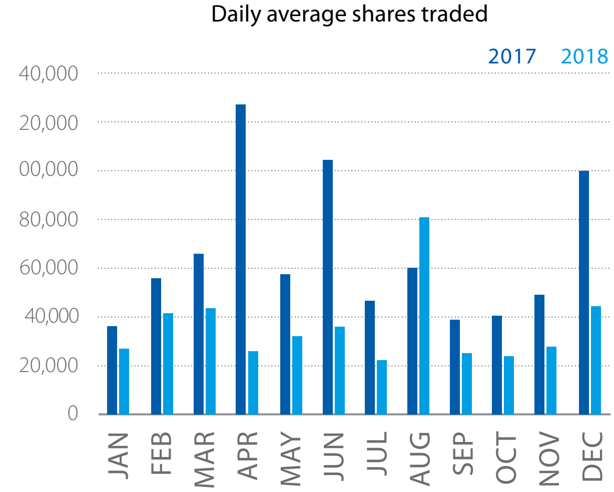
Deceuninck Group Share price 2018



Deceuninck Group vs. BEL All-Share



Daily average shares traded



Institutional investors and financial analysts

Deceuninck Group has continuously and consistently informed the financial community about the evolution of the Company. Press releases with the annual and half year results were issued at scheduled intervals before stock exchange opening and published on the Investors page on our website (www.deceuninck.com) and on the website of the FSMA.

Institutional investors at home and abroad were informed by Deceuninck Group during one-to-one meetings, as well as in group meetings during roadshows and investor events. Opportunities were offered to institutional investors to meet or set up conference calls with the CEO and CFO at the head offices in Hooglede-Gits. Deceuninck Group participated in investor conferences and/or roadshows in Brussels and Paris.

Retail investors had the opportunity to inform themselves during the retail investor events of the VFB (Flemish Federation of Investors and Investor Clubs), which took place in Antwerp on March 24th.

Financial analysts covering Deceuninck Group:
Nathalie Debruyne (Degroof Petercam), Giel-Jan Triest (ING), Wim Hoste (KBC Securities), Kris Kippers (Kepler Cheuvreux) and Gert De Mesure (VFB).

Investor relations contact

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8830 Hooglede-Gits, Belgium

On the Investors page of the Deceuninck Group corporate website (www.deceuninck.com/investors) you can register to receive financial news and financial press releases per e-mail.

Financial calendar 2019

FEBRUARY 2019	APRIL 2019	AUGUST 2019
21	23	20
FY 2018 results	Annual General Meeting at 4 pm	H1 2019 results

Financial statements

Deceuninck consolidated

This annual report needs to be read together with the **audited consolidated financial statements** of Deceuninck Group, referred to as the Group, and the notes to the financial statements. These audited consolidated financial statements were authorized by the Board of Directors on **19 February 2019**.

2018 Results

Sales

FY 2018 sales decreased by 1.9% to €674.2 million (FY 2017: €687.2 million). Solid sales growth in North-America and the Emerging Markets has been offset by lower volumes in Turkey due to challenging market conditions in H2. Sales in Europe remained fairly stable, however with different dynamics accross end markets.

Deceuninck activities are divided into 4 regions, namely Western Europe, Central and Eastern Europe, Turkey & Emerging Markets and North America.

Western Europe

Sales in Western Europe increased by 4.5% to €178.8 million (FY 2017: €171.1 million) thanks to strong business development in certain countries and price increases necessary to offset increasing raw material prices. Although the dynamics are very different across end markets, overall market growth across Europe is flat.

Central and Eastern Europe

In Central and Eastern Europe sales decreased 2.3% to €159.6 million (FY 2017: €163.4 million). This is explained by a loss in volume and the weakening of the Russian rouble (-12%). This is partially compensated by price increases which are necessary to compensate for higher raw material prices and inflation.

Turkey & Emerging Markets

Sales in Turkey & Emerging Markets decreased 8.5% to €204.5 million (FY 2017: €223.6 million) due to the difficult market environment in Turkey since the summer. In H2 the volumes in Turkey dropped by 21% y-o-y as the impact of the market contraction was partially compensated by market share gains. The impact of the weaker Turkish lira (-38%) and inflation has been largely compensated by price increases. Strong volume growth in Emerging Market countries (mainly Chile, Colombia and Brazil) boosted sales in EM, albeit mitigated somewhat by unfavourable FX.

North America

In North America sales increased 1.7% to €131.3 million (FY 2017: €129.1 million). Volumes grew (+5.4%) thanks to strong business development and new customers joining Deceuninck. Volume growth was however almost completely offset by the weakening of the USD (-4.5%).

% OF SALES	TOTAL	WESTERN EUROPE	CENTRAL & EASTERN EUROPE	TURKEY & EMERGING MARKETS	NORTH AMERICA
SALES 2017 (in € million)	**687.2**	**171.1**	**163.4**	**223.6**	**129.1**
Volume	**(0.3%)**	1.3%	(4.4%)	(7.9%)	5.4%
Exchange rate	(10.9%)	(0.2%)	(1.5%)	(29.7%)	(4.5%)
Other (price & mix)	**9.4%**	3.4%	3.6%	29.1%	0.8%
TOTAL	**(1.9%)**	**4.5%**	**(2.3%)**	**(8.5%)**	**1.7%**
SALES 2018 (in € million)	**674.2**	**178.8**	**159.6**	**204.5**	**131.3**

Results

Adjusted EBITDA

Adj. EBITDA increased to €72.4 million (FY 2017: €68.1 million) driven by higher operational efficiencies thanks to process improvements and investments in equipment and infrastructure, as well as price increases necessary to compensate for higher raw material prices, devaluation and inflation. Furthermore, in Turkey we have benefited from some opportunistic buying of raw materials. This is partially offset by higher fixed costs necessary to support growth in the US. As a result of the foregoing, Adj. EBITDA-margin increased to 10.7% versus 9.9% in FY 2017.

Operating result (EBIT)

The Operating Result (EBIT) amounted to €43.9 million (FY 2017: €38.1 million), which is entirely explained by the evolution of Adjusted EBITDA. Non recurring income and expenses amount to a gain of €0.5 million.
Depreciations and impairments decreased to €-29.0 million (FY 2017: €-30.5 million) as the impact of higher investments is compensated by FX gains and a one-off positive €1.6 million adjustment of historical depreciation charges.

Financial result

The Financial result amounted to €-23.0 million (FY 2017: €-16.1 million). The €6.9 million decrease is mainly explained by higher interest rates in Turkey which is only partially offset by a decrease in overall financial debt and by the one-off impact which the merger of Pimas and liquidation of Enwin had on both the 2017 and 2018 financial results.

Income tax expenses

Income tax expenses normalized to €-5.4 million in 2018 after one-off tax expenses related to fiscal reforms in Belgium and the US negatively impacted tax expenses in 2017.

Net profit

As a consequence of the above, net profit for the year increased from €13.8 million in FY 2017 to €15.6 million in FY 2018. Earnings per share increased to €0.11 (FY 2017: €0.09).

Working capital

Working capital on 31 December 2018 shrunk to 13.7% of LTM sales compared to 19.8% on 31 December 2017. Trade receivables decreased by €20.3 million, explained by several initiatives to reduce DSO's, increased use of commercial finance (€36.2 million vs €31.5 million in 2017) and by lower volumes in Turkey. Inventories increased by about €3 million mainly due to the increase in raw material prices. Trade payables increased by €26.4 million as a result of longer payment terms agreed with raw material suppliers, part of which might reverse depending on 2019 market circumstances.

Capital expenditures

Capital expenditures in FY 2018 amounted to €62.1 million (€54.2 million in FY 2017), and include the investment in a new recycling plant in Diksmuide (BE), the construction of a new logistical centre in Poznan (PL), the development of new products and the further modernisation of our equipment.

Net debt

Net debt on 31 December 2018 amounted to €93.7 million compared to €118.3 million on 31 December 2017, resulting in a net debt / LTM Adj. EBITDA ratio of 1.3x (31/12/2017: 1.7x). Part of this improvement relates to the evolution of trade payables and might, depending on market circumstances, reverse over the course of 2019.

Headcount

On 31 December 2018 Deceuninck employed worldwide 3,803 full time equivalents (FTEs) (including temporary workers and external staff) (31 December 2017: 3,927).

Risk management

For an analysis of the Group risk management, see Note 24 of the consolidated financial statements.

Non-financial information

The non-financial information of the Group is described on pages 54 to 73.

Research & Development (R&D)

The research and development activities of the Group are described in the report of the board of directors on pages 4, 14-15.

Events after the balance sheet date

Please refer to Note 25 of the consolidated financial statements.

Other circumstances

Besides the circumstances included in the paragraph on risk management, no other circumstances should be disclosed that had a significant influence on the Group's situation.

Deceuninck Group: key figures**

CONSOLIDATED INCOME STATEMENT (in € million)	2016 RESTATED (*)	2017 RESTATED (*)	2018	VARIANCE %
Sales	670.9	687.2	674.2	(1.9%)
Adjusted EBITDA	64.0	68.1	72.4	6.4%
EBIT	35.0	38.1	43.9	15.3%
Net profit	21.0	13.8	15.6	12.7%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in € million)	2016 RESTATED (*)	2017 RESTATED (*)	2018	VARIANCE %
Equity	275.0	257.6	255.6	(0.8%)
Net debt	88.4	118.3	93.7	(20.8%)
Total assets	601.1	558.6	590.0	5.6%
Capital expenditure	79.4	54.2	62.1	14.7%
Working capital	111.1	135.9	92.3	(32.1%)
Capital employed	402.6	418.2	396.3	(5.2%)

RATIOS	2016 RESTATED (*)	2017 RESTATED (*)	2018
Net profit on sales	3.1%	2.0%	2.3%
Adjusted EBITDA/sales	9.5%	9.9%	10.7%
Net debt/Adjusted EBITDA	1.38	1.74	1.29
EBIT/Capital employed	8.7%	9.1%	11.1%

HEADCOUNT	2016	2017	2018
Total Full Time Equivalents (FTE)	3,682	3,927	3,803

(*) As from 2018 profits and losses resulting from the conversion of monetary assets and liabilities in foreign currencies into the local currency of the entity are recognized In the consolidated income statement as financial exchange result. The impact is disclosed in Note 1.
(**) Definitions: see Glossary p. 159.

Consolidated financial statements and notes

Deceuninck consolidated income statement

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	NOTES	2017 RESTATED (*)	2018
SALES	2	**687,157**	**674,227**
Cost of goods sold	3	(490,453)	(471,931)
GROSS PROFIT		**196,704**	**202,297**
Marketing, sales and distribution expenses		(107,365)	(106,891)
Research and development expenses		(8,267)	(7,977)
Administrative and general expenses		(44,771)	(43,836)
Other net operating result	3	1,817	743
Impairment on goodwill		0	(168)
Share of profit of a joint venture	8	0	(220)
OPERATING PROFIT	3	**38,118**	**43,947**
Financial charges	3	(30,358)	(31,534)
Financial income	3	14,254	8,519
PROFIT BEFORE TAXES (EBT)		**22,014**	**20,932**
Income taxes	4	(8,199)	(5,363)
NET PROFIT		**13,815**	**15,569**

(*) As from 2018 profits and losses resulting from the conversion of monetary assets and liabilities in foreign currencies into the local currency of the entity are recognized In the consolidated income statement as financial exchange result. The impact is disclosed in Note 1.

THE NET PROFIT IS ATTRIBUTABLE TO	2017	2018
Shareholders of the parent company	12,453	14,745
Non-controlling interests	1,362	823

EARNINGS PER SHARE DISTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY (in €)	2017	2018
Normal earnings per share	0.09	0.11
Diluted earnings per share	0.09	0.11

Deceuninck consolidated statement of comprehensive income

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	2017	2018
NET PROFIT	**13,815**	**15,569**
Currency translation adjustments	(28,431)	(15,834)
Income tax impact	872	(362)
Net other comprehensive income potentially to be reclassified to profit or loss in subsequent periods	(27,559)	(16,196)
Actuarial gains (+) / losses (-) on defined benefit plans	198	2,578
Income tax impact	(317)	(574)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	(119)	2,004
OTHER COMPREHENSIVE INCOME (+) / LOSS (-) AFTER TAX IMPACT	**(27,678)**	**(14,192)**
TOTAL COMPREHENSIVE INCOME (+) / LOSS (-)	**(13,863)**	**1,377**

THE TOTAL COMPREHENSIVE INCOME (+) / LOSS (-) IS ATTRIBUTABLE TO (in € thousand)	2017	2018
Shareholders of the parent company	(14,527)	1,265
Non-controlling interests	664	112

Deceuninck consolidated statement of financial position

ASSETS (in € thousand)	NOTES	2017	2018
Intangible fixed assets	6	6,119	5,500
Goodwill	7	10,677	10,639
Tangible fixed assets	9	252,945	268,817
Financial fixed assets		65	64
Investment in a joint venture	8	0	9,434
Deferred tax assets	4	10,707	8,563
Long-term receivables	10	1,765	1,046
NON-CURRENT ASSETS		**282,278**	**304,063**
Inventories	11	114,342	117,382
Trade receivables	12	109,036	88,749
Other receivables	12	9,422	10,945
Cash and cash equivalents	13	41,993	65,831
Fixed assets held for sale	14	1,529	3,030
CURRENT ASSETS		**276,322**	**285,937**
TOTAL ASSETS		**558,600**	**590,001**

EQUITY AND LIABILITIES (in € thousand)	NOTES	2017	2018
Issued capital	15	53,788	53,901
Share premiums	15	87,887	88,193
Consolidated reserves		207,922	218,592
Actuarial gains / losses		(6,291)	(4,287)
Treasury shares	15	(115)	(75)
Treasury shares held in subsidiaries		(210)	(669)
Currency translation adjustments	15	(87,957)	(102,637)
EQUITY EXCLUDING NON-CONTROLLING INTEREST		**255,024**	**253,018**
Non-controlling interest		2,601	2,614
EQUITY INCLUDING NON-CONTROLLING INTEREST		**257,625**	**255,631**
Interest-bearing loans	18	129,599	124,192
Other long term liabilities	8	0	7,653
Long-term provisions	16,17	27,811	24,457
Deferred tax liabilities	4	1,684	3,171
NON-CURRENT LIABILITIES		**159,094**	**159,473**
Interest-bearing loans	18	30,720	35,317
Trade payables	19	87,488	113,872
Tax liabilities		5,048	5,199
Employee related liabilities		13,114	11,653
Short term provisions	16,17	1,616	1,250
Other liabilities	19	3,895	7,605
CURRENT LIABILITIES		**141,881**	**174,896**
TOTAL EQUITY AND LIABILITIES		**558,600**	**590,001**

Deceuninck consolidated statement of changes in equity

(in € thousand)	ISSUED CAPITAL	SHARE PREMIUMS	CONSOLIDATED RESERVES	CASH FLOW HEDGE RESERVE
AS PER 31 DECEMBER 2016	**53,393**	**87,056**	**198,954**	**(91)**
Net income (loss) for the current period			12,373	
Other comprehensive income (+) / loss (-)				
TOTAL COMPREHENSIVE INCOME (+) / LOSS (-)	**0**	**0**	**12,373**	**0**
Capital increase	395	831		
Exercise of options				
Non-controlling interest due to business combinations				
Share based payments			534	
Dividends paid			(4,058)	
Transfer			119	91
AS PER 31 DECEMBER 2017	**53,788**	**87,887**	**207,922**	**0**

(in € thousand)	ISSUED CAPITAL	SHARE PREMIUMS	CONSOLIDATED RESERVES	CASH FLOW HEDGE RESERVE
AS PER 31 DECEMBER 2017	**53,788**	**87,887**	**207,922**	**0**
Net income (loss) for the current period			14,746	
Other comprehensive income (+) / loss (-)				
TOTAL COMPREHENSIVE INCOME (+) / LOSS (-)	**0**	**0**	**14,746**	**0**
Capital increase	113	306		
Own shares purchased				
Exercise of options				
Non-controlling interest due to business combinations			(1)	
Share based payments			811	
Dividends paid			(4,082)	
Transfer			(805)	
AS PER 31 DECEMBER 2018	**53,901**	**88,193**	**218,592**	**0**

The minorities are mainly related to the minority shareholders of Ege Profil. The legal structure of the group is included in the first part of the annual report.

	ACTUARIAL GAINS / LOSSES	TREASURY SHARES	TREASURY SHARES HELD IN SUBSIDIARIES	CURRENCY TRANSLATION ADJUSTMENTS	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	NON-CONTROLLING INTEREST	TOTAL
	(6,173)	**(320)**	**0**	**(61,176)**	**271,644**	**3,395**	**275,039**
					12,373	1,442	**13,815**
	(119)			(26,781)	(26,900)	(778)	**(27,678)**
	(119)	**0**	**0**	**(26,781)**	**(14,527)**	**664**	**(13,863)**
					1,225		**1,225**
		206			206		**206**
					0	(1,323)	**(1,323)**
					534		**534**
					(4,058)	(135)	**(4,193)**
			(210)		0		**0**
	(6,291)	**(115)**	**(210)**	**(87,957)**	**255,024**	**2,601**	**257,625**

	ACTUARIAL GAINS / LOSSES	TREASURY SHARES	TREASURY SHARES HELD IN SUBSIDIARIES	CURRENCY TRANSLATION ADJUSTMENTS	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	NON-CONTROLLING INTEREST	TOTAL
	(6,291)	**(115)**	**(210)**	**(87,957)**	**255,024**	**2,601**	**257,625**
					14,746	823	**15,569**
	2,004			(15,485)	(13,481)	(711)	**(14,192)**
	2,004	**0**	**0**	**(15,485)**	**1,265**	**112**	**1,377**
					419	37	**457**
			(459)		(459)	41	**(418)**
		40			40		**40**
					(1)		**(1)**
					811		**811**
					(4,082)	(178)	**(4,259)**
				805	0		**0**
	(4,287)	**(75)**	**(669)**	**(102,637)**	**253,019**	**2,614**	**255,633**

Deceuninck consolidated statement of cash flows

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	NOTES	2017	2018
Profit (+) / loss (-)		13,815	15,568
Depreciations & Impairment	6, 7, 9, 14	30,528	29,023
Net financial charges	3	16,105	23,011
Income taxes	4	8,199	5,363
Inventory write-off (+ = cost / - = inc)	11	91	567
Trade AR write-off (+ = cost / - = inc)	12	(1,079)	(1,655)
Other provisions (+ = cost / - = inc)		507	166
Gain / Loss on disposal of (in)tang. FA (+ = cost / - = inc)	3	(53)	(73)
Fair value adjustments equity accounted investees	8	0	220
GROSS OPERATING CASH FLOW		**68,113**	**72,190**
Decr / (incr) in inventories		(21,865)	(10,085)
Decr / (incr) in trade AR		(8,934)	2,217
Incr / (decr) in trade AP		(1,540)	35,072
Decr / (incr) in other operating assets/liabilities		1,356	(2,241)
Income taxes paid (-) / received (+)	4	(1,537)	(854)
Interest received (+)		1,527	2,416
CASH FLOW FROM OPERATING ACTIVITIES		**37,120**	**98,716**
Purchases of (in)tangible FA (-)	6, 9, 14	(54,156)	(62,092)
Acquisitions of investment in joint venture		0	(2.000)
Proceeds from sale of (in)tangible FA (+)		4,531	(20)
CASH FLOW FROM INVESTMENT ACTIVITIES		**(49,625)**	**(64,112)**
Capital incr (+) / decr (-)		(497)	(200)
Dividends paid (-)		(4,076)	(4,217)
Interest paid (-)		(9,950)	(9,628)
Net financial result, excl interest		(4,757)	(6,172)
New (+) / repayments (-) of long-term debts	18	6,592	1,327
New (+) / repayments (-) of short-term debts	18	989	8,100
CASH FLOW FROM FINANCING ACTIVITIES		**(11,697)**	**(10,789)**
Net increase / (decrease) in cash and cash equivalents		(24,202)	23,814
Cash and cash equivalents as per beginning of period	13	72,425	41,993
Impact of exchange rate fluctuations		(5,960)	(379)
Transfers		(270)	403
Cash and cash equivalents as per end of period	13	41,993	65,831

Notes

1. Significant accounting principles

The consolidated financial statements have been prepared in accordance with the 'International Financial Reporting Standards' (IFRS), as endorsed by the European Union. The consolidated financial statements were authorised by the Board of Directors on 19 February 2019. They can still be modified until the General Meeting of Deceuninck NV takes place, which is scheduled to be held on 23 April 2019.

Basis of presentation

The consolidated financial statements are presented in € thousand, unless noted otherwise. These statements have been prepared on the basis of the historic cost price method, except for the valuation of the fair value of derivatives. The consolidated financial statements present the financial position on 31 December 2018. They have been prepared prior to the distribution of profits proposed by the parent company at the Annual General Meeting of Shareholders.

Please note that numbers in certain tables in the financial statements may not add up due to rounding.

Consolidation principles

The consolidated financial statements include the individual financial statements of Deceuninck NV and its subsidiaries ('the Group').

The Group controls a subsidiary if, and only if, the Group has:

+ Power over the subsidiary (i.e., existing rights that give it the current ability to direct the relevant activities of the subsidiary);
+ Exposure, or rights, to variable returns from its involvement with the subsidiary;
+ The ability to use its power over the subsidiary to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control.

The acquisition of subsidiaries is accounted for under the acquisition method. The annual reporting date of subsidiaries is identical to that of the parent company. The same valuation principles apply to their financial statements.

In November 2018 the Group acquired 50% interest in So Easy Belgium BVBA. This has been classified as joint venture. The Group's interest in this joint venture is accounted for using the equity method in the consolidated financial statements.

Use of estimates and assumptions

In order to produce the annual financial statements in accordance with the IFRS standards, management has to use a number of estimates and assumptions, that have an impact on the amounts disclosed in the financial statements. The estimates made on the reporting date reflect the existing conditions on this date, such as market prices, interest rates and foreign exchange rates.

Even though management makes these assumptions and estimates based on its best possible knowledge of current business transactions, and of the transactions the Group may undertake, the actual results can vary in relation to these estimates.

USE OF ASSUMPTIONS

In accordance with the Group's accounting principles, the following assumption has been made:

Provision for early retirement

The Company considers it has a constructive obligation in Belgium, and that the existing collective labour agreement will be renewed on an ongoing basis.

USE OF ESTIMATES

The most important estimates that are likely to have a significant influence on the net carrying value of assets and liabilities for the coming year due to the uncertainty surrounding these estimates relate to:

Impairment of goodwill

Goodwill relating to business combinations is assessed on an annual basis by means of an impairment test. This test requires an estimate of the value in use of cash generating units, to which the goodwill is allocated. The estimation of the value in use requires an estimate of expected future cash flows of the cash generating units and the choice of an appropriate discount rate in order to determine the present value of these cash flows. For more details on this subject, please see Note 7.

Employee benefits – Pension schemes
The costs of the granted pension schemes and the current value of the pension obligations are determined on the basis of an actuarial calculation. The actuarial calculation uses assumptions with regard to the discount rate, future increases in compensation, mortality tables and future increases in pensions. All the assumptions are reassessed on the reporting date. Further details with regard to these assumptions are documented in Note 16.

Employee benefits – Share-based payments
The Group values the cost of the stock option plans granted to employees on the basis of the fair value of the instruments, on the date they are granted. The estimation of the fair value of compensations in shares requires an adapted valuation model, which depends on the condition under which the grant is made. The valuation model also requires adapted input data, such as the expected life of the option, the volatility of the share price and the dividend yield. The assumptions and the valuation model used for the estimation of the actual value of compensations in shares are explained in Note 20.

Deferred tax assets
Deferred tax assets related to tax losses carry forward are only recognized if it is probable that sufficient taxable profits will be generated in the future. Significant estimates are required from management in order to determine the amount of the deferred tax assets, based on the time period and the level of future taxable profits. More details on this subject are provided in section Income Taxes and in Note 4.

Bad debt allowance
Outstanding trade receivables are assessed on a regular basis, and bad debt allowances are recorded on an individual client-per-client basis when the debtor is considered to be in default, for example, when there is a deterioration in payment behaviour and indicators of the debtor's going concern. In estimating the bad debt allowance the Group makes significant estimates by assessing the amount of the expected cash flow that it will recuperate which included, for example, credit insurance limits and guarantees received.

Foreign currencies
As from 2018, the Group applies a monthly average exchange rate to convert the income statements of the subsidiaries outside the eurozone. Previously the conversion was performed at the annual average exchange rate. Given the additional volatility in the currency of one of the Group's subsidiaries, the Group reviewed the methodology used in determining the average rate and concluded that previously used annual average exchange rate did not provide reasonable approximation of the actual rate of the transaction. Consequently, when estimating the average exchange rate to be used the Group applied the monthly average exchange rate for 2018.

Foreign currencies

TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are accounted for using the end of month exchange rate (exchange rate on the last working day of the preceding month) or the exchange rate on the date the transaction occurs. Monetary assets and liabilities in foreign currencies are converted using the exchange rate on the balance sheet date. All profits and losses resulting from conversion of monetary assets and liabilities in foreign currencies into the local currency of the entity are recognized in the consolidated income statement as financial exchange result. Since 2018 there is no split depending on the nature of the transaction between operating exchange results and financial exchange results. Non-monetary assets and liabilities are converted into the local currency of the entity using the historic exchange rate. The Group's reporting currency is the euro. Assets and liabilities from subsidiaries outside the eurozone are converted to euro on balance sheet date, using the exchange rates applicable on that date. The income statements of these subsidiaries are converted into euro at a periodic monthly average exchange rate, which approximates the exchange rates applicable on the transaction date. The components of equity are converted at their historic exchange rate. Exchange rate differences, caused by the conversion of equity into euro at the closing rate applicable on the balance sheet date, are disclosed as 'currency translation adjustments' under the heading 'Equity'.

Exchange rate differences resulting from the translation of foreign currency intra-group current accounts, loans or trade receivables and payables are recognized in the consolidated income statement as financial exchange result. Exception to this accounting treatment is when the intra-group loans are considered as part of an entity's net investment in a foreign operation. Then the exchange difference is recognized in other comprehensive income and accumulated in a separate component of equity until the disposal of the foreign operation.

EXCHANGE RATES

The following exchange rates were used when preparing the financial statements:

1 EUR IS EQUAL TO	CLOSING RATE 2017	CLOSING RATE 2018	AVERAGE RATE 2017	AVERAGE RATE 2018
AUD	1.5346	1.6215	1.4729	1.5794
BAM	1.9558	1.9558	1.9558	1.9558
BGN	1.9558	1.9558	1.9558	1.9558
BRL	3.9729	4.4427	3.6041	4.2957
CLP	735.2100	795.8900	732.3850	755.9498
COP	3,578.7112	3,722.2640	3,334.4159	3,484.6913
MXN		22.5554		22.6008
CZK	25.5350	25.7780	26.3272	25.6421
GBP	0.8872	0.9027	0.8761	0.8847
HRK	7.4400	7.4095	7.4644	7.4181
INR	76.6055	80.2255	73.4980	80.6892
LTL	3.4528	3.4528	3.4528	3.4528
PLN	4.1770	4.3028	4.2563	4.2598
RON	4.6585	4.6630	4.5687	4.6540
RSD	118.4727	118.1946	121.2221	118.2644
SEK	9.8438	10.2773	9.6369	10.2533
RUB	68.8668	79.4605	65.8877	73.9332
THB	39.1210	37.3170	38.2785	38.1559
TRY	4.5155	6.0280	4.1214	5.5697
UAH	33.4954	31.7141	27.4927	32.2134
USD	1.1993	1.1454	1.1293	1.1804

The financial statements of 2017 were prepared based on the annual average rates whereas for 2018 this was based on the monthly average rate.

Intangible fixed assets other than goodwill

PATENTS AND LICENSES

Expenditure for acquired patents and licenses are capitalized at their cost price and are subsequently amortized over their estimated useful life using the straight line method, or over the term of the contract, if this should be shorter. The useful life is usually estimated at 3 years. The useful life of patents recognized in North America is estimated at 15 years.

RESEARCH AND DEVELOPMENT

Research expenditure, incurred with the purpose of acquiring new scientific or technological knowledge, is included in the income statement. The cost of development activities, for which the results are applied in a plan or a design for the production of new or substantially improved products and processes, are capitalized if and only if all the criteria defined in IAS 38 are met. Such capitalized costs include directly attributable costs of creating, producing or making ready for use assets (such as raw materials and direct labour costs) less the accumulated amortization and impairment. These costs are currently amortized on a straight line basis over their estimated useful life of 5 years.

SUBSEQUENT EXPENDITURES

Expenditures relating to intangible fixed assets, subsequent to their purchase or completion are only capitalized if they increase the future economic benefits specific to the asset they relate to. All other expenditures are considered as costs.

Business combinations

The Group applies the purchase method of accounting to account for acquisitions of businesses. The cost of an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred and equity instruments issued. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date.

The determination of the fair values of the acquired identifiable assets and assumed liabilities is based on various assumptions requiring management judgment. Acquisition-related costs are expensed as incurred.

Goodwill

Goodwill is the positive difference between the cost of the business combination and the share of the Group in the fair value of the acquired identifiable net assets of a subsidiary or associated company at the moment of acquisition. Goodwill is not amortized, but is subject to an annual impairment test. Goodwill is expressed in the functional currency of the acquired company and is converted into euro at the closing exchange rate on the balance sheet date.

Bargain Purchase

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the income statement.

Tangible fixed assets

Tangible fixed assets are measured at historic cost price, less accumulated depreciation and impairment. Historic cost is the initial purchase price plus any other directly attributable acquisition costs (such as non-recoverable taxes and transportation costs). The cost price of fixed assets produced by the company itself (such as tool sets) includes the cost price of materials, direct labour costs and a proportion of production related overhead costs. Subsequent expenditure is only capitalized, if it increases the future economic benefits of the fixed assets it relates to. Repair and maintenance costs, which do not increase future economic benefits, are expensed as incurred.

Depreciation is calculated using the straight line method, starting from the first date of use over the entire duration of their expected useful life.

The expected economic useful life is determined as follows:

ASSETS	
Buildings	40 years
Building fixtures and furniture	10-20 years
External infrastructure	20-40 years
Machinery and equipment	8-20 years
Small equipment	5 years
Screws and cylinders	6 years
Dies and calibrators (tool sets)	5 years
Installations	10-25 years
Office equipment	4-10 years
Logistics equipment	8 years
Furniture	10 years
Vehicles	4-5 years

Land, which is deemed to have an infinite useful life, is not depreciated.

Fixed assets held for sale

Assets held for sale relate to assets or groups of assets that are available for immediate sale in its present condition and the sale is highly probable. These assets are valued at the lower of carrying value or fair value less costs to sell. The same valuation principle applies for business units held for sale.

Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its joint venture are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognized at cost, which includes acquisition related expenses. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date.

Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately. For determining the goodwill, the Group elected to apply a 12-month measurement period similar to business combinations in case it is unable to finalise the process in the year of acquisition.

The statement of profit or loss reflects the Group's share of the results of the joint venture. Any change in OCI of the joint ventures is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.
The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss inside operating profit and represents profit or loss after tax and non-controlling interests in the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss within 'Share of profit of a joint venture' in the statement of profit or loss.
Upon loss of the joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Leasing

Financial lease contracts, for which the Group bears the majority of the risks and benefits inherent to the ownership of the leased property, are recognized as tangible fixed assets at the present value of their minimum lease payments, at the moment when the lease contract was entered into, or at market value if lower. Lease payments are partly considered as financial costs and partly as reimbursement of the lease debt. The finance charge is allocated to periods during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease contracts, for which the lessor retains the majority of the risks and benefits of the assets, are considered as operational leases. Payments made under an operational lease are expensed, on a straight line basis over the entire term of the contract.

Financial instruments

CRITERIA RELATING TO THE INITIAL RECOGNITION OR DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments are recognized initially when the Group becomes party to the contractual provisions of the instrument. Purchases and sales of financial assets are recognized on the settlement date. Financial assets (or parts thereof) are derecognized, when the Group's rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has retained the right to receive the cash flows but assumed to pay those cash flows in a pass through arrangement to another recipient. Financial liabilities (or parts thereof) are derecognized, if the obligation stipulated in the contract is withdrawn, cancelled or expired.

CRITERIA FOR OFFSETTING FINANCIAL ASSETS AND LIABILITIES

A financial asset and a financial liability are offset and the net amount is presented on the balance sheet, if there is a legally enforceable right to offset the recognized amounts, and if there is an intention to settle the liability and simultaneously realize the asset or to settle the liability on a net basis.

CRITERIA FOR CLASSIFYING FINANCIAL ASSETS

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost (AC), fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price de-termined under IFRS 15.

In order for a financial asset to be classified and measured at AC or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial fixed assets

The Group presents under this caption the equity instruments for which it has elected to present the change in fair value through other comprehensive income. The election to classify equity Instruments into this category is made on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as financial income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets valued at fair value through the income statement

Financial assets valued at fair value through the income statement consist of financial assets that are held for trading purposes or financial assets that are initially recognized at fair value through the income statement. Financial assets held for trading purposes are those acquired with the objective of selling them in a short-term notice. This category also contains derivative financial instruments, which do not fulfil the criteria of IAS 39 for 'hedge accounting'. Unrealized profits or losses, resulting from the changes in the fair value of financial assets held for trading, are directly booked in the income statement.

Trade receivables

Trade receivables meet the condition of AC classification if they are carried at their nominal value and are subject to impairment. The Group recognises an allowance for expected credit losses (ECLs). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash and cash equivalents

Cash and cash equivalents consist mainly of cash in hand, short-term deposits and short-term investments (maturing within three months after their acquisition date) which are readily convertible into cash and which are subject to a limited risk of changes in value. Within the cash flow statement, cash and cash equivalents include bank balances (current and deposit accounts). Any negative cash position is presented net of short-term debts with financial institutions ('bank overdrafts').

Interest bearing loans

Interest bearing loans are initially valued at the fair value of the amounts received minus any costs related to the transaction. After the initial recognition interest-bearing financial debts are valued at their amortized cost. The difference between the amortized cost and the repayment value is expensed over the duration of the loan based on the effective interest rate method or until the debt is no longer held.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments (mainly interest rate swaps and FX forward contracts) in order to limit the risks associated with interest and exchange rate fluctuations. The Group's policy prohibits the use of these instruments for speculative purposes.

Derivative financial instruments are classified as either 'fair value' hedges, if these instruments hedge changes in the fair value of recognized assets and liabilities, or as 'cash flow' hedges, if they cover cash flow variations associated with a specific risk in relation to a recognized asset or liability or an expected highly probable transaction.

For 'fair value' hedges, profits or losses resulting from the revaluation of 'fair value' hedging instruments are directly recorded through the income statement. Gains or losses on the hedged position lead to an adjustment of the book value of the hedged position and should be recorded through the income statement. If the adjustment is associated with the book value of an interest bearing financial debt, it is amortized through profit or loss until it is entirely amortized upon maturity.

Financial instruments, not meeting the special requirements for recognition as a hedging transaction are valued at their fair value, and any profit or loss resulting from a change in the fair value of the instrument is directly recognised In the income statement.

Inventories

Inventories are valued at the lower of cost price or net realizable value. The net realizable value is defined as the estimated selling price under normal operating conditions net of any estimated costs for handling and selling the product. Costs incurred in bringing each product to its current location and conditions are recorded as follows:

- Raw materials and consumables – purchase price, based on the FIFO principle;
- Finished goods and work in process – direct material and labour costs, plus a part of the general production costs, based on normal production capacity and on the FIFO principle;
- Trade goods – purchase price, based on the FIFO principle.

Treasury shares

The amount paid, including any directly attributable expenses, for treasury shares acquired by the Company is deducted from equity.

Impairments

The Group's assets, excluding inventories and deferred tax assets, are assessed for impairment indicators at each balance sheet date. If impairment indicators are present, the recoverable amount of the asset is estimated. An impairment is recognized, if the carrying value of an asset, or that of the cash-generating unit to which it belongs, is higher than its recoverable amount. Impairments are recorded in the income statement.

The recoverable amount of other than financial assets is the higher of their fair value less cost to sell or its value in use of the corresponding assets. In order to determine the value in use, the net present value of expected future cash flows is calculated using a pre-tax discount rate, which reflects both current market rates and the asset's specific inherent risks. When an asset does not generate cash flows, that are largely independent of the other assets, the recoverable amount of the cash generating unit to which this asset belongs, is determined.

Impairments relating to goodwill are not reversed. Impairments of other assets are reversed, if a change takes place in the estimates used to determine the recoverable amount. An increase in the carrying value of an asset, resulting from the reversal of an impairment, cannot be higher than the carrying value (after depreciation) that would have been obtained, if no impairments had been recorded for this asset in previous years.

Provisions

Provisions are accounted for whenever the Group has to settle a legal or constructive obligation resulting from a past event, when it is probable that a cash outflow will be required to settle these obligations, and to the extent that these can be reliably estimated.

When the Group expects that all or part of the expenditure, which is required to settle legal obligations, will be reimbursed by another party, the amount to be reimbursed will only be recognized as an asset if it is practically certain that they will be effectively collected. A warranty provision is established for all products under warranty, based on historical data relating to repairs and returns of goods.

Employee benefits

PENSIONS

The Group participates primarily in defined contribution plans, and has defined benefit plans in Belgium, Germany and Turkey. The funds of these plans consist of employer and employee contributions. The Group treats the employer and employee contributions for the defined contribution plans as expenses for the year in which they were made, except for Belgian defined contribution plans which are accounted for as defined benefit plans. For defined benefit plans, the pension obligation is estimated by using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit through other comprehensive income (OCI) in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.
Past service costs are recognised in profit or loss on the earlier of:

+ the date of the plan amendment or curtailment, and
+ the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'other net operating result' in the consolidated income statement (by function):

+ service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
+ net interest expense or income

SHARE-BASED PAYMENTS

Various stock option, warrant programs and performance share plans enable the staff members, senior management members and members of the Executive Team to acquire company shares. The exercise price for options or warrants is equal to the average market price of the underlying shares in the 30 days period preceding the grant date. When such plans are exercised they are exchanged for own shares or capital is increased by the amounts received or the exercise price. The cost of share-based payment transactions is valued at fair value on the grant date. The fair value is determined by an expert, using a binominal tree structure. The cost of share-based payment transactions and at the same time as the corresponding increase in equity, is recognized over the vesting period.

If the conditions of equity settled share-based payment transactions are modified, the minimal cost equals the cost as if the conditions had not been changed. An additional cost is recognized for any modification which increases the fair value of share-based payment transaction or includes a benefit for the employee as of the date of modification (IFRS 2.28).

When a share-based payment is cancelled, then this is considered as a compensation that was granted on the date of cancellation and the relating unamortized cost is immediately recognized. However, if a new share-based payment is granted as a replacement for the cancelled compensation and if this is recorded as a replacement compensation on the grant date, then the cancelled and the new compensations are treated as a modification of the original share-based payment transaction, as described in the preceding paragraph.

BONUSES

Contractual bonuses are granted based on planned key financial objectives and personal performances. The estimated amount of the bonus is recognized as a cost, based on an estimate as of the balance sheet date.

Sales

The Group applied IAS 18 for the recognition of revenue during financial year 2017 whereas for financial year 2018 it applied IFRS 15. In accordance with IAS 18, Sales (which consists primarily of the sales of goods) are considered to be earned when it is probable that the economic benefits associated with the transaction will be received by the Group, if the amount of revenue can be reliably determined, when the risks and rewards of the sale are entirely transferred to the purchaser, and when there is no longer uncertainty in terms of the collection of the consideration, the transaction costs and any possible return of the goods. The significant accounting policies applied under IFRS 15 and the main impact is disclosed under the section 'New and amended standards and interpretations'.

Government grants

Government grants are recognized at their fair value, when there is reasonable assurance that they will be received and that the Group will fulfil all of the conditions attached to them. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income.

Borrowing costs

Borrowing costs are capitalized when they are directly attributable to the acquisition, construction or production of a qualifying asset.

Income taxes

Income taxes include current and deferred taxes. Taxes are recognized in the income statement, unless they are associated with items that are booked immediately to equity or other comprehensive income. In that case, the corresponding tax is recognized directly against equity or other comprehensive income. Current taxes include the expected amount payable on taxable earnings for the period, along with adjustments of fiscal liabilities for previous years. A taxable earnings calculation for the year is based on the tax rates applicable on the reporting date. Deferred taxes are calculated in accordance with the liability method, for all temporary differences between the tax base of assets and liabilities and their carrying amount for financial reporting purposes. The calculation is based on rates of taxation for which the legislative process has been considered as enacted on the reporting date. Under this method, the Group also has to calculate deferred taxes on the difference between the fair value of the net assets acquired and their tax base as a result of a new acquisition. Deferred tax assets are only recognized if it is probable that sufficient (i) taxable profits will be generated in the future in order to use the tax benefit or the tax losses or (ii) taxable temporary difference will be available to use those deferred tax assets. Two elements are considered to assess the likelihood of future taxable profits: 1/ the profitability in the past, at least two consecutive years of profitability is needed and 2/ the expected profitability of the next three years according to the detailed budget of next year and the higher level business plan of the two following years. The carrying amount of a deferred tax asset is reduced, when it becomes unlikely that the relating tax benefit will be realized.

Financial income/charges

Interest income includes interest earned on bank deposits or received from customers as compensation for extended payment terms, and interest charges include interest due on loans contracted by the Group. Recorded interest is based on the 'effective interest' method. Financial income or charges, next to realized and unrealized exchange rate gains or losses, also include recorded gains or losses due to a revaluation of the fair value of financial derivatives, which are considered as 'fair value' hedging instruments if the hedged risks are of a financial nature, or if financial instruments do not meet the special 'hedge accounting' requirements.

Changes in accounting policies and disclosures

Profits and losses resulting from the conversion of monetary assets and liabilities in foreign currencies into the local currency of the entity are all recognized in the consolidated income statement as financial exchange result. The Group no longer divides the profit and losses in operating or financial exchange results depending on the nature of the transaction. This change in accounting policy affects the consolidated income statement line times financial income, financial expense, operating income and operating expense. It also affects the key figures EBIT, EBITDA and adjusted EBITDA. All previous periods disclosed in the annual report have been restated to reflect this change in accounting policy. An overview of the impact (+ = increase, - = decrease) is included below:

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	**2016**	**2017**	**2018**
SALES			
Cost of goods sold			
GROSS PROFIT			
Marketing, sales and distribution expenses			
Research and development expenses			
Administrative and general expenses			
Other net operating result	(1,110)	1,437	1,929
OPERATING PROFIT	**(1,110)**	**1,437**	**1,929**
Financial charges	(5,310)	(8,695)	**(7,179)**
Financial income	6,420	7,258	**5,250**
PROFIT BEFORE TAXES (EBT)	**0**	**0**	**0**
Income taxes			
NET PROFIT	**0**	**0**	**0**
FINANCIAL KPI'S			
EBIT	(1,110)	1,437	**1,929**
EBITDA	(1,110)	1,437	**1,929**
Adjusted EBITDA	(1,110)	1,437	**1,929**

The entity applied the same IFRSs as those adopted in the previous years, except for the new IFRSs and interpretations the entity adopted as of 1st January 2018.

New and amended standards and interpretations

The Group applied IFRS 15 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

+ Amendments to IFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions
+ Amendments to IFRS 4 Insurance Contracts – Applying IFRS 9 Financial instruments with IFRS 4 Insurance Contracts
+ IFRS 9 Financial Instruments
+ Amendments to IFRS 9 Financial Instruments - Prepayment Features with Negative Compensation
+ Amendments to IAS 40 Investment Property – Transfers of Investment Property
+ IFRIC 22 Foreign Currency Transactions and Advance Considerations
+ Annual Improvements Cycle - 2014-2016

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective method of adoption. The effect of adopting IFRS 15 is, as follows:

The Impact on the statement of profit or loss (increase/(decrease)) for the twelve months ended 31 December 2018:

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	2018
SALES	**(2,368)**
Cost of goods sold	809
GROSS PROFIT	**(1,558)**
Marketing, sales and distribution expenses	306
Research and development expenses	0
Administrative and general expenses	0
Other net operating result	0
OPERATING PROFIT	**(1,252)**
Financial charges	2,062
Financial income	(809)
PROFIT BEFORE TAXES (EBT)	**0**
Income taxes	0
NET PROFIT	**0**

The Group is in the business of delivering window and door systems, building products and other goods to customers. As part of its commercial relationship, the Group typically grants payment term between 15-120 days but offers under certain conditions discounts for prompt payment. The payment terms differ substantially between the regions in which the Group operates.

Sale of goods
The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition. However, the amount of revenue to be recognized was affected, as noted below.

(i) Consideration paid
The consideration paid or payable represents incentives given by the entity to attract the customer to purchase, or continue purchasing, its goods or services.
The consideration paid or payable should, under IFRS 15, be accounted for as a reduction of revenue for the amount in excess of the fair value of the distinct good or service received from the customer.

The recognition of the reduction of revenue is done when (or as) the later of either of the following events occurs:

- Recognition of revenue for the transfer for the related goods or services
- Payment or promise to pay the consideration (even if the payment is conditional on a future event)

This resulted in a reclassification of costs, previously recorded as sales and manufacturing support, to a deduction of revenue.

(ii) Cash discounts given and received
Prior to the adoption of IFRS 15, the Group recognized the cash discounts given to customers as a financial cost and the cash discounts received from suppliers as a financial income.
Under IFRS 15, the Group recognizes the cash discounts given to customers as a deduction on revenue. Similarly the cash discounts received from the suppliers have been deducted from the costs.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

- Amendments to IFRS 3 Business Combinations – Definition of a business, effective 1 January 2020
- Amendments to IFRS 9 Financial Instruments - Prepayment Features with Negative Compensation, effective 1 January 2019
- IFRS 16 Leases, effective 1 January 2019
- IFRS 17 Insurance Contracts, effective 1 January 2021
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material, effective 1 January 2020
- Amendments to IAS 19 Employee Benefits - Plan Amendments, Curtailment or Settlement, effective 1 January 2019
- Amendments to IAS 28 Investments in Associates and Joint Ventures - Long-term Interests on Associates and Joint Ventures, effective 1 January 2019
- IFRIC 23 Uncertainty over Income Tax Treatments, effective 1 January 2019
- Annual Improvements Cycle – 2015-2017, effective 1 January 2019

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.
IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

During 2018, the Group has performed a detailed impact assessment of IFRS 16. In summary, as of 1 January 2019, the application of IFRS 16 will increase tangible fixed assets by recognising the right-of-use assets for an amount of €39.6 million. Similarly, net debt (due to increase in financial liabilities) will be increased by the recognition of the corresponding lease liabilities. As the Group will apply the modified retrospective transition method with cumulative catch-up, there will be no impact on the opening equity in 2019.

As from 2019, the depreciation of the right-of-use assets and the interest expense for the lease liabilities will be recognized in the consolidated income statement on different line items. The depreciation of the right-of-use assets will be presented in operating profit while the interest expense will be presented as financial charges. In the consolidated statement of cash flows, IFRS 16 will probably result in an improvement in the cash generated from operating activities by reducing the cash outflows for operating activities, while the repayment of lease liabilities and the interest expense will be recognized in the 'Net cash from financing activities'.

The Group anticipates that other changes will have no material effect on the financial statements.

2. Segment information

An operating segment is a separate business unit in the Group, which produces goods or provides specific services within a defined economic environment, whose risks and profitability differ from those of the other operating segments.

Four segments have been defined based on the location of legal entities. They include the following entities:
1. Western Europe: Benelux, France, Italy, Spain, Croatia and the United Kingdom;
2. Central & Eastern Europe: Bosnia, Bulgaria, Croatia, Czech Republic, Germany, Lithuania, Poland, Russia and Serbia;
3. North America, United States & Canada;
4. Turkey & Emerging Markets: Australia, Brazil, Chile, Colombia, India, Mexico, Romania, Thailand, and Turkey.

There are no segments aggregated in order to establish the above segments.

Transfer prices between the operational segments are based on an 'at arm's length basis' equal to transactions with third parties.

The accounting policies for the operational segments are equal to these of the consolidated financial statements.

The Group identified the Executive Team as its Chief Operating Decision Maker. The segments have been defined based on the information provided to the Executive Team.

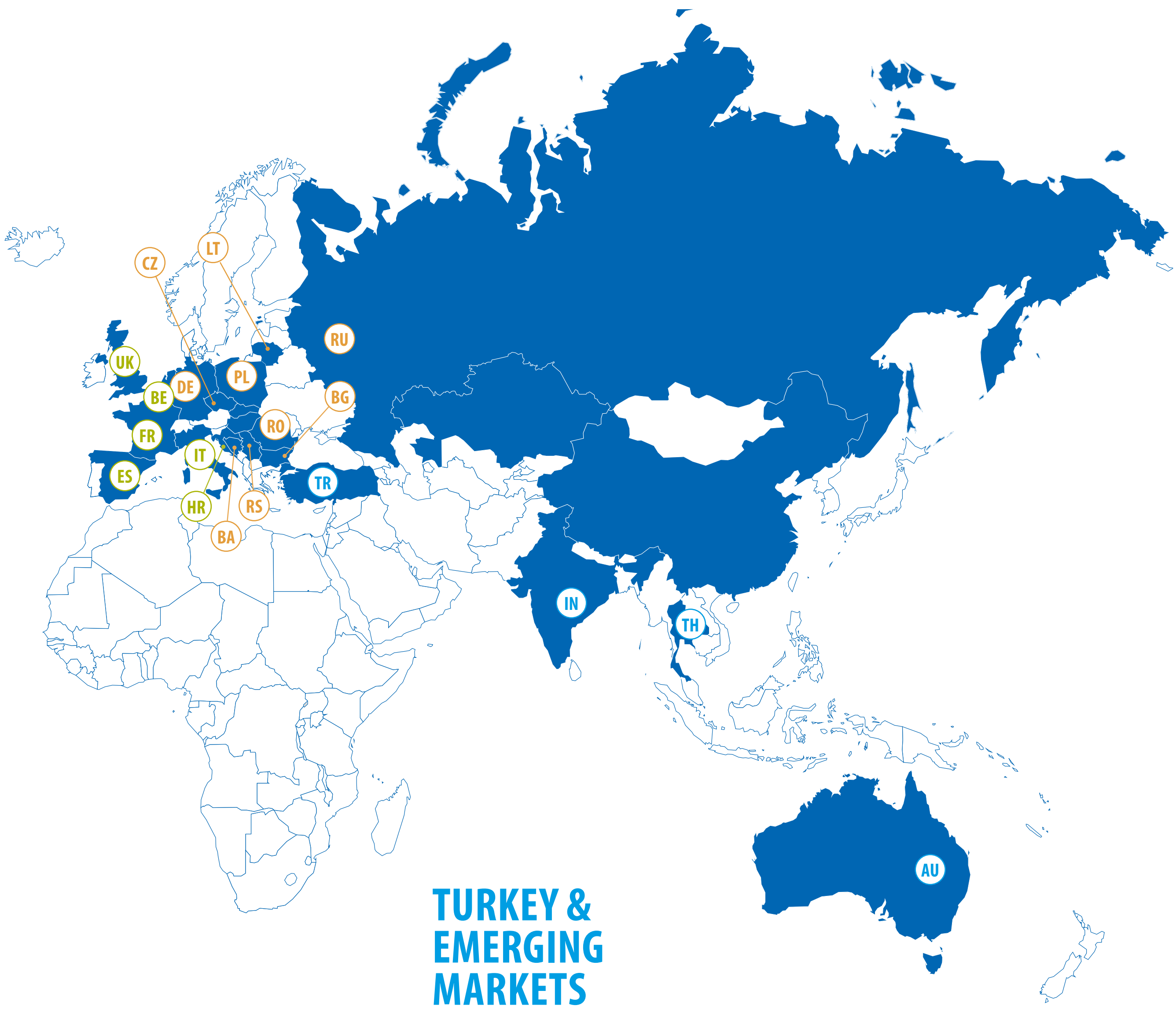
The Executive Team monitors the performance of its operational segments based on sales and adjusted EBITDA per segment and make decisions about resource allocation on this geographical segmentation basis.

WESTERN EUROPE

Benelux, France, Italy, Spain, Croatia and the United Kingdom

CENTRAL & EASTERN EUROPE

Bosnia, Bulgaria, Croatia, Czech Republic, Germany, Lithuania, Poland, Romania, Russia and Serbia



TURKEY & EMERGING MARKETS

Australia, Brazil, Chile, Colombia, India, Mexico, Thailand and Turkey.

Segment information includes results, assets and liabilities that can be attributed directly to a segment.

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	WESTERN EUROPE		CENTRAL & EASTERN EUROPE	
	2017 RESTATED (*)	2018	2017 RESTATED (*)	2018
External sales	171,087	178,835	167,832	159,583
Intersegment sales	9,725	11,656	4,549	4,268
Total sales	180,813	190,491	172,381	163,851
Adjusted EBITDA	12,420	15,271	6,407	1,946
Non recurring costs and benefits				
Financial result				
Income taxes				
Depreciations & Impairment	(12,118)	(13,341)	(6,258)	(6,043)
Net profit				
Capital expenditures (capex)	(17,434)	(22,870)	(9,526)	(14,387)

(*) As from 2018 profits and losses resulting from the conversion of monetary assets and liabilities in foreign currencies into the local currency of the entity are recognized In the consolidated income statement as financial exchange result. The impact is disclosed in Note 1.

Assets:

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	CONSOLIDATED	
	2017	2018
Western Europe	199,434	232,726
Central & Eastern Europe	114,344	122,747
North America	81,161	88,230
Turkey & Emerging Markets	178,467	145,923
INTERSEGMENT ASSETS	**573,406**	**589,626**
Cash and cash equivalents	41,993	65,831
Intersegment eliminations	(56,799)	(65,456)
TOTAL GROUP ASSETS	**558,600**	**590,001**

All assets that are attributable to the regions are included in the segment assets. These include intangible fixed assets, goodwill, tangible fixed assets, financial fixed assets, investment in a joint venture, deferred tax assets, long-term receivables, inventories, trade receivables, other receivables and fixed assets held for sale.

Sales by product group is presented in the table below (in %):

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in %)	WESTERN EUROPE	
	2017	2018
Window and door systems	78.0%	79.9%
Outdoor living	16.6%	13.6%
Home protection	5.4%	6.4%
TOTAL	**100.0%**	**100.0%**

There is no significant concentration of sales (>10%) with one or a limited number of customers.

	NORTH AMERICA		TURKEY & EMERGING MARKETS		INTERSEGMENT ELIMINATIONS		CONSOLIDATED	
	2017 RESTATED (*)	2018	2017 RESTATED (*)	2018	2017 RESTATED (*)	2018	2017 RESTATED (*)	2018
	129,090	**131,324**	219,147	**204,487**		**(1)**	687,157	**674,227**
	790	**566**	6,200	**2,043**	(21,264)	**(18,534)**	0	**0**
	129,880	**131,891**	225,347	**206,530**	(21,264)	**(18,536)**	687,157	**674,227**
	15,914	**15,808**	33,064	**39,283**	290	**121**	68,095	**72,429**
							552	**536**
							(16,105)	**(23,015)**
							(8,199)	**(5,363)**
	(6,267)	**(6,734)**	(5,404)	**(5,133)**	(482)	**(2,234)**	(30,528)	**(29,018)**
							13,815	**15,569**
	(16,075)	**(14,264)**	(12,685)	**(11,374)**	1,564	**804**	(54,156)	**(62,092)**

Liabilities:

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	CONSOLIDATED	
	2017	2018
Western Europe	59,898	**70,254**
Central & Eastern Europe	51,551	**68,497**
North America	14,801	**20,367**
Turkey & Emerging Markets	80,480	**93,470**
INTERSEGMENT LIABILITIES	**206,729**	**252,588**
Equity including non-controlling interest	257,625	**255,631**
Long-term interest-bearing loans	129,599	**124,192**
Other long term liabilities		**7,653**
Current portion of interest bearing borrowing	16,947	**14,962**
Intersegment eliminations	(52,301)	**(65,027)**
TOTAL GROUP LIABILITIES	**558,600**	**590,001**

All liabilities that are attributable to the regions are included in the segment liabilities. These include long-term provisions, deferred tax liabilities, trade payables, tax liabilities, employee related liabilities, short-term provisions and other liabilities.

	CENTRAL & EASTERN EUROPE		NORTH AMERICA		TURKEY & EMERGING MARKETS		CONSOLIDATED	
	2017	2018	2017	2018	2017	2018	2017	2018
	83.4%	**82.1%**	100.0%	**100.0%**	95.9%	**97.7%**	89.2%	**89.1%**
	5.3%	**6.4%**	0.0%	**0.0%**	0.1%	**0.1%**	5.4%	**5.1%**
	11.3%	**11.5%**	0.0%	**0.0%**	4.0%	**4.3%**	5.4%	**5.7%**
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

3. Revenues and expenses

INCOME STATEMENT BY NATURE (in € thousand)	2017 RESTATED (*)	2018
SALES	**687,157**	**674,227**
Material costs	(343,283)	(334,525)
Operating costs	(125,011)	(121,949)
Personnel costs	(153,280)	(147,052)
Depreciation on (in)tangible fixed assets	(29,282)	(27,108)
Other net operating result	1,817	523
OPERATING PROFIT BEFORE IMPAIRMENT ON GOODWILL	**38,118**	**44,115**
Impairment on goodwill	0	(168)
OPERATING PROFIT (EBIT)	**38,118**	**43,947**
Financial charges	(30,358)	(31,534)
Financial income	14,254	8,519
PROFIT BEFORE TAXES (EBT)	**22,014**	**20,932**
Income taxes	(8,199)	(5,363)
NET PROFIT	**13,815**	**15,569**

(*) As from 2018 profits and losses resulting from the conversion of monetary assets and liabilities in foreign currencies into the local currency of the entity are recognized In the consolidated income statement as financial exchange result. The impact is disclosed in Note 1.

For a high level analysis of revenue and costs we refer to the "2018 results" on page 78.

OPERATING COSTS (in € thousand)	2017	2018
Transport	(32,769)	(31,293)
Maintenance	(21,203)	(19,604)
Services	(20,379)	(19,590)
Energy	(16,892)	(16,502)
Rent	(9,594)	(10,168)
Communication	(9,493)	(10,025)
Local taxes and fines	(4,562)	(4,593)
Travel	(4,512)	(4,573)
Manufacturing support	(2,862)	(2,995)
Insurances	(3,212)	(2,524)
Loss on the realization of trade debtors	(209)	(597)
Increase / (decrease) of provisions	988	1,088
Other	(312)	(573)
TOTAL	**(125,011)**	**(121,949)**

The operating costs decreased compared to 2017 due to a decrease in transport, maintenance costs and services, which have been partly offset by an increase in rent.

PAYROLL COSTS AND OTHER SOCIAL BENEFITS (in € thousand)	2017	2018
Wages and salaries	(114,423)	(110,481)
Social security contributions	(32,205)	(27,535)
Contributions to defined contribution plans	(1,348)	(4,591)
Other	(5,304)	(4,446)
TOTAL	**(153,280)**	**(147,052)**

The decrease of the payroll costs is mainly explained by a decrease in FTE's.

HEADCOUNT (Total Full Time Equivalents (FTE) by category)	2017	2018
Blue collars	2,920	2,771
White collars	1,007	1,032
TOTAL	**3,927**	**3,803**

OTHER OPERATING INCOME (in € thousand)	2017 RESTATED (*)	2018
Grants received	288	434
Non-recurring income	450	536
Gains on disposal of tangible fixed assets	739	143
Other	4,410	4,460
TOTAL	**5,887**	**5,574**

(*) As from 2018 profits and losses resulting from the conversion of monetary assets and liabilities in foreign currencies into the local currency of the entity are recognized In the consolidated income statement as financial exchange result. The impact is disclosed in Note 1.

The other operating income remained stable. The operating exchange rate gains have been reclassified to financial income. We refer to Note 1 for the impact on the disclosed figures.

OTHER OPERATING COSTS (in € thousand)	2017 RESTATED (*)	2018
Increase of provisions	(507)	(740)
Impairments	(1,246)	(1,741)
Loss on disposal of tangible fixed assets	(686)	(71)
Other	(1,629)	(2,499)
TOTAL	**(4,068)**	**(5,051)**

(*) As from 2018 profits and losses resulting from the conversion of monetary assets and liabilities in foreign currencies into the local currency of the entity are recognized In the consolidated income statement as financial exchange result. The impact is disclosed in Note 1.

The increase in other operating costs compared to 2017 is primarily due to an increase in impairments and purchases for resale.

FINANCIAL INCOME (in € thousand)	**2017 RESTATED (*)**	**2018**
Interest income	1,526	**2,412**
Financial discounts - Suppliers	894	**(4)**
Exchange rate gains	8,414	**6,054**
Other	3,421	**58**
TOTAL	**14,254**	**8,519**

(*) As from 2018 profits and losses resulting from the conversion of monetary assets and liabilities in foreign currencies into the local currency of the entity are recognized In the consolidated income statement as financial exchange result. The impact is disclosed in Note 1.

FINANCIAL COSTS (in € thousand)	**2017 RESTATED (*)**	**2018**
Interest costs	(10,165)	**(10,827)**
Financial discounts - Customers	(1,346)	**13**
Exchange rate losses	(15,867)	**(15,315)**
Bank costs	(1,084)	**(690**
Other	(1,897)	**(4,716)**
TOTAL	**(30,358)**	**(31,534)**

(*) As from 2018 profits and losses resulting from the conversion of monetary assets and liabilities in foreign currencies into the local currency of the entity are recognized In the consolidated income statement as financial exchange result. The impact is disclosed in Note 1.

Financial results were negatively influenced by FX losses resulting from the weakening of the TRY and higher interest rates in Turkey.

4. Income taxes

The breakdown of the income tax charge for the financial year 2018 is presented as follows:

INCOME TAXES RECOGNIZED IN THE INCOME STATEMENT (in € thousand)	**2017**	**2018**
Current income taxes	(514)	(2,443)
Relating to current year	(525)	(2,167)
Relating to previous years	713	13
Other	(702)	(289)
Deferred income taxes	(7,684)	(2,920)
Relating to temporary differences - current year	(1,412)	(1,907)
Relating to temporary differences - adjustment previous years	(232)	72
Recognition of deferred income tax asset on tax losses of current year	157	1,303
Utilization of deferred income tax asset on tax losses of previous years	(1,162)	(1,732)
Recognition of deferred income tax asset on tax losses of previous years	(4,671)	221
Impairment (-)/reversal of impairment (+) of deferred income tax asset on tax losses of previous years	0	202
Relating to tax incentives	123	(891)
Other	(488)	(189)
INCOME TAXES RECOGNIZED IN THE INCOME STATEMENT	**(8,199)**	**(5,363)**

The following table gives an overview of the deferred income taxes,
after net presentation by legal entity as per 31 December 2017 and 2018:

RECONCILIATION BETWEEN EARNINGS BEFORE TAX (EBT) – IFRS AND INCOME TAXES (in € thousand)	**2017**	**2018**
EARNINGS BEFORE TAX - IFRS	**22,014**	**20,932**
Statutory tax rate of the parent company	33.99%	29,58%
INCOME TAXES CALCULATED AT THE STATUTORY TAX RATE OF THE PARENT COMPANY	**(7,482)**	**(6,192)**
Tax effect of:		
Difference between local tax rate and statutory tax rate of the parent company	4,251	1,249
Non-deductible items	5,955	339
Government grants and other excempted income	2,129	1,832
Use of tax losses carried forward for which no deferred income tax asset has been recognized	20	470
Current income taxes relating to previous years	713	13
Deferred taxes on temporary differences relating to previous years - adjustments	443	(220)
Non-recognition of deferred income taxes on current years losses and deductable temporary differences	(8,877)	(1,878)
(De)recognition of deferred income tax assets on tax losses of previous years	(4,671)	(248)
Other	(680)	(726)
INCOME TAXES RECOGNIZED IN THE INCOME STATEMENT	**(8,199)**	**(5,363)**
Effective tax rate	37.24%	25.62%

(in € thousand)	2017	CHARGED / CREDITED TO PL	CHARGED / CREDITED TO EQUITY	TRANSFERS	TRANSLATION ADJUSTMENTS TOTAL	2018
DEFERRED INCOME TAX ASSETS BY TYPE OF TEMPORARY DIFFERENCE:						
Tax losses carried forward	19,276	(1,225)		(2,548)	130	**15,633**
Tangible fixed assets	(15,431)	503		3,878	(23)	**(11,071)**
Financial fixed assets	0		(362)	(428)	0	**(790)**
Provisions	3,796	152	(592)	(1,514)	1	**1,842**
Inventories	893	114		(66)	(20)	**921**
Interest bearing borrowings	0			50	0	**50**
Other assets	2,173	198		(407)	13	**1,977**
DEFERRED INCOME TAX ASSETS	**10,707**	**(258)**	**(954)**	**(1,035)**	**101**	**8,563**
DEFERRED INCOME TAX LIABILITIES BY TYPE OF TEMPORARY DIFFERENCE:						
Tax losses carried forward	(1,794)	(63)		(2,268)	(69)	**(4,195)**
Tangible fixed assets	3,746	2,452		1,022	(212)	**7,008**
Provisions	(781)	(62)		(506)	803	**(545)**
Inventories	(9)	(740)		1,353	(49)	**556**
Interest bearing borrowings	7	(7)			(0)	**1**
Other liabilities	515	1,082	(19)	(636)	(597)	**345**
DEFERRED INCOME TAX LIABILITIES	**1,685**	**2,662**	**(19)**	**(1,035)**	**(123)**	**3,170**
NET DEFERRED INCOME TAXES	**9,023**	**(2,920)**	**(935)**	**0**	**225**	**5,392**

In 2018, the Group recognized deferred income tax assets for tax losses carried forward, for which utilization depends on future taxable profits. The total amount of this deferred income tax asset amounted to €19,646 thousand at the end of 2018 (end 2017: €21,070 thousand).

The outlook provides adequate assurance that the company will generate sufficient taxable profits in the near future in order to utilize the deferred income tax assets recognized.

As per 31 December 2018, the Group did not recognize deferred income tax assets on a total amount of tax credits of €78,883 thousand (2017: €83,709 thousand), in Belgium, Germany, Croatia, France, the United Kingdom, Poland, Russia and Bosnia in current and previous financial years.

5. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year, attributable to ordinary shareholders by the weighted average number of ordinary shares, excluding ordinary shares purchased by the Group and held as treasury shares. This results in a net profit per share of €0.11.

(in € thousand)	2017	2018
Earnings attributable to ordinary shareholders	12,453	14,745
Weighted average number of ordinary shares (in thousands)	135,869	136,496
EARNINGS PER SHARE (IN €)	**0.09**	**0.11**

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year increased with the weighted average number of ordinary shares which would be issued upon conversion into ordinary shares of all potential shares leading to dilution. The potential dilution arises from warrants granted to staff members, senior management members and members of the Executive Team. The calculation for 2018 leads to a net profit per share of €0.11.

(in € thousand)	2017	2018
Earnings attributable to ordinary shareholders	12,453	14,745
Weighted average number of ordinary shares (in thousands)	135,869	136,496
Dilution effect of non-exercised warrants (in thousands)	3,225	3,846
Weighted average number of shares after dilution (in thousands)	139,094	140,343
DILUTED EARNINGS PER SHARE (IN €)	**0.09**	**0.11**

6. Intangible fixed assets, other than goodwill

Amortization of intangible assets other than goodwill is included in cost of goods sold.

As per 31 December 2018, the intangible assets with indefinite useful lives were tested for impairment, based on the same methodology and assumptions as described in Note 7 – Goodwill. The intangible assets with indefinite useful lives mainly relate to the trade names Winsa and Pimapen. For these kind of assets there is no foreseeable end of the cash generating period. The net carrying value of these assets is €3,197 thousand. The impairment test of this asset is included in the goodwill impairment test for Turkey (see Note 7 – Goodwill) and did not result in the recognition of an impairment on 31 December 2018.

PATENTS, LICENSES AND SIMILAR RIGHTS, DEVELOPMENT COSTS (in € thousand)	2017	2018
COST		
At the beginning of current year	26,404	23,184
Additions	1,207	927
Disposals	(5,563)	(3)
Transfers	2,723	1,225
Translation adjustments	(1,585)	(688)
At the end of	23,184	24,646
AMORTIZATIONS AND IMPAIRMENTS		
At the beginning of current year	(22,074)	(17,066)
Additions to amortizations	(1,673)	(2,174)
Additions to impairments	0	0
Disposals	5,561	2
Transfers	0	0
Translation adjustments	1,119	92
At the end of	(17,066)	(19,146)
INTANGIBLE FIXED ASSETS		
Cost	22,288	24,646
Accumulated amortizations and impairments	(16,170)	(19,146)
NET CARRYING VALUE	**6,118**	**5,500**

7. Goodwill

(in € thousand)	2017	2018
COST		
At the beginning of	**66,593**	**61,950**
Additions	0	168
Disposals	0	(1,192)
Transfers	(71)	0
Translation adjustments	(4,572)	1,137
At the end of	**61,950**	**62,063**
IMPAIRMENTS		
At the beginning of	**(55,883)**	**(51,273)**
Additions	0	(168)
Disposals	0	1,192
Transfers	71	0
Translation adjustments	4,539	(1,175)
At the end of	**(51,273)**	**(51,424)**
GOODWILL		
Cost	61,950	62,063
Accumulated impairments	(51,273)	(51,424)
NET CARRYING VALUE	**10,677**	**10,639**

The application of IFRS 3 'Business combinations' stipulates that all identifiable assets and liabilities should be recognized at their fair value at the moment of acquisition. All differences between the cost of the business combination and the fair value defined at the time of the acquisition should be attributed to goodwill.
The net carrying value of goodwill is allocated as follows:

CASH-GENERATING UNIT (in € thousand)	2017	2018
Turkey	9,430	9,392
Belgium	1,247	1,247
NET CARRYING VALUE	**10,677**	**10,639**

In accordance with IAS 36, goodwill is not amortized but is subject to an annual impairment test. This test is always performed at year end or whenever there is an indication of a possible impairment.

The test consists of comparing the recoverable amount of each cash-generating unit with its carrying amount. An impairment loss is recognized whenever the recoverable amount is lower than the net book value. The Group carried out the impairment test at 31 December 2018, consistent with previous years.

Impairment test goodwill Turkey

CASH GENERATING UNIT

The cash generating unit is Ege Profil, which holds the brands Ege Pen Deceuninck, Winsa and Pimas, following the merger of Ege Profil and Pimas in 2017.

DISCOUNT RATE

The discount rate is based on the risk free rate of the currency region zone where the activities are deployed and current market assessment of the risks specific to the Deceuninck Group. The discount rate was estimated based on the weighted average cost of capital (WACC) and is 20.6% for 2018 (2017: 10.3%).

ASSUMPTIONS FOR 2019-2021

For EBITDA of 2019, management has worked out a target based on detailed plans and actions. For the period 2020-2021 the EBITDA estimate is based on longer term plans, taking into account reasonable growth levels in line with country specific evolutions of the building industry. For subsequent years a terminal growth rate of 2% is assumed.

SENSITIVITY ANALYSIS

One scenario with reasonable growth expectations has been worked out. Given the available headroom under the base case assumptions there is no need for a detailed sensitivity analysis.

CONCLUSION

No need for impairment of goodwill.

Impairment test goodwill Belgium

CASH GENERATING UNIT

The cash generating unit is Western Europe, composed of legal entities Deceuninck NV (Belgium), Deceuninck Ltd (UK), Deceuninck SAS (France), Inoutic d.o.o. (Croatia) and Deceuninck Sucursal en España (Spain).

This is the lowest level at which EBITDA can be measured without being influenced by transfer prices. It is also the level of our segment reporting.

DISCOUNT RATE

The discount rate is based on the WACC of the currency region zone where the activities are deployed and current market assessment of the risks specific to Deceuninck Group. The discount rate is 4.1% in 2018 (2017: 4.0%).

ASSUMPTIONS FOR 2019-2021

For EBITDA of 2019, the management has worked out a target based on detailed plans and actions. For the period 2020-2021 the EBITDA estimate is based on longer term plans, taking into account reasonable growth levels in line with country specific evolutions of the building industry.
For subsequent years a terminal growth rate of 0% is assumed.

SENSITIVITY ANALYSIS

One scenario with reasonable growth expectations has been worked out. Taking into account the cautious assumptions, there is no need to include more scenario's.

CONCLUSION

No need for impairment of goodwill.

8. Interest in a joint venture

The Group acquired in November 2018 a 50% interest in So Easy Belgium BVBA. The investment has been classified as joint venture and is involved in production of aluminium systems for window and doors manufacturing. The Group's interest in this joint venture is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the joint venture, based on its IFRS financial statements on a 100% basis, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

FOR THE MONTH DECEMBER (in € thousand)	2018
SALES	**833**
Cost of goods sold	(715)
GROSS PROFIT	**117**
Marketing, sales and distribution expenses	(58)
Research and development expenses	0
Administrative and general expenses	(220)
Other net operating result	29
OPERATING PROFIT	**(131)**
Financial charges	(272)
Financial income	43
PROFIT BEFORE TAXES (EBT)	**(360)**
Income taxes	0
NET PROFIT / (LOSS)	**(360)**
GROUP'S SHARE OF PROFIT / (LOSS) FOR THE YEAR	**(180)**

FOR THE MONTH DECEMBER (in € thousand)	2018
ASSETS	
Tangible and intangible fixed assets	7,698
NON-CURRENT ASSETS	**7,698**
Inventories	3,361
Trade receivables	1,832
Other receivables	1,336
Cash and cash equivalents	66
CURRENT ASSETS	**6,594**
TOTAL ASSETS	**14,292**
EQUITY AND LIABILITIES	
EQUITY	**(862)**
Interest-bearing loans	7,146
NON-CURRENT LIABILITIES	**7,146**
Trade payables	3,251
Short term provisions	56
Other liabilities	4,700
CURRENT LIABILITIES	**8,008**
TOTAL EQUITY AND LIABILITIES	**14,292**
EQUITY	**(862)**
Group's share in equity - 50%	(431)
Goodwill	9,865
GROUP'S CARRYING AMOUNT OF THE INVESTMENT	**9,434**

The Group started a limited purchase price allocation exercise to determine the fair value of the net assets of the So Easy Group to calculate goodwill which was partly allocated to the existing customer relationships acquired.

The joint venture had no other contingent liabilities or commitments as at 31 December 2018. So Easy Belgium BVBA cannot distribute its profits without the consent from the two venture partners.

The consideration transferred include a contingent element which is payable in 2021 based on the achieved results of the joint venture in the preceding financial year.

At the initial measurement the contingent consideration was measured at €7.7 million and was recognized in the other long term liabilities.

9. Tangible fixed assets

2017 (in € thousand)	LAND & BUILDINGS	MACHINES & EQUIPMENT	FURNITURE & VEHICLES	LEASED FIXED ASSETS	OTHER TANGIBLE FIXED ASSETS	ASSETS UNDER CON-STRUCTION	TOTAL
COST							
At the beginning of previous year	198,516	494,815	16,482	203	138	14,699	724,854
Additions	4,454	22,865	2,100	37	0	21,478	50,934
Disposals	(6,581)	(68,547)	(1,369)	(0)	0	(978)	(77,475)
Transfers	460	6,923	409	0	0	(10,515)	(2,724)
Translation adjustments	(11,854)	(26,482)	(482)	(13)	0	(1,394)	(40,225)
At the end of previous year	184,995	429,575	17,140	227	138	23,291	655,365
DEPRECIATIONS AND IMPAIRMENTS							
At the beginning of previous year	(70,730)	(386,165)	(13,727)	(197)	(36)	0	(470,856)
Additions to depreciations	(4,711)	(22,158)	(723)	(6)	(11)	0	(27,610)
Additions to impairments	0	(1,215)	(4)	0	0	0	(1,218)
Disposals	6,515	69,286	1,364	0	0	0	77,164
Transfers	0	(0)	(4)	0	0	0	(4)
Translation adjustments	2,229	17,463	402	10	0	0	20,103
At the end of previous year	(66,698)	(322,790)	(12,692)	(193)	(47)	0	(402,419)
TANGIBLE FIXED ASSETS							
Cost	184,995	429,575	17,140	227	138	23,291	655,365
Accumulated depreciations and impairments	(66,698)	(322,790)	(12,692)	(193)	(47)	0	(402,419)
NET CARRYING VALUE	**118,297**	**106,785**	**4,448**	**34**	**91**	**23,291**	**252,945**

2018 (in € thousand)	LAND & BUILDINGS	MACHINES & EQUIPMENT	FURNITURE & VEHICLES	LEASED FIXED ASSETS	OTHER TANGIBLE FIXED ASSETS	ASSETS UNDER CON-STRUCTION	TOTAL
COST							
At the beginning of current year	184,995	429,575	17,140	227	138	23,291	655,365
Additions	3,282	30,986	1,856	680	0	23,922	60,727
Disposals	(156)	(1,441)	(294)	0	0	(755)	(2,646)
Transfers	(233)	18,260	362	0	0	(21,263)	(2,874)
Translation adjustments	(10,075)	(10,781)	(579)	(17)	0	112	(21,340)
At the end of current year	177,813	466,598	18,485	890	138	25,308	689,231
DEPRECIATIONS AND IMPAIRMENTS							
At the beginning of current year	(66,698)	(322,790)	(12,692)	(193)	(47)	0	(402,419)
Additions to depreciations	(4,413)	(19,510)	(987)	(22)	(11)	0	(24,944)
Additions to impairments	(30)	(1,909)	(10)	0	0	0	(1,949)
Disposals	79	2,378	289	0	0	0	2,746
Transfers	(0)	0	0	0	0	0	(0)
Translation adjustments	471	5,256	412	14	0	0	6,152
At the end of current year	(70,591)	(336,575)	(12,988)	(202)	(58)	0	(420,414)
TANGIBLE FIXED ASSETS							
Cost	177,813	466,598	18,485	890	138	25,308	689,231
Accumulated depreciations and impairments	(70,591)	(336,575)	(12,988)	(202)	(58)	0	(420,414)
NET CARRYING VALUE	**107,222**	**130,023**	**5,497**	**688**	**80**	**25,308**	**268,817**

The Group has €5.7 million fixed asset related commitments spread over the next year which are mainly related to machinery and tools.

Tangible fixed assets under construction can be explained as follows:

(in € thousand)	2017	2018
Land and buildings	2,860	8,210
Machines and equipment	16,053	14,392
Other	4,377	2,706
TOTAL	**23,290**	**25,308**

In 2018 the Group has recognized impairments on tangible fixed assets for €1.9 million (2017: €1.2 million). These impairments mainly relate to machinery components and tool sets. These impairments have been included in other operating costs.

10. Long-term receivables

(in € thousand)	2017	2018
Trade receivables	325	365
Other receivables	1,440	681
TOTAL	**1,765**	**1,046**

The maturity of such trade receivables ranges from 1 to 3 years.

11. Inventories

(in € thousand)	2017	2018
Raw materials and consumables	37,795	38,145
Finished products	46,958	50,515
Trade goods	29,590	28,723
TOTAL	**114,342**	**117,382**

During 2018 a net amount of €567 thousand was posted as an increase in the provision related to the write-down on inventory (in 2017: €91 thousand). These costs are shown as Marketing, sales and distribution expenses. The cost of inventories recognized as an expense during 2018 amounted to €472 million (2017: €490 million). No inventories were pledged as security for liabilities (2017: idem).

12. Trade receivables and other receivables

(in € thousand)	2017	2018
Gross trade receivables	127,412	103,074
Impairments	(18,376)	(14,326)
TRADE RECEIVABLES	**109,036**	**88,749**
VAT and other taxes	4,265	6,260
Derivative financial instruments	255	526
Prepaid charges	2,358	2,158
Accrued revenues	7	0
Short-term warranties	104	148
Other	2,433	1,853
OTHER RECEIVABLES	**9,422**	**10,945**

Net trade receivables decreased €20.3 million due to increased factoring, shorter payment terms, FX (mainly TRY devaluation) and lower sales partly compensated by higher selling prices. Total factoring amounted to €36.2 million at 31 December 2018 (2017 €24.3 million).

Days sales outstanding (DSO) decreased year-on-year from 59 days in 2017 to 52 days in 2018.

The factoring and related cost for 2018 amounts to €3.667 thousand (2017 €792 thousand). The effect of the factoring agreement is shown as a decrease in trade receivables, as substantially all risks and rewards relating to the trade receivables are transferred to the factor company (non-recourse factoring).

The gross trade receivables consist of invoiced sales, an accrual for invoices to be issued, an accrual for credit notes to be received, exchange rate differences and advance payments made.

An analysis is provided below, which shows the ageing of gross outstanding trade receivables granted to customers, after deduction of impairments on those amounts:

AGEING ANALYSIS OF TRADE RECEIVABLES (in € thousand)	NET CARRYING VALUE	NOT DUE NOR IMPAIRED	OVERDUE BUT NOT IMPAIRED				
			<30 DAYS	31-60 DAYS	61-90 DAYS	91-120 DAYS	>120 DAYS
As per 31 December 2017	109,036	95,870	6,775	1,601	635	1,852	2,304
As per 31 December 2018	88,749	73,899	7,350	1,490	837	1,067	4,107

As per 31 December 2018 an amount of €14,326 thousand (2017 €18,376 thousand) was recognized as impairment allowance on trade receivables.

The movements during the last 2 financial years are presented in the following table:

IMPAIRMENT ALLOWANCE (in € thousand)	2017	2018
AT THE BEGINNING OF	**(21,970)**	**(18,376)**
Additions	(196)	(4,294)
Reversals	1,246	5,921
Utilizations	185	31
Transfers	(1,268)	453
Translation adjustments	3,627	1,941
AT THE END OF	**(18,376)**	**(14,326)**

13. Cash and cash equivalents

(in € thousand)	2017	2018
Cash and current bank accounts	34,247	24,498
Short term deposits	7,746	41,333
TOTAL	**41,993**	**65,831**

14. Fixed assets held for sale

FIXED ASSETS HELD FOR SALE (in € thousand)	2017	2018
Cost	1,646	3,108
Accumulated depreciations and impairments	(117)	(78)
NET CARRYING VALUE	**1,529**	**3,030**

The fixed assets held for sale relate to a building in Germany and apartments in Turkey. All assets are available for immediate sale in its present condition and the sale is highly probable. Necessary actions have been taken in order to place these assets on the market and sales are expected during 2019.

Following the reclassification to 'held-for-sale', assets held for sale are no longer depreciated.

15. Issued capital and reserves

Issued capital

ISSUED CAPITAL	2017	2018
Amount (in € thousand)	53,788	**53,901**
Number of shares (without nominal value)	136,383,256	**136,670,838**

Share premiums

SHARE PREMIUMS	2017	2018
Amount (in € thousand)	87,887	**88,193**

As per 31 December 2018, issued capital is set at €53,901 thousand and is composed of 136,671 thousand shares without a nominal value.

Treasury shares

TREASURY SHARES	2017	2018
Amount (in € thousand)	(115)	**(669)**
Number of shares (without nominal value)	97,871	**69,769**

On 31 December 2018, the Group held 69,769 treasury shares to fulfil its commitments with respect to stock option plans.

Currency translation adjustments

Currency translation adjustments include all exchange rate differences resulting from the conversion of the financial statements of subsidiaries into euro. The total currency translation adjustments amount to €-102,637 thousand at 31 December 2018.

An overview of the currency translation adjustments by currency is given below, the increase in currency translation adjustment in TRY is related to the strong devaluation of the currency in 2018:

CURRENCY TRANSLATION ADJUSTMENTS (in € thousand)	2017	2018
USD	(12,495)	**(9,589)**
TRY	(60,379)	**(77,443)**
RUB	(8,896)	**(10,151)**
PLN	(2,297)	**(2,286)**
GBP	(2,865)	**167**
CZK	307	**204**
Other	(1,331)	**(3,539)**
TOTAL	**(87,957)**	**(102,637)**

16. Provisions for post-employment employee benefits

NET LIABILITY (ASSET) RECONCILIATION (in € thousands)	INOUTIC / DECEUNINCK GMBH AND PRODUCTIONS GMBH (GERMANY)	DECEUNINCK NV (BELGIUM)	EGE PROFIL AS (TURKEY)	OTHER	TOTAL
AS PER 31 DECEMBER 2017	**14,413**	**5,804**	**2,590**	**219**	**23,025**
Pension cost recognized in income statement	353	724	704	157	1,939
Remeasurements recognized in OCI	(285)	(2,369)	71	0	(2,583)
Benefits paid directly	(532)	(726)	(536)	(20)	(1,814)
Transfers	0	0	0	50	50
Translation adjustments	0	0	(734)	(3)	(737)
AS PER 31 DECEMBER 2018	**13,949**	**3,432**	**2,095**	**402**	**19,879**
Non-current	13,424	2,708	2,095	402	18,629
Current	525	725	0	0	1,250

Defined benefit plans and other post employment benefits

Deceuninck NV (Belgium)

For Deceuninck NV, the provisions for post-employment benefits relate to the early retirement obligation and Belgian pension plans. According to IAS19, Belgian defined contribution plans that guarantee a specified return are defined benefit plans, as the employer has to cover the investment risk until the applicable legal minimum rates.
The returns guaranteed by the insurance company are in most cases lower, as a result the Group has not fully hedged its risk and a provision needs to be accounted for.

Deceuninck NV has a number of defined contribution plans, applicable to different categories of personnel. Those pension plans have been set up by Deceuninck and are thus not multi-employer plans. All plans are funded through group insurances with an insurance company. Contributions are made by the employer and employee.

Deceuninck NV operates an early retirement plan under the legal framework in Belgium and allows that employees reaching the legal pre-pension age (currently 62 years with certain additional conditions linked to the length of career) can benefit from an early pension and retire before the legal pension age (currently 65 years). The elderly employees accepting such offers will receive a temporary supplement paid by Deceuninck until their legal retirement age on top of the unemployment allowance. The currently applicable collective labour agreement (CLA) establishes the main characteristics of the plan and it results in a constructive obligation to the Company. The plan is available for all employees meeting the requirements. It is unfunded and administered by Deceuninck.

In accordance with IFRS, the actuarial present value of the defined pension benefit plans must be calculated, as that value represents the total of the amounts that can currently be allocated to each participant in the plan. The actuarial present value was calculated based on the mortality tables IA/BE (age correction -1 years) and the following actuarial assumptions:

DECEUNINCK NV (BELGIUM) – PRINCIPAL ACTUARIAL ASSUMPTIONS	2017	2018
Discount rate	1.50%	**1.75%**
Increase in compensations - white collar	2.45%	**2.55%**
Increase in compensations - blue collar	2.20%	**2.30%**
Increase in social security	1.70%	**1.80%**
Increase in pensions	1.80%	**1.90%**
Inflation	1.70%	**1.80%**

The main risks for Deceuninck NV relate to future salary increases, inflation and mortality notes.

Inoutic/Deceuninck GmbH and Inoutic / Deceuninck Productions GmbH & Co. KG (Germany)

For Inoutic/Deceuninck GmbH and Inoutic / Deceuninck Productions GmbH & Co. KR, the provisions for employee benefits refer to the provision for pensions which is unfunded.

The pension plan entitles the beneficiary to a lump sum amount at the start of their pension. The plan was available to all employees started to work for Inoutic/Deceuninck GmbH before 1999. For one manager there is an individual pension plan which provides an annuity payment after retirement. The plan is based on the collective agreement of IGBCE and the respective company agreement.

The actuarial present value was calculated based on the following assumptions:

INOUTIC/DECEUNINCK GMBH AND INOUTIC / DECEUNINCK PRODUCTIONS GMBH & CO. KG (GERMANY) – PRINCIPAL ACTUARIAL ASSUMPTIONS	2017	2018
Discount rate	1.60%	1.80%
Increase in compensations - white collar	3.00%	3.00%
Increase in compensations - blue collar	3.00%	3.00%
Increase in social security	3.00%	3.00%
Increase in pensions	1.75%	1.75%
Inflation	1.75%	1.75%

Ege Profil AS (Turkey)

For Ege Profil AS, the provisions for employee benefits refer to the provision for pensions as per Law No. 6740, "Amending the Law on Individual Pension Savings and Investment System". Contributions are made by the employer and employee.

The company is required to pay a termination indemnity upon the date of retirement. This plan is legally required for all employees and is unfunded. The actuarial present value was calculated based on the following assumptions:

EGE PROFIL AS (TURKEY) – PRINCIPAL ACTUARIAL ASSUMPTIONS	2017	2018
Discount rate	9.80%	20.50%
Increase in compensations - white collar	6.00%	15.00%
Increase in compensations - blue collar	6.00%	15.00%
Increase in social security	6.00%	15.00%
Increase in pensions	N/A	N/A
Inflation	6.50%	9.00%

Other

These provisions for employee benefits refer to local pension regulations. The tables below provide an overview of the pension costs included in the consolidated income statement, and the amounts recognized in the statement of financial position for the defined pension plan of Inoutic/Deceuninck GmbH, Deceuninck Productions GmbH & Co. KG, Ege Profil AS and the Belgian subsidiaries of the last 2 years:

COMPONENTS OF PENSION COST (in € thousand)	2017				2018			
	INOUTIC / DECEUNINCK GMBH (GERMANY)	EGE PROFIL (TURKEY)	DECEUNINCK NV (BELGIUM)	TOTAL	INOUTIC / DECEUNINCK GMBH (GERMANY)	EGE PROFIL (TURKEY)	DECEUNINCK NV (BELGIUM)	TOTAL
Current service cost	234	256	972	1,462	127	345	657	1,129
Interest cost	220	122	278	620	226	359	181	766
RECOGNIZED IN INCOME STATEMENT	**454**	**378**	**1,250**	**2,082**	**353**	**704**	**838**	**1,895**

The current service cost and interest costs are included in the other operating results.

AMOUNTS RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION (in € thousand)	2017				2018			
	INOUTIC / DECEUNINCK GMBH (GERMANY)	EGE PROFIL (TURKEY)	DECEUNINCK NV (BELGIUM)	TOTAL	INOUTIC / DECEUNINCK GMBH (GERMANY)	EGE PROFIL (TURKEY)	DECEUNINCK NV (BELGIUM)	TOTAL
Present value of defined benefit obligation	14,412	2,590	13,767	30,769	13,949	2,095	11,186	27,231
Fair value of plan assets			(7,963)	(7,963)			(7,754)	(7,754)
NET LIABILITY (ASSET)	**14,412**	**2,590**	**5,804**	**22,806**	**13,949**	**2,095**	**3,432**	**19,477**

CHANGE IN PENSION OBLIGATIONS (in € thousand)	2017				2018			
	INOUTIC / DECEUNINCK GMBH (GERMANY)	EGE PROFIL (TURKEY)	DECEUNINCK NV (BELGIUM)	TOTAL	INOUTIC / DECEUNINCK GMBH (GERMANY)	EGE PROFIL (TURKEY)	DECEUNINCK NV (BELGIUM)	TOTAL
AT THE BEGINNING OF	**14,905**	**1,350**	**15,308**	**31,563**	**14,412**	**2,590**	**13,767**	**30,769**
Current service cost	234	256	972	**1,462**	127	345	657	**1,129**
Interest cost	220	122	278	**620**	226	359	181	**766**
Plan participants contributions			189				182	
Actuarial (gain) / loss	(411)	1,187	(815)	**(39)**	(285)	71	(2,163)	**(2,377)**
- Arising from changes in demographic assumptions			(812)		139		(1,680)	
- Arising from changes in financial assumptions	(221)		452		(466)		(354)	
- Experience adjustments	(191)		(455)		42		(129)	
- Changes in the effect of asset ceiling								
Benefits paid directly	(536)	(221)	(2,166)	**(2,923)**	(532)	(536)	(1,438)	**(2,505)**
Initial recognition of present value of funded obligations		278		**278**				**0**
Exchange rate differences		(382)		**(382)**		(734)		**(734)**
AT THE END OF	**14,412**	**2,590**	**13,767**	**30,580**	**13,949**	**2,095**	**11,186**	**27,048**

CHANGE IN PLAN ASSETS (in € thousand)	2017				2018			
	INOUTIC / DECEUNINCK GMBH (GERMANY)	EGE PROFIL (TURKEY)	DECEUNINCK NV (BELGIUM)	TOTAL	INOUTIC / DECEUNINCK GMBH (GERMANY)	EGE PROFIL (TURKEY)	DECEUNINCK NV (BELGIUM)	TOTAL
AT THE BEGINNING OF	**0**	**0**	**8,712**	**8,712**	**0**	**0**	**7,963**	**7,963**
Interest income on plan assets			159	**159**			115	**115**
Actuarial (gain) / loss			109	**109**			206	**206**
- Return on plan asset			109	**109**			206	**206**
Employer contributions			797	**797**			568	**568**
Plan participants contributions			189	**189**			182	**182**
Benefits paid directly			(2,003)	**(2,003)**			(1,280)	**(1,280)**
Initial recognition of present value of plan assets				**0**				**0**
Exchange rate differences				**0**				**0**
AT THE END OF	**0**	**0**	**7,963**	**7,963**	**0**	**0**	**7,754**	**7,754**

OTHER (in € thousand)	**2018**		
	INOUTIC / DECEUNINCK GMBH (GERMANY)	**EGE PROFIL (TURKEY)**	**DECEUNINCK NV (BELGIUM)**
CONTRIBUTIONS			
Expected contribution to the plan for the next annual reporting period	N/A	N/A	564
MATURITY PROFILE			
Duration jubilee benefits	9.1 / 10.1		6.5
Duration prepensions	2.0 / 1.9		11.3
Duration DC pension plans	16.0 / 25.0	19.15 / 23.26	
EXPECTED PAYMENTS FROM THE DEFINED BENEFIT PLAN WITHIN			
CashFlow Year 1	543	281	
CashFlow Year 2	539	78	
CashFlow Year 3	545	118	
CashFlow Year 4	553	112	
CashFlow Year 5	548	158	
CashFlow Year 6-10	2,777	551	

Sensitivity analysis shows the following impacts:

AS PER 31 DECEMBER 2018	**INOUTIC / DECEUNINCK GMBH (GERMANY)**		**DECEUNINCK NV (BELGIUM)**	
Change in discount rate	(0.20%)	0.20%	(0.25%)	
IMPACT ON PRESENT VALUE OF DEFINED BENEFIT OBLIGATION (in € thousand)	**466**	**(442)**	**389**	
Change in pension increase rate	(0.50%)	0.50%		0.25%
IMPACT ON PRESENT VALUE OF DEFINED BENEFIT OBLIGATION (in € thousand)	**(827)**	**879**		**(40)**
Change in longevity	- one year life expectancy	+ one year life expectancy		
IMPACT ON PRESENT VALUE OF DEFINED BENEFIT OBLIGATION (in € thousand)	**(527)**	**548**		

17. Provisions

(in € thousand)	WARRANTIES	CLAIMS	OTHER	TOTAL
AS PER 31 DECEMBER 2017	**1,238**	**1,155**	**4,008**	**6,402**
Additions	1,368	79	1,143	**2,589**
Utilizations	0	(251)	(12)	**(263)**
Reversals	(1,481)	(30)	(766)	**(2,277)**
Transfers	0	162	(339)	(176)
Translation adjustments	(101)	0	(346)	**(446)**
AS PER 31 DECEMBER 2018	**1,024**	**1,115**	**3,688**	**5,828**
Non-current	1,024	1,115	3,688	**5,828**
Current	0	0	0	**0**

Provisions are recognized for indemnities related to warranties on products sold during the past 10 years, on the basis of experience with repairs and returns. The Group expects that most of the provisions intended to cover warranty obligations will be utilized within a period of 2 to 3 years.

The provisions for claims mainly relate to claims for quality issues of products sold.

The other provisions include a large number of items such as provisions for legal disputes.

18. Interest bearing debts

The following tables provide an overview of the interest bearing debts of the Group at year end:

Long-term interest bearing debts mainly consist of the €100 million retail bond issued by Deceuninck NV in December 2015 with maturity date 8 December 2022 and a fixed interest rate of 3.75%. A second component of the long-term interest bearing debts is a term loan (initially €25 million with a fixed interest rate of 3.17%) with the European Bank for Reconstruction and Development ('EBRD loan') to finance the construction of the new factory in Menemen (TR). The remainder of the long-term debts consists of working capital loans received from commercial banks in Turkey.

LONG-TERM INTEREST BEARING LOANS (in € thousand)	2017	2018
Loans from financial institutions	29,826	23,962
Leasing	0	410
Retail Bond 3.75% - 08 Dec 2022	99,773	99,820
Long-term interest bearing loans	129,599	124,192

Short-term interest bearing debts mainly consist of working capital loans received from commercial banks in Turkey.

SHORT-TERM INTEREST BEARING LOANS (in € thousand)	2017	2018
Short-term interest bearing loans	30,720	35,317
TOTAL	**30,720**	**35,317**

		CASH FLOWS	NON-CASH CHANGES			
INTEREST BEARING LOANS (in € thousand)	**2016**		**CAPITALISED INTEREST**	**FOREIGN EXCHANGE REVLUATION IN (PROFIT) OR LOSS**	**FOREIGN EXCHANGE TRANSITION**	**2017**
Loans from financial institutions	61,119	7,581	133	3,664	(11,951)	60,546
Leasing	(0)	0	0	0	0	(0)
Retail Bond 3.75% - 08 Dec 2022	99,727	0	46	0	0	99,773
Interest bearing loans	160,846	7,581	180	3,664	(11,951)	160,320

		CASH FLOWS	NON-CASH CHANGES			
INTEREST BEARING LOANS (in € thousand)	**2017**		**CAPITALISED INTEREST**	**FOREIGN EXCHANGE REVLUATION IN (PROFIT) OR LOSS**	**FOREIGN EXCHANGE TRANSITION**	**2018**
Loans from financial institutions	60,546	8,979	133	5,552	(15,970)	59,242
Leasing	(0)	448	0	0	0	448
Retail Bond 3.75% - 08 Dec 2022	99,773	0	46	0	0	99,820
Interest bearing loans	160,320	9,427	180	5,552	(15,970)	159,509

As of 31 December 2018 €3 million of the €50 million committed bank facility was drawn and recognized in the short-term interest bearing loans.

All interest bearing debt of Deceuninck is unsecured. Usual financial covenants (Leverage, Interest Cover, ...) are applicable to the syndicated credit facility, the retail bond and the EBRD loan.

As per 31 December 2018 and at all preceding testing dates throughout 2018, Deceuninck Group has met all its covenants.

The following table provides a summary of the outstanding financial debt by currency, the average interest rates and maturity profile as per 31 December 2018:

TERMS AND MATURITY PROFILE (in € thousand)	INTEREST %	DUE WITHIN 1 YEAR	DUE BETWEEN 1 AND 5 YEARS	DUE AFTER 5 YEARS	TOTAL
2017		**30,735**	**29,812**	**99,773**	**160,320**
2018		**35,317**	**122,769**	**1,423**	**159,509**
Of which					
EUR	3.60%	12,590	118,456	1,423	**132,469**
TRY	19.80%	22,727	4,313	0	**27,040**

Operational leasing

The Group leases mainly vehicles, office equipment and buildings. The total amount paid in 2018 for operational leasing amounts to €9,453 thousand (2017: €8,291 thousand). The table below provides an overview of the payments to be made over the coming financial years:

OPERATIONAL LEASING (in € thousand)	2017	2018
< 1 year	8,777	**8,089**
1-5 years	25,128	**24,483**
> 5 years	12,107	**12,628**
TOTAL	**46,012**	**45,199**

19. Trade payables and other liabilities

(in € thousand)	2017	2018
TRADE DEBTS	**87,488**	**113,872**
Derivative financial instruments	1,099	2,689
Guarantees from Customers	882	882
Accrued interests	1,039	1,965
Accrued charges	450	1,018
Deferred income	561	480
Other	(136)	571
OTHER LIABILITIES	**3,895**	**7,605**

The conditions for the above mentioned trade debts and other debts are as follows:

- Trade debts do not bear interest and are usually paid on the basis of payment terms that can vary depending on the market. On average, these payment terms fluctuate between 45 and 65 days from the end of the month in which the debt is incurred. In Turkey this can be up to one year after the invoice date.
- For the conditions with regard to the financial instruments, we refer to Note 24.
- The guarantees from customers do not bear any interest and are immediately payable, as soon as the contractual obligations of the customer have been fulfilled.

Trade debts include, besides the invoiced purchases also a provision for invoices to be received, a provision for credit notes to be issued, foreign currency translation differences and advance payments received.

20. Share-based payments

The Group offers the possibility to staff members, senior management members and the members of the Executive Team to register for stock option and warrant agreements. The purpose for such a decision is to motivate the staff members, senior management and the members of the Executive Team, by enabling them to acquire shares in the company under relatively advantageous terms, thereby increasing and improving their commitment to the company.

Stock option plans

The balance of outstanding options (Plans 2003-2010) at the end of December 2018 is 100,273. One option entitles the holder to buy one Deceuninck share at a fixed exercise price. All options relating to the stock option plans granted in 1999, 2000, 2001, 2002, 2003 and 2008 have been exercised, forfeited or expired. The options expire if they are not exercised on the last day of the last exercise period. The options can be exercised for the first time after the end of the third calendar year, following the year in which the offer has taken place. The exercise period, relating to the plans of 2003, 2004, 2005 and 2007, has been extended with 5 years in 2009.

The exercise price of an option will be equal to the lowest of (i) the average price of the share on the stock exchange during the 30-day period preceding the offer, or (ii) the latest closing price preceding the day of the offer.

STOCK OPTIONS OVERVIEW	2003	2004	2005	2007	2008	2009	2010	TOTAL
Grant date	19/12/03	23/12/04	22/12/05	19/12/07	12/12/08	27/10/09	23/12/10	
To be accepted by	17/02/04	21/02/05	20/02/06	17/02/08	11/02/09	26/12/09	22/02/11	
N° of beneficiaries at grant date	42	33	53	74	68	2	4	
Exercise price (EUR)	25.22	22.7	22.81	15.54	2.95	1.36	1.7	
Granted	64,000	49,000	66,250	70,750	70,750	75,000	75,000	**470,750**
Accepted	47,500	35,375	64,250	64,500	64,150	75,000	75,000	**425,775**
Exercised	0	0	0	0	1,250	73,102	70,000	**144,352**
Forfeited	15,000	11,750	23,750	30,250	29,650	0	5,000	**115,400**
Expired	32,500	0	0	0	33,250	0	0	**65,750**
OUTSTANDING 31/12/2018	**0**	**23,625**	**40,500**	**34,250**	**0**	**1,898**	**0**	**100,273**
Excercisable 31/12/2018	0	23,625	40,500	34,250	0	1,898	0	**100,273**
Exercisable 31/12/2018	0	23,625	40,500	34,250	0	1,898	0	
Exercise periods	2007-2013	2008-2014	2009-2015	2011-2017	2012-2018	2013-2019	2014-2020	
Extension of exercise periods	2014-2018	2015-2019	2016-2020	2018-2022	NA	NA	NA	

OPTIONS MOVEMENTS IN 2017	2003	2004	2005	2007	2008	2009	2010	TOTAL	WEIGHTED AVERAGE EXERCISE PRICE
OUTSTANDING 2016	**33,500**	**24,625**	**41,500**	**37,250**	**38,250**	**25,000**	**5,000**	**205,125**	**15**
Accepted	0	0	0	0	0	0	0	**0**	N/A
Exercised	0	0	0	0	0	0	0	**0**	N/A
Forfeited	(1,000)	(1,000)	(1,000)	(2,000)	(2,250)	0	0	**(7,250)**	15
Expired	0								N/A
OUTSTANDING 2017	**32,500**	**23,625**	**40,500**	**35,250**	**36,000**	**25,000**	**5,000**	**197,875**	**15.04**

OPTIONS MOVEMENTS IN 2018	2003	2004	2005	2007	2008	2009	2010	TOTAL	WEIGHTED AVERAGE EXERCISE PRICE
OUTSTANDING 2017	**32,500**	**23,625**	**40,500**	**35,250**	**36,000**	**25,000**	**5,000**	**197,875**	**15.04**
Accepted									N/A
Exercised					(1,250)	(23,102)	(5,000)	**(29,352)**	N/A
Forfeited				(1,000)	(1,500)			**(2,500)**	7.99
Expired	(32,500)				(33,250)			**(65,750)**	N/A
OUTSTANDING 2018	**0**	**23,625**	**40,500**	**34,250**	**0**	**1,898**	**0**	**100,273**	**17.54**

Warrant plans

The balance of the outstanding warrants at the end of December 2018 is 3,846,437. One warrant entitles the holder to buy one Deceuninck share at a fixed exercise price. Within the scope of the warrant plans, 287,582 warrants were exercised in the course of 2018. The warrants expire if they have not been exercised at the last day of the last exercise period. The warrants can be exercised for the first time at the end of the third calendar year of the grant.

The exercise price of a warrant will be fixed by the Remuneration Committee on the date of offer and:

a) for staff members and senior management members it will be equal to the lowest of (i) of the average price of the share on the stock exchange during the 30-day period preceding the offer, or (ii) the latest closing price preceding the day of the offer,
b) for other than staff members and senior management members it will be equal to the lowest of (i) of the average price of the share on the stock exchange during the 30-day period preceding the offer, or (ii) the latest closing price preceding the day of the offer, it being understood that the exercise price must not be lower than the average price of the share on the stock exchange during the 30-day period preceding the issue of the Plan.

WARRANT PLANS DECEUNINCK NV	PLAN 2009	PLAN 2010	PLAN 2010	PLAN 2010	PLAN 2011	PLAN 2011	PLAN 2011
Grant date	30/11/09	31/12/09	31/12/09	23/12/10	21/12/11	21/12/11	21/12/12
Acceptance date	29/01/10	28/02/10	28/02/10	22/02/11	15/02/12	15/02/12	17/02/13
Number of beneficiaries at grant date	13	16	1	37	42	1	49
Exercise price (in €)	1.44	1.46	1.48	1.7	0.73	0.85	1.17
Share price on acceptance date (in €)	1.48	1.4	1.4	1.88	1.22	1.22	1.35
Granted	549,564	285,000	67,435	607,500	490,000	300,000	485,000
Accepted	519,564	240,000	67,435	562,500	487,500	300,000	482,500
Exercised	402,564	150,000	67,435	404,999	337,499	300,000	289,995
Forfeited	117,000	90,000	0	132,501	135,001	0	152,503
Expired	0	0	0	0	0	0	0
Outstanding 31/12/2018	0	0	0	25,000	15,000	0	40,002
Exercisable 31/12/2018	0	0	0	25,000	15,000	0	40,002
Exercise periods	2013-2019	2013-2019	2013-2019	2014-2019	2015-2021	2015-2021	2016-2021
ASSUMPTIONS							
Volatility	40%	40%	40%	40%	40%	40%	40%
Risk-free interest	2.55%	2.41%	2.41%	3.51%	2.49%	2.49%	0.99%
Dividend as from 2018 (in €)	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Early exercised - Minimum gain	25%	25%	25%	25%	25%	25%	25%
Early exercised - Probability to exercise	50%	50%	50%	50%	50%	50%	50%

MOVEMENTS 2017	PLAN 2009	PLAN 2010	PLAN 2010	PLAN 2010	PLAN 2011	PLAN 2011	PLAN 2011	PLAN 2011
OUTSTANDING 2016	**22,820**	**30,000**	**0**	**92,501**	**188,339**	**152,860**	**308,340**	**317,646**
Accepted	0	0	0	0	0	0	0	0
Exercised	(22,820)	(30,000)	0	(67,501)	(165,839)	(152,860)	(145,831)	(200,979)
Forfeited	0	0	0	0	0	0	(19,168)	0
Expired	0	0	0	0	0	0	0	0
OUTSTANDING 2017	**0**	**0**	**0**	**25,000**	**22,500**	**0**	**143,341**	**116,667**

MOVEMENTS 2018	PLAN 2009	PLAN 2010	PLAN 2010	PLAN 2010	PLAN 2011	PLAN 2011	PLAN 2011	PLAN 2011
OUTSTANDING 2017	**0**	**0**	**0**	**25,000**	**22,500**	**0**	**143,341**	**116,667**
Accepted	0	0	0	0	0	0	0	0
Exercised	0	0	0	0	0	0	(83,338)	(64,884)
Forfeited	0	0	0	0	(7,500)	0	(20,001)	0
Expired	0	0	0	0	0	0	0	0
OUTSTANDING 2018	**0**	**0**	**0**	**25,000**	**15,000**	**0**	**40,002**	**51,783**

	PLAN 2011	PLAN 2013	PLAN 2013	PLAN 2013	PLAN 2015	PLAN 2015	PLAN 2015	PLAN 2017	TOTAL
	21/12/12	17/12/13	17/12/13	17/12/14	16/12/15	21/12/16	21/12/16	21/12/17	
	17/02/13	14/02/14	14/02/14	16/02/15	15/02/16	21/02/17	21/02/17	19/02/18	
	1	59	9	66	78	8	66	61	
	1.18	1.71	1.76	1.79	2.395	2.395	2.2271	3.060	
	1.35	2.19	2.19	1.88	2.079	2.215	2.2215	2.875	
	350,000	332,500	570,000	910,000	630,000	710,000	524,000	1,334,000	**8,144,999**
	350,000	332,500	570,000	892,500	607,500	710,000	524,000	1,233,500	**7,879,499**
	298,217	98,319	189,997	66,024	0	0	0	0	**2,605,049**
	0	126,674	73,334	190,000	190,000	30,000	124,000	67,000	**1,428,013**
	0	0	0	0	0	0	0	0	**0**
	51,783	107,507	306,669	636,476	417,500	680,000	400,000	1,166,500	**3,846,437**
	51,783	71,671	204,446	0	0	0	0	0	**407,902**
	2016-2021	2017-2023	2017-2023	2018-2023	2019-2025	2020-2024	2020-2024	2021-2027	
	40%	45%	45%	45%	45.00%	40.00%	40.00%	30.00%	
	0.99%	0.99%	0.99%	(0.03%)	(0.28%)	(0.32%)	(0.32%)	0.13%	
	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	
	25%	25%	25%	25%	25%	25%	25%	25%	
	50%	50%	50%	50%	50%	50%	50%	50%	

	PLAN 2013	PLAN 2013	PLAN 2013	PLAN 2015	PLAN 2015	PLAN 2015	PLAN 2017	TOTAL	WEIGHTED AVERAGE EXERCISE PRICE
	277,500	**515,000**	**867,500**	**587,500**	**0**	**0**		**3,360,006**	**1.66**
	0	0	0	0	710,000	524,000		**1,234,000**	2.32
	(61,650)	(153,330)	0	0	0	0		**(1,000,810)**	1.23
	(36,670)	(18,334)	(115,000)	(82,500)	(27,500)	(69,000)		**(368,172)**	2.01
	0	0	0	0	0	0		**0**	n/a
	179,180	**343,336**	**752,500**	**505,000**	**682,500**	**455,000**		**3,225,024**	**1.00**

	PLAN 2013	PLAN 2013	PLAN 2013	PLAN 2015	PLAN 2015	PLAN 2015	PLAN 2017	TOTAL	WEIGHTED AVERAGE EXERCISE PRICE
	179,180	**343,336**	**752,500**	**505,000**	**682,500**	**455,000**	**0**	**3,225,024**	**1.66**
	0	0	0	0	0	0	1,233,500	**1,233,500**	2.32
	(36,669)	(36,667)	(66,024)	0	0	0	0	**(287,582)**	1.22
	(35,004)	0	(50,000)	(60,000)	0	(85,000)	(67,000)	**(324,505)**	2.01
	0	0	0	0	0	0	0	**0**	n/a
	107,507	**306,669**	**636,476**	**445,000**	**682,500**	**370,000**	**1,166,500**	**3,846,437**	**2.01**

Performance share plan

The balance of the outstanding Performance Share Rights granted to the members of the Executive Management ("Beneficiaries") is 474.394. One Performance Share Right can be converted into "matching" or Performance Shares of Deceuninck NV at the vesting date (i.e. the 3rd calendar year following the year of the grant), provided the Beneficiaries invested in Deceuninck Shares before 30 June 2018, at the Investment Price (i.e. the average share price of the 30 trading days preceding 31 December 2017). For each invested Share, the Beneficiary will be entitled to one or more matching Deceuninck Shares pursuant to the fulfilment of the Performance Condition, defined as a cumulative annual average increase of the Total Shareholder Return as determined in the Plan, the realization of which determines the fraction or the multiple (if any) of Performance Shares a vested Performance Share Right effectively entitles to.

PERFORMANCE SHARE PLAN	2018
Grant date	31/01/18
Acceptance date	30/06/18
Number of beneficiaries at grant date	8
Share price at date of grant	3.050
Fair value	1.67
Granted	474,394
Accepted	474,394
Exercised	0
Forfeited	0
Expired	0
Outstanding 31/12/2018	474,394
Exercisable 31/12/2018	0
Exercise period	2021
Assumptions	
Volatility	25%
Risk-free interest	(0.30%)

PERFORMANCE SHARE PLAN MOVEMENTS	2018
Outstanding 2017	0
Accepted	474,394
Exercised	0
Forfeited	0
Expired	0
Outstanding 2018	474,394

IFRS 2 has a negative impact of €811 thousand on the results of 2018 (2017: €534 thousand). Stock option, warrant plans and performance share plans were valued on the basis of the binominal tree structure. Volatility was determined on the basis of historical data.

21. Related parties

During 2018, the Group made purchases of €3.6 million (€154 thousand in 2017) and sales of €1,004 thousand (€1,465 thousand in 2017), under normal market conditions, from or to companies to which Directors of the company are related to.
The purchases involved an investment and installation In solar energy including solar panels and trigeneration and repair and maintenance of containers.

Total remuneration of members of the Board of Directors in 2018 amounted to €253,500 (€263,500 in 2017). This amount includes additional remunerations granted to Directors for their involvement in Board committees. These remunerations are granted by the General Meeting and are included in general expenses.

Directors charged with special missions and projects can receive appropriate remuneration.

In 2018, the CEO received a total remuneration (fixed + variable) in the amount of €923,185 (460,080 EUR in 2017, as no variable remuneration was acquired in 2017).
The members of the Executive Committee excluding CEO received total remunerations of €2,147,577 (€2,046,940 in 2017). The split of the remuneration is further disclosed in the section "Corporate Governance Statement" on page 26-52.

The evaluation criteria for the performance of the CEO and the other members of the Executive Committee were: REBITDA Group (50%) and Adjusted Free Cash Flow Group (50%). If the manner in which results were obtained is not in line with the core values (Candor, Top Performance and Entrepreneurship), the Remuneration and Nomination Committee reserves the right to decide not to pay any bonus.

Options and/or warrants on the shares of the company are granted to members of the Executive Committee. Pursuant to a new warrant plan issued on December 21st, 2018 470,000 (770,000 as per 21/12/2017) warrants were granted to the members of the Executive Team. These option and warrant plans are not related to the performance of the Group.

22. Services provided by the external auditor

During 2018 the following charges of the external auditor were included in the Group's income statement:

Audit related services	€603,109
Other services	€7,000

23. Going concern

There are no indicators of circumstances that might question the continuity of the activities.

24. Risk management

The most important financial risks for the Group are exchange rate risk, interest rate risk, credit risk and liquidity risk.

Exchange rate risk

The exchange rate risk of the Group can be split into two categories: translation risk and transaction risk.

TRANSLATION RISK

Translation risk arises from the conversion of financial figures of foreign subsidiaries outside the Eurozone into the Group's reporting currency, the euro. The main currencies for this kind of risk are the US dollar and the Turkish lira. This kind of exchange rate risk is not hedged.

TRANSACTIONAL EXCHANGE RATE RISK

Transactional exchange rate risk arises when an entity of the Group enters into a transaction which will be settled in a currency which is not the functional currency of that entity. Transactional exchange rate risk within Deceuninck can be of operational or financial nature.

When this risk is associated with sales and purchases in foreign currencies as a result of the commercial activities of the Group, it is denominated as operational. The most important transactional exchange rate risks of operational nature originate from purchases of raw materials in euro and US dollar by the Turkish subsidiary Ege Profil. Sales in euro by this subsidiary mitigate to some extent this risk.

When transactional exchange rate risk is associated with loans in foreign currencies it is denominated as financial. The most important risks of this nature originate from loans in euro taken by the Turkish subsidiary Ege Profil. It is important to note that loans in euro on the balance sheet of Ege Profil are to some extent 'naturally hedged' by the net position of trade receivables and payables in euro on the same local balance sheet. Any remaining exposure is hedged financially with forward contracts. See also further below.

Some intercompany loans in RUB and USD for which repayment is neither planned nor likely in the foreseeable future have been designated as 'Net Investment in Foreign Operations'. As such, the exchange results on these intercompany loans are recognized directly in Other Comprehensive Income and accumulated in a separate component of equity until the disposal of the foreign operation.

RECOGNIZED ASSETS AND LIABILITIES

The Group aims to minimize the impact on the profit and loss accounts of exchange rate fluctuations on the monetary assets and liabilities recognized on the balance sheet. These exchange rate risks are hedged as much as possible by offsetting monetary assets in one currency (for example trade receivables) against monetary liabilities (for example trade debts) in the same currency ('natural hedging'). The remaining exchange rate risk, after the optimization of natural hedging, is hedged with financial instruments ('financial hedging') if the cost is considered as reasonable.

The most important financial instruments used by the Group for the hedging of foreign exchange rate risks are 3-month forward contracts.

It is the policy of the Group to protect its subsidiaries as much as possible from exchange rate risks. Therefore these risks are centralized as much as possible at the parent company Deceuninck NV and are primarily managed at Group level. Exchange rate risks at the Turkish subsidiary Ege Profil are monitored closely by Corporate Treasury, but are hedged by the Turkish subsidiaries through local banks.

The table below provides an overview of the existing FX forward contracts, grouped by currency, at the end of December 2018:

PURCHASE OR SALE	CURRENCY	AMOUNT	MATURITY DATE	MTM 2018 (IN €)
Forward sales	BRL	9,698,800	Q1 2019	24,934
	CLP	4,200,735,000	Q1 2019	(58,755)
	COP	10,881,500,000	Q1 2019	152,496
	HRK	63,345,000	Q1 2019	12,859
	INR	219,450,000	Q1 2019	(239,971)
	PLN	78,500,000	Q1 2019	64,757
	RUB	350,146,000	Q1 2019	205,550
	USD	5,950,000	Q1 2019	22,607

FUTURE TRANSACTIONS

Future transactions imply future purchases and sales that are not recognized yet as monetary assets or liabilities on the balance sheet. Normally these transactions are not hedged, but if opportunities arise on the foreign exchange markets, a part of the future purchases in US dollar in Turkey might be hedged.

ESTIMATED SENSITIVITY FOR EXCHANGE RATE FLUCTUATIONS

During the second half of 2018, Deceuninck has assessed the potential impact that the Brexit ('with a deal' or 'no deal') can have on its financial performance and financial position. Following the evaluation, management believes that none of the reasonably possible scenarios will have significant negative impact for the Group considering that the relationship with continental Europe is limited to the import of compound for which local alternatives exist, and as the UK operations are relatively limited for the Group.
As required by IFRS 7, 'Financial instruments: Disclosures', a sensitivity analysis was carried out on the evolution of the exchange rates. Based on the volatility of the relevant currencies, we have estimated the impact of the possible exchange rate movements on our financial result as follows:

SENSITIVITY ANALYSIS ON THE POSITION IN FOREIGN CURRENCIES AS PER 31 DECEMBER 2018 (*)

CURRENCY	AMOUNT (IN THOUSAND)	CLOSING RATE 31/12/2018	POSSIBLE VOLATILITY OF THE EXCHANGE RATE IN %**	RATE USED FOR THE SENSITIVITY ANALYSIS		EFFECT ON REVALUATION (IN € THOUSAND)	
USD	437	1.1454	3.63%	1.1870	1.1038	(13)	14
GBP	(489)	0.90270	3.09%	0.9306	0.8748	16	(17)
PLN	4,459	4.3028	2.09%	4.3927	4.2129	(21)	22
CZK	(16,128)	25.778	1.45%	26.1507	25.4053	9	(9)
TRY	13,844	6.028	13.35%	6.8328	5.2232	(271)	354
RUB	43,425	79.4605	6.53%	84.6524	74.2686	(34)	38
TOTAL						**(313)**	**402**

(*) Position after financial hedging (net exposures)
(**) 3 month volatility

If the euro would have weakened/strengthened during 2018 in line with the above mentioned possible rates, the profit of the financial year would have been about €402 thousand higher / €313 thousand lower.

Interest rate risk

Since at 31 December 2018 there are no outstanding debts at variable interest rate, there was no necessity to – as required by IFRS 7, 'Financial instruments: disclosures' – carry out a sensitivity analysis on the evolution of the interest rates.

Credit risk

The products of Deceuninck are used almost exclusively in the construction industry. Hence, the exposure to credit risk is highly dependent on the performance of the building industry and the general economic conditions.

In order to minimize the credit risk, we are closely monitoring the payment behaviour of each debtor. Deceuninck uses credit insurance to mitigate the credit risk related to trade receivables. Two credit insurance policies have been taken out with two different insurers. Commercial limits, set based on financial information and on business knowledge, can deviate from the insured limits.

Liquidity risk and risks linked

Deceuninck Group holds sufficient cash, cash equivalents and committed credit facilities for the funding of its operating activities.

Liquidity problems could arise at Restricted Group level if an event of default would occur under the syndicated loan agreement or the retail bond which is not remedied within the foreseen remedy period. In that case, the outstanding amounts under the syndicated loan agreement and the retail bond might become immediately due and payable, which would jeopardize the liquidity situation of Deceuninck.

For the Turkish subsidiary Ege Profil, liquidity problems could arise if loans becoming due could not be refinanced through local Turkish banks. However, thanks to the excellent reputation and solid financials of Ege Profil, Turkish banks are still eager to grant loans to it. Moreover, in 2018 Deceuninck has sought and obtained approval from the member banks of the syndicated loan to increase the limit for intra-group loans to Turkish subsidiaries from €7.5 million to €15 million and to abandon any limitation on the term of such loans.

In order to detect possible events of default as a consequence of non-compliance with financial covenants at an early stage and to enable the Group to take corrective measures, a mid term financial forecast is kept up to date and resulting impact on covenants is simulated.

In addition to the above mentioned risk of non-compliance with the financial covenants, the liquidity risk is also linked to the evolution of the working capital of the Group, which is highly subject to seasonal fluctuations and the capital expenditure level of the Group. This is therefore closely monitored.

Hierarchical classification of fair value

A comparison is provided below between the net carrying value and the fair value of financial instruments, which have been included in the financial statements. The fair value of the loans was calculated by defining the expected future cash flows, and by discounting these on common, accepted interest rates.

FAIR VALUE OF FINANCIAL INSTRUMENTS (in € thousand)	NET CARRYING VALUE		FAIR VALUE	
	2017	2018	2017	2018
FINANCIAL ASSETS				
Cash and cash equivalents	41,993	65,831	41,993	65,831
Long-term trade receivables	325	365	325	365
Financial fixed assets	65	9,498	65	9,498
Derivative financial instruments	255	526	255	526
FINANCIAL LIABILITIES				
Loans with a variable interest rate	0	0	0	0
Loans with a fixed interest rate	160,320	159,061	164,675	160,218
Financial leasing	(0)	448	(0)	448
Derivative financial instruments	1,099	2,689	1,099	2,689

The Group uses the following hierarchical classification in determining and explaining the fair value of financial instruments by valuation technique:

- Level 1: quoted (not adjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques that use input with a significant impact on the recorded fair value that is not based on observable market data.

During the reporting period ending 31 December 2018, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

DERIVATIVE FINANCIAL INSTRUMENTS – HIERARCHICAL CLASSIFICATION OF FAIR VALUE (in € thousand)	2017	LEVEL 1	LEVEL 2	LEVEL 3
FX forward contracts	255		255	
ASSETS AT FAIR VALUE	**255**	**0**	**255**	**0**
Interest rate swaps			0	
FX forward contracts	1,099		1,099	
LIABILITIES AT FAIR VALUE	**1,099**	**0**	**1,099**	**0**

As per 31 December 2018 the Group has the following financial instruments

DERIVATIVE FINANCIAL INSTRUMENTS – HIERARCHICAL CLASSIFICATION OF FAIR VALUE (in € thousand)	2018	LEVEL 1	LEVEL 2	LEVEL 3
FX forward contracts	526		526	
ASSETS AT FAIR VALUE	**526**	**0**	**526**	**0**
Interest rate swaps			0	
FX forward contracts	2,689		2,689	
LIABILITIES AT FAIR VALUE	**2,689**	**0**	**2,689**	**0**

25. Events after the balance sheet

No significant events have occurred after the balance sheet date.

26. List of subsidiaries

All financial periods close on 31 December 2018
Fully consolidated subsidiaries:

NAME OF THE COMPANY	REGISTERED OFFICE	OWNERSHIP PERCENTAGE	
		2017	2018
AUSTRALIA			
Deceuninck Pty. Ltd.	71 Premier Drive Campbellfield 3061 Victoria	100.00	100.00
BELGIUM			
Solardec CVBA	Bruggesteenweg 360 8830 Hooglede-Gits	100.00	28.77
Plastics Deceuninck NV	Bruggesteenweg 360 8830 Hooglede-Gits	100.00	100.00
Decalu NV	Bruggesteenweg 360 8830 Hooglede-Gits	100.00	100.00
BOSNIA AND HERZEGOVINA			
Inoutic / Deceuninck d.o.o	Prvi mart bb 75270 Zivinice	100.00	100.00
BRAZIL			
Deceuninck do Brazil	Rue Amador Buenoua Amador Bueno 171 - sala 22 - centro 11013 - 151 Santo-Estado de São Paulo	100.00	100.00
BULGARIA			
Deceuninck Bulgaria EOOD	41 Sankt Peterburg Blvd 4000 Plovdiv	100.00	100.00
CHILE			
Deceuninck Importadora Limitada	Volcán Lascar number 801, 9031078 Pudahuel, Santiago	99.99	99.99
CHINA			
Rep. Office Deceuninck NV China (Qingdao)	128 Xiang Gang Dong Lu Shuang Long Yuan 3-2-402 266071 Laoshan, Qingdao, Shandong	100.00	100.00
CROATIA			
Inoutic d.o.o.	Industrijska ulica 3 10370 Dugo Selo (Zagreb)	100.00	100.00
Deceuninck d.o.o.	Kipišće 13 10434 Strmec Samoborski	100.00	100.00
CZECH REPUBLIC			
Inoutic / Deceuninck Spol. s r.o	Tuřanka 1519/115a 627 00 Brno-Slatina	100.00	100.00
COLOMBIA			
Deceuninck S.A.S.	Zona France Parque Central - Variante Turbaco, Cll 1 Cra 2-5 DUP 1 Bdg 15 Turbaco - Colombia	100.00	100.00

NAME OF THE COMPANY	REGISTERED OFFICE	OWNERSHIP PERCENTAGE 2017	OWNERSHIP PERCENTAGE 2018
FRANCE			
Deceuninck SAS	Zone Industrielle – Impasse des Bleuets 80700 Roye	100.00	100.00
Distridec SAS	Zone Industrielle – Impasse des Bleuets 80700 Roye	100.00	0.00
GERMANY			
Inoutic / Deceuninck GmbH	Bayerwaldstrasse 18 94327 Bogen	100.00	100.00
Inoutic / Deceuninck Produktions GmbH & Co KG	Bayerwaldstrasse 18 94327 Bogen	100.00	100.00
Deceuninck Holding Germany GmbH	Bayerwaldstrasse 18 94327 Bogen	100.00	100.00
INDIA			
Ege Profil Tic. ve San. A.S. (branch)	Mannur Village No 523 B Block Mannur Village – Sriperumbudur Taluk 631203 Chennai	100.00	100.00
Deceuninck Profiles India Private Limited	Building 09, Casa Grande Distripark Satharai Village, Thiruvallur Taluk Thiruvallur Thiruvallur TN 631203	100.00	100.00
ITALY			
Deceuninck Italia S.r.l.	Via Padre Eugenio Barsanti, 1 56025 Pontedera (PI)	100.00	100.00
LITHUANIA			
Deceuninck Baltic UAB (in liquidation)	Saltoniskiu str. 29/3 08105 Vilnius	100.00	100.00
MEXICO			
Deceuninck de Mexico	Lateral Autopista México Puebla km 115 N°851 Bodega 1M Parque Industrial CP. 72680 Ocotlan, Coronango, Puebla	0.00	100.00
POLAND			
Inoutic / Deceuninck Sp. z o.o.	Jasin, Ul Poznanska 34 62-020 Swarzedz	100.00	100.00
ROMANIA			
Deceuninck Romania SRL	Sos. De Centura nr. 13A Complex "Key Logistics Center" Chiajna Jud.Ilfov	100.00	100.00
RUSSIA			
Deceuninck Rus OOO	Profsoyusnaya str., 65 117342 Moscow	100.00	100.00
SERBIA			
Inoutic / Deceuninck d.o.o.	Kruzni put bb 11309 Beograd – Lestane	100.00	100.00

NAME OF THE COMPANY	REGISTERED OFFICE	OWNERSHIP PERCENTAGE	
		2017	2018
THAILAND			
Deceuninck (Thailand) Co.,Ltd.	2/3 Bangna Towers A 17fl RM 1704B Bangna-Trad, Km 6.5 Bangkaew, Bangplee Samutprakarn 10540	74.00	74.00
Asia Profile Holding Co. Ltd.	2/3 Bangna Towers A 17fl RM 1704B Bangna-Trad, Km 6.5 Bangkaew, Bangplee Samutprakarn 10540	48.95	48.95
THE NETHERLANDS			
Deceuninck Kunststof B.V.	Prins Bernhardplein 200 1097 JB Amsterdam	100.00	100.00
Deceuninck Beheer B.V.	Prins Bernhardplein 200 1097 JB Amsterdam	100.00	0.00
TURKEY			
Ege Profil Ticaret ve Sanayi AS	Atatürk Plastik OSB Mahallesi, 5. Cadde No: 4 Menemen/İZMİR 35660 IZMIR	95.88	95.88
Ege Pen AS	Atatürk Plastik OSB Mahallesi, 5. Cadde No: 4 Menemen/İZMİR 35660 IZMIR	99.99	99.99
UNITED KINGDOM			
Deceuninck Ltd.	2 Temple Back East Temple Quay Bristol BS1 6EG	100.00	100.00
Status Systems PVCu Ltd.	2 Temple Back East Temple Quay Bristol BS1 6EG	100.00	100.00
Range Valley Extrusions Ltd.	2 Temple Back East Temple Quay Bristol BS1 6EG	100.00	100.00
Deceuninck Holdings (UK) Ltd.	2 Temple Back East Temple Quay Bristol BS1 6EG	100.00	100.00
UNITED STATES			
Deceuninck North America Inc.	351 North Garver Road Monroe, 45050 Ohio	100.00	100.00
Deceuninck North America, LLC	203B North Garver Road Monroe, 45050 Ohio	100.00	100.00

Equity investees, refer to Note 8:

NAME OF THE COMPANY	REGISTERED OFFICE	OWNERSHIP PERCENTAGE	
		2017	2018
BELGIUM			
So Easy Belgium BVBA	Stokkelaar 13 9160 Lokeren	0.00	50.00
POLAND			
So Easy System Sp. Z.o.o.	ul. Dunska 4 05-152 Czosnow	0.00	50.00

27. Guarantees and securities

Within the framework of the financial restructuring in 2009, the obligations of the Group under the credit agreement ('Credit Facility 2009') are covered by guarantees and securities pledged on a large portion of the assets of the Group.

The most important securities provided by Deceuninck NV (Belgium) can be detailed as follows:

+ A mortgage on real estate
  - A mortgage mandate relating to real estate
+ A floating charge on the business
+ A mandate floating charge on the business
+ A pledge on receivables and bank accounts
+ A pledge on shares that Deceuninck NV holds in other Group companies.

The other companies in the Group mainly issued securities over their real estate, receivables and bank accounts, inventory, machinery and other equipment and the shares they hold in other entities within the Group. In addition, there is a security over the material intellectual property rights. The Group also pledged the shares in Ege Profil. The Turkish subsidiaries did not issue guarantees or securities in relation to the financial restructuring.

These securities have not been released with the repayment of the Credit Facility 2009.

The credit facility for Deceuninck NV of 2012, as amended and extended in May 2015, was secured by a package of guarantees and securities consisting of:

+ A mortgage on real estate for an amount of €61,760,000;
+ A mortgage mandate relating to real estate for an amount of €65,000,000;
+ A floating charge on the business for an amount of €40,000,000;
+ A mandate floating charge on the business for an amount of €60,000,000;
+ A pledge on shares of the subsidiaries of Deceuninck NV, except for the shares of Inoutic / Deceuninck GmbH, Deceuninck Holding Germany GmbH.

On 31 October 2016, Deceuninck NV and the other companies in the Group entered into a Release Agreement in connection with the Senior Facilities Agreement dated 11 September 2009, as amended and restated, in which the Security Agent, the Coordinator, the Facility Agent and the Lenders agreed to release and discharge Deceuninck NV and the Group companies on the date of the Release Agreement from the Security and all their obligations and liabilities under the Security Documents. The execution of the release was started in 2017 and shall continue in 2019.

Deceuninck NV

The following pages are extracts from the annual report and financial statements of Deceuninck NV. The complete version of the financial statements and the annual report will be available on request and via the Deceuninck website, at the times stipulated by the Belgian Code on Companies. The annual financial statements and the annual report are prepared in accordance with Belgian legal requirements, which differ considerably from the IFRS accounting principles that are applied to the consolidated financial statements. The External Auditor has issued an unqualified opinion regarding the annual financial statements of Deceuninck NV.

Income statement

The income statement for 2018 is presented below:

INCOME STATEMENT (in € thousand)	**2017**	**2018**
Operating revenues	180,378	182,945
Operating costs	(178,833)	(186,560)
OPERATING PROFIT	**1,545**	**(3,615)**
Financial income	11,025	106,330
Financial costs	(17,423)	(27,153)
PROFIT (+) / LOSS (-) FOR THE FINANCIAL YEAR BEFORE TAXES	**(4,853)**	**75,562**
Transfer from deferred taxes	0	0
Income tax	(571)	(400)
PROFIT (+) / LOSS (-) FOR THE FINANCIAL YEAR	**(5,424)**	**75,162**
Transfer from taks-free reserves	0	0
PROFIT (+) / LOSS (-) FOR THE FINANCIAL YEAR AVAILABLE FOR APPROPRIATION	**(5,424)**	**75,162**

The profit of the year is largely impacted by the liquidation of a subsidiary, Deceuninck Beheer B.V., which resulted in a €94 million liquidation dividend. This is partially offset by impairment charges recorded on certain participations in subsidiaries.

Balance sheet

BALANCE SHEET (in € thousand)	**2017**	**2018**
Intangible fixed assets	4,467	**5,092**
Tangible fixed assets	38,312	**46,525**
Financial fixed assets	184,778	**264,588**
Non-current assets	**227,557**	**316,205**
Inventories	27,551	**25,447**
Trade receivables	29,598	**37,915**
Other receivables	30,026	**30,502**
Cash and cash equivalents	18,429	**1,921**
Other current assets	3,645	**4,616**
Current assets	**109,249**	**100,401**
TOTAL ASSETS	**336,807**	**416,606**
Issues capital	53,787	**53,901**
Share premiums	92,168	**92,474**
Reserves	15,454	**15,466**
Retained earnings	13,353	**84,403**
Equity	**174,762**	**246,244**
Provisions and deferred taxes	**1,830**	**2,409**
Long-term debts	100,000	**100,000**
Short-term debts	58,954	**66,827**
Other liabilities	1,261	**1,126**
Liabilities	**160,215**	**167,953**
TOTAL EQUITY AND LIABILITIES	**336,807**	**416,606**

The most important fluctuations are:

+ Increase in the financial fixed assets explained by the acquisition of different subsidiaries in the process of the liquidation of the Deceuninck Beheer B.V.
+ Increase in trade receivables due to an increase in intercompany receivables
+ Decrease in cash and cash equivalents due to higher investments
+ Increase in equity due to result of the year

External auditor's report

Independent auditor's report to the general meeting of Deceuninck NV for the year ended 31 December 2018

As required by law and the Company's articles of association, we report to you as statutory auditor of Deceuninck NV (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of financial position as at 31 December 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2018 and the disclosures (all elements together the "Consolidated Financial Statements") and includes as well our report on other legal and regulatory requirements. These two reports are considered as one report and are inseparable.

We have been appointed as statutory auditor by the shareholders meeting of 25 April 2017, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and on recommendation of the workers council. Our mandate expires at the shareholders meeting that will deliberate on the annual accounts for the year ending 31 December 2019. We have been performing the audit of the Consolidated Financial Statements of the Group since before 1990.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Deceuninck NV, which consist of the consolidated statement of financial position as at 31 December 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2018 and the disclosures, which show a consolidated balance sheet total of €590,001 thousands and of which the consolidated income statement shows a net profit for the year of €15,569 thousands.

In our opinion the Consolidated Financial Statements of the Group give a true and fair view of the consolidated net equity and financial position as at 31 December 2018, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the section "Our responsibilities for the audit of the consolidated financial statements" of our report.
We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect of independence.
We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.
These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

ALLOWANCE FOR TRADE RECEIVABLES

Description of the matter
The allowance for trade receivables amounts to €14.3 million as at 31 December 2018 and relates to provisions for customer balances that are deemed uncollectible. The allowance for trade receivables is calculated based on the age of the receivables, available guarantees received, amounts covered by credit insurance contract, country specific political or economic risks and history of individual customer payment behavior.

The allowance for trade receivables is important to our audit due to the magnitude of the gross trade receivables amount (€103.1 million) and related allowance, and because the calculation of the allowance involves management's judgment in assessing the recoverability of the trade receivables of the Group based on the elements described above.

Summary of audit procedures performed

We have, amongst others, performed following procedures:

+ Testing for a statistical sample of trade receivable balances at 31 December 2018, their existence and valuation through external confirmation procedures, subsequent cash collections in 2019, or reconciliation with delivery notes proving delivery to the customer effectively took place in 2018.
+ Testing on a sample basis whether individual trade receivables were classified in the correct age period in the accounts receivable ageing balance.
+ Evaluating and discussing the analyses and assessments made by management when determining the allowance.
+ Testing the first time adoption of IFRS 9.
+ Testing the underlying evaluations with respect to credit insurance limits, available guarantees received, and Days Sales Outstanding (DSO) by client.
+ Assessing the adequacy of the disclosures in Note 12 (Allowance for bad debts) and Note 24 (Credit risk) of the Consolidated Financial Statements.

VALUATION OF THE PROVISION FOR POST-EMPLOYMENT EMPLOYEE BENEFITS

Description of the matter

The provision for post-employment employee benefits amounts to €19.9 million or 3.4% of the consolidated balance sheet as at 31 December 2018. The provisions for post-employment employee benefits of the Group and the underlying plans are described in Note 16 of the Consolidated Financial Statements. The Group recognizes the provision for post-employment employee benefits based on the requirements of IAS19R.

The valuation of this provision is significant to our audit because it is a complex calculation process that requires the involvement of an external actuarial specialist, and because it contains various judgmental decisions of management in respect of the underlying assumptions of the calculation. The valuation of the provision is based on the personnel data of the participants in the pension plans and to which certain actuarial assumptions are applied such as expected inflation, discount rate, projected average salary increase, pension age increase, personnel turnover and mortality rates. A change in these assumptions or the use of incorrect personnel data could have a material impact on the Consolidated Financial Statements.

Summary of audit procedures performed

We have, amongst others, performed following procedures:

+ Analyzing the existing plans within the Group and discussing with management the changes that occurred to these plans during the year.
+ Assessing the competence and independence of the external actuarial specialist.
+ Testing on a sample basis the accuracy and completeness of the plan participants' data used by the external actuarial specialist through comparison with source information of the human resources department
+ Involving our internal actuarial specialists to assess whether the applied actuarial methodology is in conformity with IAS19R requirements and to assess the reasonableness of the significant assumptions (expected inflation, discount rate, projected average salary increase, pension age increase, personnel turnover and mortality tables) used to value the provision.
+ Assessing the adequacy of the disclosures in Note 16 of the Consolidated Financial Statements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium. This responsibility involves implementing internal controls relevant to the preparation of the Consolidated Financial Statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the Consolidated Financial Statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern. The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional scepticism throughout the audit. We also perform the following tasks:

+ Identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements is larger when these misstatements are due to fraud, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
+ Obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
+ Evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
+ Conclude on the appropriateness of Board of Director's use of the going-concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company or Group to cease to continue as a going-concern;
+ Evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and whether these financial statements reflect the underlying transactions and events in a true and fair view.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Director's report and other information included in the annual report.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Director's report and other information included in the annual report, as well as to report on these matters.

Aspects relating to Board of Director's report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Director's report, the Board of Director's report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 119 of the Belgian Companies Code.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Director's report and other information included in the annual report, being:

+ Message from the Chairman & the CEO (page 4)
+ Key figures 2018 (page 81)

contain any material inconsistencies or contain information that is inaccurate or otherwise misleading. In light of the work performed, we do not need to report any material inconsistencies. In addition, we do not provide reasonable assurance regarding the Board of Director's report.

The non-financial information required by article 119 §2 of the Belgian Companies Code has been included in the Board of Director's report on the Consolidated Financial Statements, which is part of the section "Report of the Board of Directors" of the annual report.

The Group has prepared this non-financial information based on the Global Reporting Initiative Standard (hereafter "GRI"). However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with the GRI. We do not express any form of assurance regarding the individual elements included in this non-financial information.

Independence matters

We have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and we have remained independent of the Company and the Group during the course of our mandate.

The fees for additional services that are compatible with the audit of the Consolidated Financial Statements intended by article 134 of the Belgian Companies Code have been correctly disclosed and detailed in the notes to the Consolidated Financial Statements.

Other communications

+ This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Ghent, 20 February 2019

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
represented by

Marnix Van Dooren
Partner*

(*) Acting on behalf of a BVBA/SPRL

Declaration regarding the information given in this annual report

The undersigned declare that:

+ The annual financial statements have been prepared in conformity with the applicable standards for financial statements, and that they give a fair view of equity position, of the financial condition and of the results of the Company, including those companies that have been included in the consolidated figures.
+ That the annual report gives a true overview of the developments and results of the Company and of companies that have been included in the consolidated figures, also providing a true description of the most important risks and insecurities with which it is confronted, as defined in the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.

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deceuninck

Glossary

1	EBITDA	Earnings before interest, taxes, depreciation/ impairments of fixed assets as well as amortisation/impairment of goodwill and effect of negative goodwill = operating cash flow
2	Adjusted EBITDA	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,eg restructuring costs = recurring operating cash flow
3	EBITA	Earnings before interest, taxes and amortization
4	EBIT	Earnings before interest and taxes = operational result
5	EBT	Earnings before taxes
6	EPS (non-diluted)	(Non-diluted) earnings per share
7	EPS (diluted)	(Diluted) earnings per share
8	Net debt	Financial debts – cash and cash equivalents
9	Working capital	Trade receivables + inventories – trade debts
10	Liquidity	Current assets/current liabilities
11	ROCE	Return on capital employed = EBIT/Capital employed (CE)
12	Capital employed (CE)	The sum of goodwill, intangible, tangible and financial fixed assets and working capital
13	Subsidiaries	Companies in which the group owns a participation in excess of 50%
14	Gearing	Net debt compared to the equity capital
15	MTM	Marked-to-Market
16	Headcount (FTE)	Total Full Time Equivalents including temporary and external staff
17	Restricted Group	The Restricted Group consists of all entities of the Group excluding Turkish subsidiaries and their subsidiaries.
18	LTM	Last Twelve Months

GRI Index

DESCRIPTION		PAGE
GRI 100 UNIVERSAL STANDARDS		
GRI 102 GENERAL DISCLOSURES		
1. Organizational profile		
102-1	Name of the organization	155
102-2	Activities, brands, products, and services	12-23
102-3	Location of headquarters	155
102-4	Location of operations	1, 104-105,155
102-5	Ownership and legal form	52-53
102-6	Markets served	12-13
102-7	Scale of the organization	12-13, 53, 104-105
102-8	Information on employees and other workers	56-59
102-9	Supply chain	61
102-12	External initiatives	62-63, 68
102-13	Membership of associations	52, 69
2. Strategy		
102-14	Statement from senior decision-maker	4
102-15	Key impacts, risks, and opportunities	44-48, 139-142
3. Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	54-55
102-17	Mechanisms for advice and concerns about ethics	54-55
4. Governance		
102-18	Governance structure	26-35, 55
102-19	Delegating authority	55
102-20	Executive-level responsibility for economic, environmental, and social topics	55
102-21	Consulting stakeholders on economic, environmental, and social topics	55
102-22	Composition of the highest governance body and its committees	26-35, 55
102-23	Chair of the highest governance body	26
102-24	Nominating and selecting the highest governance body	50
102-25	Conflicts of interest	38
102-26	Role of highest governance body in setting purpose, values, and strategy	32, 55
102-27	Collective knowledge of highest governance body	29-30
102-28	Evaluating the highest governance body's performance	37
102-29	Identifying and managing economic, environmental, and social impacts	54-55
102-30	Effectiveness of risk management processes	44-48
102-31	Review of economic, environmental, and social topics	54-55
102-32	Highest governance body's role in sustainability reporting	55
102-35	Remuneration policies	38-43
102-36	Process for determining remuneration	38-43

DESCRIPTION		PAGE
5. Stakeholder engagement		
102-40	List of stakeholder groups	**55**
102-42	Identifying and selecting stakeholders	**55**
102-43	Approach to stakeholder engagement	**55**
6. Reporting practice		
102-45	Entities included in the consolidated financial statements	**143-145**
102-47	List of material topics	**55**
102-49	Changes in reporting	**54-55**
102-50	Reporting period	**55**
102-51	Date of most recent report	**55**
102-52	Reporting cycle	**55**
102-53	Contact point for questions regarding the report	**162**
102-54	Claims of reporting in accordance with the GRI Standards	**55**
102-55	GRI content index	**160-161**
GRI 103 MANAGEMENT APPROACH		
103-1	Explanation of the material topic and its Boundary	**55-73**
103-2	The management approach and its components	**54-55**

GRI 200 – 400 TOPIC SPECIFIC DISCLOSURES		
GRI 200 ECONOMIC TOPICS		
GRI 201-2	Financial implications and other risks and opportunities due to climate change	**54-55**
GRI 203-1	Infrastructure investments and services supported	**65-66**
GRI 205-2	Communication and training about anti-corruption policies and procedures	**58-59**
GRI 300 ENVIRONMENTAL TOPICS		
GRI 301-1	Materials used by weight or volume	**65-66**
GRI 301-2	Recycled input materials used	**67**
GRI 302-1	Energy consumption within the organization	**68-71**
GRI 302-4	Reduction of energy consumption and requirements of products and services	**68-71**
GRI 306-2	Waste by type and disposal method	**67**
GRI 308-1	New suppliers that were screened using environmental criteria	**61**
GRI 400 SOCIAL TOPICS		
GRI 405-1	Diversity of governance bodies and employees	**36, 56-57**
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	**58**
GRI 412-2	Employee training on human rights policies or procedures	**59**
GRI 414-1	New suppliers that were screened using social criteria	**61**
GRI 416-1	Assessment of the customer health and safety impacts of product and service categories	**60**
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	**60**
GRI 417-1	Requirements for product and service information and labelling	**60**
GRI 418	Substantiated complaints on breaches of customer privacy and losses of customer data	**61**

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