Half Year Financial Report 2017

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1. Management Report

1.1. Key figures

CONSOLIDATED INCOME STATEMENT (in € million)	30 June 2016 Unaudited	30 June 2017 Unaudited
Sales	330.2	338.7
Gross profit	103.6	98.7
Gross-margin (%)	31.4%	29.1%
EBITDA	34.6	33.3
REBITDA	32.5	32.7
EBIT	21.2	18.5
Net profit	13.1	8.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in € million)	31 December 2016 Audited	30 June 2017 Unaudited
Equity	275.0	268.2
Net debt	88.4	108.3
Total Assets	601.1	591.8
Capital expenditure	79.4	24.4
Working capital	111.1	135.5
Capital employed	402.6	425.0

RATIOS	30 June 2016 Unaudited	30 June 2017 Unaudited
Net profit/sales	4.0%	2.4%
REBITDA/sales	9.9%	9.7%
Net debt/LTM REBITDA	1.41	1.66
EBIT/Capital employed	5.3%	4.4%

HEADCOUNT	31 December 2016 Audited	30 June 2017 Unaudited
Total Full Time Equivalents (FTE)	3,682	3,844

1.2. Analysis of the results

H1 2017 highlights

- H1 2017 sales increased 2.6% to € 338.7 million mainly driven by strong business development in the US and market growth in Central Europe which have been offset by challenging market conditions in Turkey and Russia and the absence of 2016 one-off project sales in Western Europe. Price increases necessary to cover the higher raw material costs have been partially offset by FX.
- REBITDA stable at € 32.7 million (H1 2016: € 32.5 million) or 9.7% on sales (H1 2016: 9.9%), as the negative impact of higher raw material prices and weaker currencies has been compensated by price increases, operational efficiencies and lower cost of bad debt.
- Net financial debt on 30 June 2017 amounted to € 108.3 million compared to € 109.1 million on 30 June 2016, resulting in a net financial debt / LTM REBITDA ratio of 1.7x. The Group invested significantly (€ 71 million over the last 12 months, double of historical average) in innovation, capacity and further operational efficiency which has been financed from operating cash flow and by optimizing working capital.
- Strategic projects are on track. The move to the new Menemen plant in Turkey has been finalized and a new extrusion facility in Colombia is being built which is expected to be operational as of Q4 2017. SAP has been implemented in part of Western Europe.

Francis Van Eeckhout, CEO, comments:

"We made good progress during the first half of 2017. We realized strong growth in North America and Central Europe, while we navigated well through challenging market conditions in Turkey. Despite rising input prices and one-off costs related to the implementation of various strategic projects we managed to deliver solid results."

Markets and sales

% OF SALES		TOTAL H1	WESTERN EUROPE	CENTRAL & EASTERN EUROPE	TURKEY & EMERGING MARKETS	NORTH AMERICA
SALES (in € million)	**2016**	**330.2**	**94.7**	**76.4**	**103.2**	**55.9**
Volume		(0.8%)	(6.7%)	2.8%	(2.2%)	7.5%
Exchange rate		(4.7%)	(1.4%)	3.8%	(18.3%)	3.4%
Other (price & mix)		8.1%	4.9%	(0.4%)	18.9%	4.4%
Total		**2.6%**	**(3.2%)**	**6.2%**	**(1.6%)**	**15.2%**
SALES (in € million)	**2017**	**338.7**	**91.7**	**81.1**	**101.5**	**64.4**

In the first half of 2017 Deceuninck realized € 338.7 million sales, compared to € 330.2 million over the same period in 2016. This 2.6% increase is mainly driven by strong business development in the US and market growth in Central Europe which has been offset by challenging market conditions in Turkey and Russia and the absence of 2016 one-off project sales in Western Europe. Price increases necessary to cover the higher raw material costs have been partially offset by FX.

Sales in **Western Europe** decreased by 3.2% to € 91.7 million (H1 2016: € 94.7 million), which is primarily explained by lower volumes due to the absence of 2016 one-off project sales. Higher sales in

Spain and Italy and from the new aluminium and ventilation business have been offset by lower sales in France and the further weakening of the GBP (-10% vs H1 2016).

In **Central and Eastern Europe** sales increased by 6.2% to € 81.1 million (H1 2016: € 76.4 million). Higher volumes in Czech Republic, Poland and the Balkan, supported by overall market growth in these countries, have been partially offset by lower volumes in Russia following a further decline of this market. The positive FX impact is explained by the stronger RUB (+20% vs H1 2016).

Sales in **Turkey & Emerging Markets** decreased 1.6% to € 101.5 million (H1 2016: € 103.2 million), which is mainly explained by challenging market conditions in Turkey. The weakening of the TRY (-21% vs H1 2016) and higher raw material prices have been partially compensated by price increases.

In **North America** sales increased by 15.2% to € 64.4 million (H1 2016: € 55.9 million). Volumes increased by 7.5% (+13.0% if corrected for the sale of the decking business in H1 2016) thanks to strong business development and supported by positive market growth. Sales are positively impacted by price increases driven by the automatic indexing of higher PVC resin prices and by a more favourable product mix.

Operating and financial results

The **Gross Margin** decreased from 31.4% in H1 2016 to 29.1% in H1 2017, as higher raw materials prices and weaker currencies (mainly GBP and TRY) have not yet been entirely compensated by price increases.

REBITDA remained stable at € 32.7 million (H1 2016: € 32.5 million) or 9.7% on sales (H1 2016: 9.9%), as the negative impact of higher raw material prices and weaker currencies as well as the one time costs related to the implementation of SAP in part of Western Europe and the move to the new Menemen (TR) facility have been compensated by price increases, lower costs of bad debt and operational efficiencies. **EBITDA** decreased to € 33.3 million (H1 2016: € 34.6 million) which is primarily explained by the absence of the capital gain realized on the sale of the US decking business in H1 2016.

Operating result (EBIT) was € 18.5 million (H1 2016: € 21.2 million). Depreciation and amortization expenses increased from € 13.5 million in H1 2016 to € 14.7 million in H1 2017 due to a higher level of investments.

The **Financial result** amounted to € (7.0) million (H1 2016: € (5.8) million). The increase vs H1 2016 is mainly explained by FX losses resulting from the weakening of the TRY.

Income tax expenses increased to € 3.3 million (H1 2016: € 2.3 million), which is mainly explained by the one time recognition of tax assets in 2016.

Net profit in H1 2017 amounted € 8.2 million. This is despite stable REBITDA lower than the € 13.1 million reported in H1 2016, which is explained by the one time income incurred in 2016 (capital gain sale US decking business and recognition of tax assets) and higher depreciation charges as a result of a higher level of investments.

Deceuninck communicated its plans to merge the Turkish entities Ege Profil and Pimas, which is the final step in the integration of Pimas after its acquisition in 2014. This process is expected to be finalized by year end. As this concerns an intragroup transaction, this will not have a material impact on the consolidated financial statements of the Group.

Balance Sheet

Trade working capital on 30 June 2017 amounted to 20.0% of LTM sales compared to 24.3% on 30 June 2016. Factoring end of June 2017 amounted to € 35.8 million (vs € 34.8 million end of June 2016).

Capital expenditures in H1 2017 amounted to € 24.4 million compared to € 32.6 million in H1 2016.

Net financial debt on 30 June 2017 amounted to € 108.3 million compared to € 109.1 million on 30 June 2016, resulting in a net financial debt / LTM REBITDA ratio of 1.7x. The Group invested € 71 million over the last 12 months which has been financed from operating cash flow and by optimizing working capital.

1.3. Outlook

Growth is expected to continue throughout 2017 on the back of innovative product launches and superior quality and service. We however anticipate continued headwind from higher raw material prices and adverse currency movements. We continue to take the necessary actions which are expected to restore margins over time.

1.4. Risks and uncertainties

With reference to the risks and uncertainties, management refers to the following sections of the Annual Report 2016 - Financial:

- Internal control and risk management systems (pp. 22 - 26)
- Consolidated financial statements and notes: Note 24. Risk Management (pp. 93 - 96)

These risks remain valid for the first half of the financial year 2017.

2. Interim condensed consolidated financial statements

2.1 Consolidated income statement

FOR THE 6 MONTH PERIOD ENDED 30 JUNE (in € thousand)	Notes	2016 Unaudited	2017 Unaudited
SALES	**2**	**330,187**	**338,712**
Cost of goods sold		(226,590)	(240,055)
GROSS PROFIT		**103,597**	**98,656**
Marketing, sales and distribution expenses		(55,449)	(53,968)
Research and development expenses		(4,356)	(4,288)
Administrative and general expenses		(22,844)	(22,199)
Other net operating result		227	328
OPERATING PROFIT (EBIT)		**21,176**	**18,528**
Financial charges		(11,380)	(15,086)
Financial income		5,588	8,099
PROFIT BEFORE TAXES (EBT)		**15,383**	**11,541**
Income taxes	4	(2,256)	(3,303)
NET PROFIT		**13,127**	**8,238**

THE NET PROFIT IS ATTRIBUTABLE TO (in € thousand)	2016	2017
Shareholders of the parent company	13,036	7,829
Non-controlling interests	90	408

EARNINGS PER SHARE DISTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY (in €)	2016	2017
Normal earnings per share	0.10	0.06
Diluted earnings per share	0.09	0.06

2.2 Consolidated statement of comprehensive income

FOR THE SIX MONTH PERIOD ENDED 30 JUNE (in € thousand)	**2016 Unaudited**	**2017 Unaudited**
NET PROFIT	**13,127**	**8,238**
Currency translation adjustments	957	(13,094)
Income tax impact		1,526
Net other comprehensive income potentially to be reclassified to profit or loss in subsequent periods	**957**	**(11,568)**
Actuarial gains / (losses) on defined benefit plans	(1,833)	(953)
Income tax impact	465	191
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**(1,368)**	**(763)**
OTHER COMPREHENSIVE INCOME (+) / LOSS (-)	**(412)**	**(12,331)**
TOTAL COMPREHENSIVE INCOME (+) / LOSS (-)	**12,715**	**(4,093)**

THE TOTAL COMPREHENSIVE INCOME (+) / LOSS (-) IS ATTRIBUTABLE TO (in € thousand)	**2016 Unaudited**	**2017 Unaudited**
Shareholders of the parent company	12,625	(3,590)
Non-controlling interests	90	(502)

2.3 Consolidated statement of financial position

(in € thousand)	Notes	31 December 2016 Audited	30 June 2017 Unaudited
ASSETS			
Intangible fixed assets		4,420	6,825
Goodwill		10,710	10,696
Tangible fixed assets		253,998	249,795
Financial fixed assets		65	65
Deferred tax assets		19,406	17,400
Long-term receivables		2,882	1,538
NON-CURRENT ASSETS		**291,481**	**286,319**
Inventories		98,963	124,701
Trade receivables		113,773	116,024
Other receivables		20,580	14,330
Cash and cash equivalents	5	72,425	48,877
Fixed assets held for sale		3,829	1,543
CURRENT ASSETS		**309,570**	**305,474**
TOTAL ASSETS		**601,051**	**591,793**

EQUITY AND LIABILITIES			
Issued capital		53,393	53,741
Share premiums		87,056	87,794
Consolidated reserves		198,954	202,822
Cash flow hedge reserve		(91)	-
Actuarial gains / losses		(6,173)	(6,935)
Treasury shares		(320)	(324)
Currency translation adjustments		(61,176)	(71,833)
EQUITY EXCLUDING NON-CONTROLLING INTEREST		**271,644**	**265,265**
Non-controlling interest		3,395	2,893
EQUITY INCLUDING NON-CONTROLLING INTEREST		**275,039**	**268,157**
Interest-bearing loans		129,206	133,211
Long-term provisions		28,439	29,432
Deferred tax liabilities		2,277	2,134
NON-CURRENT LIABILITIES		**159,922**	**164,776**
Interest-bearing loans		31,640	23,941
Trade payables		101,593	105,176
Tax liabilities		9,721	5,689
Employee related liabilities		15,456	14,716
Short-term provisions		1,321	1,311
Other liabilities		6,359	8,027
CURRENT LIABILITIES		**166,090**	**158,860**
TOTAL EQUITY AND LIABILITIES		**601,051**	**591,793**

2.4 Consolidated statement of changes in equity

(in € thousand)	ISSUED CAPITAL	SHARE PREMIUMS	CONSOLIDATED RESERVES	CASH FLOW HEDGE RESERVE	ACTUARIAL GAINS / LOSSES	TREASURY SHARES	CURRENCY TRANSLATION ADJUSTMENTS	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	NON-CONTROLLING INTEREST	TOTAL
AS PER 31 DECEMBER 2015 (Audited)	**53.257**	**86.777**	**180.969**	**(91)**	**(2.634)**	**(261)**	**(52.765)**	**265.253**	**3.999**	**269.252**
Net income (loss) for the current period			13.036					13.036	90	13.127
Other comprehensive income / loss					(1.368)		957	(412)		(412)
TOTAL COMPREHENSIVE INCOME (+) / LOSS (-)	**-**	**-**	**13.036**	**-**	**(1.368)**	**-**	**957**	**12.625**	**90**	**12.715**
Capital increase	57	108						165		165
Share based payments			276					276		276
Non-controlling interest due to business combinations								-	(59)	(59)
Dividend paid			(3.371)					(3.371)		(3.371)
AS PER 30 JUNE 2016 (Unaudited)	**53.314**	**86.884**	**190.911**	**(91)**	**(4.002)**	**(261)**	**(51.808)**	**274.948**	**4.030**	**278.978**

(in € thousand)	ISSUED CAPITAL	SHARE PREMIUMS	CONSOLIDATED RESERVES	CASH FLOW HEDGE RESERVE	ACTUARIAL GAINS / LOSSES	TREASURY SHARES	CURRENCY TRANSLATION ADJUSTMENTS	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	NON-CONTROLLING INTEREST	TOTAL
AS PER 31 DECEMBER 2016 (Audited)	**53.393**	**87.056**	**198.954**	**(91)**	**(6.173)**	**(320)**	**(61.176)**	**271.644**	**3.395**	**275.039**
Net income (loss) for the current period			7.829					7.829	408	**8.238**
Other comprehensive income / loss					(763)		(10.657)	(11.420)	(911)	**(12.331)**
TOTAL COMPREHENSIVE INCOME (+) / LOSS (-)	**-**	**-**	**7.829**	**-**	**(763)**	**-**	**(10.657)**	**(3.590)**	**(502)**	**(4.093)**
Capital increase	348	738						1.086	-	**1.086**
Own shares purchased						(4)		(4)	-	**(4)**
Share based payments			256					256	-	**256**
Dividend paid			(4.127)					(4.127)	-	**(4.127)**
Transfer			(91)	91				-	-	**-**
AS PER 30 JUNE 2017 (Unaudited)	**53.741**	**87.794**	**202.822**	**-**	**(6.935)**	**(324)**	**(71.833)**	**265.264**	**2.893**	**268.157**

2.5 Consolidated statement of cash flows

FOR THE 6 MONTH PERIOD ENDED 30 JUNE (in € thousand)	Notes	2016 Unaudited	2017 Unaudited
OPERATING ACTIVITIES			
Net profit		13,127	8,238
Depreciations of (in)tangible fixed assets		12,719	14,528
Impairments on (in)tangible fixed assets		752	216
Provisions for pensions and other risks & charges		(1,222)	198
Impairments on current assets		921	(743)
Net financial charges		5,793	6,987
Profit on sale of tangible fixed assets		(1,469)	(603)
Loss on sale of tangible fixed assets		955	634
Income taxes	4	2,256	3,303
Share-based payment transactions settled in equity		276	256
Cash flow from operating activities before movements in working capital and provisions		**34,108**	**33,015**
Decrease / (increase) in trade and other receivables		(20,281)	87
Decrease / (increase) in inventories		(15,698)	(28,993)
Increase / (decrease) in trade payables		13,295	9,350
Increase / (decrease) other		7,775	(244)
Cash flow generated from operating activities		**19,200**	**13,216**
Interest received		614	1,004
Income taxes paid / received		(222)	(846)
CASH FLOW FROM OPERATING ACTIVITIES		**19,592**	**13,374**
INVESTING ACTIVITIES			
Cash receipts on sale of tangible fixed assets		3,639	3,957
Purchases of tangible fixed assets (*)		(32,358)	(23,918)
Purchases of intangible fixed assets		(238)	(530)
CASH FLOW FROM INVESTING ACTIVITIES		**(28,957)**	**(20,491)**
FINANCING ACTIVITIES			
Capital increase		172	1,086
New (+) / repayments (-) of long-term debts		1,353	5,996
New (+) / repayments (-) of short-term debts		1,201	(7,240)
Interests paid		(2,320)	(3,061)
Dividends paid		(3,371)	(4,127)
Other financial items		(1,665)	(5,830)
CASH FLOW FROM FINANCING ACTIVITIES		**(4,629)**	**(13,176)**
Net increase / (decrease) in cash and cash equivalents		**(13,994)**	**(20,293)**
Cash and cash equivalents as per beginning of period	**5**	**70,720**	**72,425**
Impact of exchange rate fluctations		(534)	(3,256)
Cash and cash equivalents as per end of period	**5**	**56,192**	**48,877**

(*) The investments in tangible fixed assets in 2017 mainly consist out of maintenance and upgrade of machinery. The decrease is related to the new production site in Menemen – Turkey in 2016.

Notes to the interim condensed consolidated financial statements

1. Basis of presentation

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The condensed interim financial report is in compliance with IAS 34, Interim Financial Reporting.

The interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as in the 31 December 2016 annual financial statements, except for the new standards and interpretations which have been adopted as of January ,2017 (see "New amended IFRS standards and IFRIC interpretations" below) and which had no significant impact on the interim condensed consolidated financial statements.

The Group applied certain standards and amendments for the first time in 2017. However, they do not impact the annual consolidated financial statements of the Group / the interim condensed consolidated financial statements of the Group:

- Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative, effective 1 January 2017
- Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses, effective 1 January 2017.
- Annual improvement cycle 2014-2016, effective 1 January 2017

Standards issued but not yet effective

New and amended standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards and interpretations when they become effective.

- Amendments to IFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions, effective 1 January 2018
- IFRS 9 Financial Instruments, effective 1 January 2018
- IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15 and Clarifications to IFRS 15 Revenue from Contracts with Customers, effective 1 January 2018
- IFRS 16 Leases, effective 1 January 2019

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 and the United Kingdom;
2. Central & Eastern Europe: Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Germany, Lithuania, Poland, Romania, Russia and Serbia;
3. North America;
4. Turkey & Emerging Markets: Australia, Chile, India, Brazil, 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 EBITDA per segment.

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

FOR THE 6 MONTH PERIOD ENDED 30 JUNE (in € thousand)	WESTERN EUROPE		CENTRAL & EASTERN EUROPE		NORTH AMERICA		TURKEY & EMERGING MARKETS		INTERSEGMENT ELIMINATIONS		CONSOLIDATED	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
External sales	94,714	91,680	76,398	81,113	55,913	64,422	103,162	101,497	-	-	**330,187**	**338,712**
Intersegment sales	9,639	5,176	7,461	2,342	112	433	3,740	2,824	(20,953)	(10,775)	**(0)**	**0**
Total sales	104,354	96,856	83,859	83,455	56,024	64,854	106,902	104,321	(20,953)	(10,775)	**330,187**	**338,712**
REBITDA	12,319	9,196	1,710	4,044	6,484	7,632	13,513	11,733	(1,488)	124	**32,538**	**32,730**
Financial result											**(5,793)**	**(6,987)**
Income taxes											**(2,256)**	**(3,303)**
Depreciation (in)tangible fixed assets	(4,743)	(5,151)	(3,135)	(3,160)	(2,617)	(3,247)	(2,444)	(2,849)	220	(121)	**(12,719)**	**(14,528)**
Impairments of (in)tangible fixed assets	(313)	(212)	(2)	(0)	-	-	(438)	(4)	-	-	**(752)**	**(216)**
Capital expenditures (Capex)	(13,554)	(8,066)	(1,611)	(4,392)	(4,548)	(8,968)	(13,855)	(3,710)	973	688	**(32,596)**	**(24,448)**

Assets:

(in € thousand)	CONSOLIDATED 31 Dec 2016	30 Jun 2017
Western Europe	176,471	213,771
Central & Eastern Europe	115,123	116,199
North America	78,844	83,676
Turkey & Emerging Markets	199,751	191,874
INTERSEGMENT ASSETS	**570,190**	**605,520**
Cash and cash equivalents	72,425	48,877
Intersegment eliminations	(41,564)	(62,604)
TOTAL GROUP ASSETS	**601,051**	**591,793**

Liabilities:

(in € thousand)	CONSOLIDATED 31 Dec 2016	30 Jun 2017
Western Europe	50,533	59,874
Central & Eastern Europe	29,410	28,238
North America	17,735	21,519
Turkey & Emerging Markets	70,987	81,611
INTERSEGMENT LIABILITIES	**168,665**	**191,241**
Equity including non-controlling interest	275,039	268,157
Long-term interest-bearing loans	129,206	133,211
Long-term provisions	28,439	29,432
Deferred tax liabilities	2,277	2,134
Short-term interest-bearing loans	31,640	23,941
Intersegment eliminations	(34,215)	(56,322)
TOTAL GROUP LIABILITIES	**601,051**	**591,793**

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

FOR THE 6 MONTH PERIOD ENDED 30 JUNE (in € thousand)	WESTERN EUROPE		CENTRAL & EASTERN EUROPE		NORTH AMERICA		TURKEY & EMERGING MARKETS		CONSOLIDATED	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Window and door systems	76.5%	70.9%	87.2%	79.5%	85.2%	88.5%	97.4%	93.6%	**87.8%**	**84.0%**
Building products	23.5%	29.1%	12.8%	20.5%	14.8%	11.5%	2.6%	6.4%	**12.2%**	**16.0%**
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

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

3. Seasonality of operations

Due to the seasonal nature of the construction industry, the demand is higher during the spring and summer period.

4. Income taxes

The major components of income tax expense in the interim consolidated income statement are:

FOR THE 6 MONTH PERIOD ENDED 30 JUNE (in € thousand)	2016 Unaudited	2017 Unaudited
Current income tax expense	(1,678)	(390)
Deferred income tax expense	(578)	(2,914)
INCOME TAX REPORTED IN THE INCOME STATEMENT	**(2,256)**	**(3,303)**
Income tax recognized in other comprehensive income	465	1,717
INCOME TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME	**465**	**1,717**
TOTAL	**(1,791)**	**(1,587)**

5. Cash and cash equivalents

(in € thousand)	31 December 2016 Audited	30 June 2017 Unaudited
Cash and current bank accounts	46,439	38,892
Short term deposits	25,986	9,985
TOTAL	**72,425**	**48,877**

6. Other financial assets and financial liabilities

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 30 June 2017, 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.

As of 31 December 2016 the Group has the following financial instruments:

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(in € thousand)	31 December 2016 Audited	LEVEL 1	LEVEL 2	LEVEL 3
FX forward contracts	1,947		1,947	
ASSETS AT FAIR VALUE	**1,947**		**1,947**	
FX forward contracts	330		330	
LIABILITIES AT FAIR VALUE	**330**		**330**	

As of 30 June 2017 the Group has the following financial instruments:

(in € thousand)	30 June 2017 Unaudited	LEVEL 1	LEVEL 2	LEVEL 3
FX forward contracts	418		418	
ASSETS AT FAIR VALUE	**418**		**418**	
FX forward contracts	971		971	
LIABILITIES AT FAIR VALUE	**971**		**971**	

7. Pensions

Due to recent jurisprudence in Turkey, pension liabilities increased with € 0.9 millions in 2017. As it concerns a change in actuarial assumptions, this has been recorded through other comprehensive income.

8. Related parties

During 2017, the Group made purchases valued at € 894 thousand (€ 26 thousand as per 30 June 2016), under normal market conditions, from companies of which directors of the company held a majority of the shares. These transactions involved purchases relating to dies and equipment, maintenance and machinery.

9. Events after the reporting period

There are no significant subsequent events after 30 June.

4. Statement of the Board of Directors

Declaration regarding the information given in this interim financial report for the 6 month period ending 30 June 2017.

The undersigned declare that:

- the interim condensed consolidated financial statements have been prepared in conformity with the standards applicable for annual accounts, and that they give a true picture of the net assets, the financial position and of the results of the issuer and the consolidated companies.
- the half year financial report gives a fair overview of the developments and results of the issuer and the consolidated companies, also providing a fair description of the most important risks and uncertainties with which they are confronted.

Board of Directors
Deceuninck NV

5. Report of the statutory auditor

Report of the statutory auditor to the shareholders of Deceuninck NV on the review of the interim condensed consolidated financial statements as of 30 June 2017 and for the 6 month period then ended

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Deceuninck NV (the "Company"), and its subsidiaries (collectively referred to as "the Group") as at 30 June 2017 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the 6 month period then ended, and explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements". These statements show a consolidated statement of financial position total of € 591.793 thousand and a consolidated net profit for the 6 month period then ended of € 8.238 thousand. The Board of Directors is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34") as adopted for use in the European Union. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Consolidated Financial Statements are not prepared, in all material aspects, in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

Ghent, 24 August 2017

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor

Represented by
Marnix Van Dooren
Partner

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	**REBITDA**	Recurring earnings before interest, taxes, depreciation/ impairments of fixed assets as well as amortisation/impairment of goodwill and effect of negative goodwill = EBITDA excluding non-recurring costs/benefits, eg restructuring costs = recurring operating cash flow
3	**LTM REBITDA**	REBITDA for het prior twelve consecutive months
4	**EBITA**	Earnings before interest, taxes and amortization
5	**EBIT**	Earnings before interest and taxes = operational result
6	**EBT**	Earnings before taxes
7	**EPS (non-diluted)**	(Non-diluted) earnings per share
8	**EPS (diluted)**	(Diluted) earnings per share
9	**Net debt**	Financial debts – cash and cash equivalents
10	**Working capital**	Trade receivables + inventories – trade debts
11	**Capital employed (CE)**	The sum of goodwill, intangible, tangible and financial fixed assets and working capital