PRESS RELEASE

H1 2023 FINANCIAL RESULTS

Regulated Information
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deceuninck

Record EBITDA - Margin improvement - Solid cash generation

Sales	Adj. EBITDA	Adj. EBITDA %	Net Result	Net Debt
€ 427.2m	**€ 59.6m**	**13.9%**	**€ 17.8m**	**€ 100.8m**
(€ 506.8m LY)	(€ 57.8m LY)	(11.4% LY)	(€ 7.5m LY)	(€ 121.2m LY)

Executive Summary

- Adj. EBITDA increased to € 59.6m (+3.1% vs H1 2022) driven by strong business performance in Turkey and improved profitability in North America.
- Adj. EBITDA-margin amounted to 13.9%, compared to 11.4% in H1 2022 and to 9.5% in H2 2022.
- The record Adj. EBITDA has been realized in a challenging market environment, causing 6.9% volume decrease due to a slowdown of the construction activity in Europe and North America, while Turkey & Emerging markets performed strongly with 12.6 % higher volumes.
- Sales in H1 2023 decreased by 15.7% of which 8.3% related to exchange rate movements and 6.9% due to lower volumes.
- Net income increased from € 7.5m in H1 2022 to € 17.8m in H1 2023.
- Net debt decreased with €20.4m versus same period last year reflecting solid cash generation while continuing the planned investment program.
- Deceuninck continues to invest in sustainability initiatives with a focus on recycling capacity, use of recycled materials and solar energy.
- Half year report available at www.deceuninck.com/investors

Quote of the CEO, Bruno Humblet

"During challenging market environments with high inflation and increasing interest rates, we were able to achieve a record half year Adj. EBITDA and increasing profit margins, while further improving our cash generation. The business performance in Turkey was very strong. In North America we were able to improve our profitability reflecting improved plant efficiencies and a stronger product mix. Business results in Europe were weaker reflecting difficult market conditions.

We continued to invest in our recycling capacity and sustainability initiatives. The investment in our aluminium coating facility in Turkey will help us to further grow our aluminium business. Our Elegant transition remains well on track which will help to increase the usage of recycled PVC. After a solid start in the first half of the year, we reconfirm our outlook of increasing our full year Adj. EBITDA."

Summary of consolidated figures

(in € million)	H1 2022	H1 2023	% y-o-y
Volumes (PVC, in kTon)	**115.9**	**107.9**	**(6.9%)**
Sales	**506.8**	**427.2**	**(15.7%)**
Gross profit	139.9	139.0	(0.7%)
Gross-margin (%)	*27.6%*	*32.5%*	*+4.9 pps*
EBITDA	54.8	57.1	4.3%
Adj. EBITDA	**57.8**	**59.6**	**3.1%**
Adj. EBITDA-margin (%)	*11.4%*	*13.9%*	*+2.5 pps*
EBIT	**26.1**	**35.4**	**35.7%**
Financial result	(12.1)	(9.0)	(25.5%)
Profit / (loss) before taxes (EBT)	**14.0**	**26.4**	**88.3%**
Income taxes	(6.5)	(8.7)	33.1%
Net profit / (loss)	**7.5**	**17.8**	**136.1%**
Net Debt	**121.2**	**100.8**	**(16.9)**

Sales evolution by region

(in € million)	H1 2022	Volume	FX	Price / Mix / Other	H1 2023	% y-o-y
Europe	241.9	-12.1%	-0.3%	1.6%	216.0	-10.7%
North America	119.7	-23.3%	0.7%	-7.4%	83.8	-30.0%
Turkey & EM	145.1	12.6%	-32.2%	7.4%	127.4	-12.2%
Total	**506.8**	**-6.9%**	**-8.3%**	**-0.5%**	**427.2**	**-15.7%**

Management comments

Business environment

In **Europe**, the overall market demand and consumer confidence remained low due to higher interest rates and increased costs for building materials. Slowdown of the market was mainly present in Central and Eastern Europe, while Southern Europe demonstrated more resilience.

In **North America**, higher mortgage rates continued to impact sales volumes. Improvements in operational efficiency and lower staff rotation resulted into higher profitability compensating lower volumes.

In **Turkey**, there was high market activity with solid volumes while sales are impacted by weakening of the Turkish Lira. Our strong brand position resulted into market share growth during times of high inflation & devaluation.

Within **Emerging Markets**, overall market and customer confidence is low while the trend towards higher quality products continues.

Income Statement

Consolidated sales in H1 2023 decreased to € 427.2m, down 15.7% from € 506.8m in H1 2022, driven by significant devaluation of the Turkish Lire in June and lower volumes in Europe and North America, partially compensated by strong volumes & favorable product mix in Turkey & EM.

The **Adj. EBITDA** increased to € 59.6m (+3.1% vs H1 2022). The **Adj. EBITDA-margin** in H1 2023 was 13.9%, which is 2.5 percentage point higher than in H1 2022 (11.4%). Improvement in Adj. EBITDA is driven by higher volumes combined with margin improvement in Turkey and higher operational efficiency in the North America. In Europe, decreased volumes led to lower efficiency levels while indexation of salaries resulted into higher personnel costs.

Adj. EBITDA-items (difference between EBITDA and Adj. EBITDA) amount to € 2.5m (vs € 3.0m in H1 2022) and include costs related to the transition to Elegant in Europe.

The high negative **financial result** mainly reflects the inflation impact on monetary assets in Turkey. In H1 2023 this amounted to € (9.0)m compared to € (12.1)m in H1 2022. This improvement is partly due to increased dividend repatriation.

Depreciations and amortizations decreased from € 28.7m in H1 2022 to € 21.7m in H1 2023, as 2022 was negatively impacted by the impairment of property, plant and equipment in Russia for an amount of € 7.5m.

Income taxes have risen from € (6.5)m in H1 2022 to € (8.7)m in H1 2023 driven by increased Earnings before taxes.

As a result of the above, **net profit** increased from € 7.5m in H1 2022 to € 17.8m in H1 2023.

Cash Flow and Balance sheet

Capex amounted to € 23.3m in H1 2023 compared to € 16.9m in H1 2022. Capex included investments with a focus on recycling, solar panels, Elegant transition and aluminium coating activities in Turkey.

The **Net Debt** decreased from € 121.2m per June 2022 to € 100.8m, causing leverage to decrease from 1.2x to 1x. Decrease in Net Debt is driven by increased Gross operating cashflow with solid Working capital improvements in the last twelve months.

Working capital has decreased from € 160.9m as per June 2022 to € 119.0m per June 2023, mainly driven by significantly lower inventories in Europe and North America and the impact of FX movements.

Sustainability

Deceuninck is committed to reducing direct and indirect carbon emissions in alignment with the Science Based Targets.

In line with this commitment, we have invested in a range of **energy efficiency measures** during the first six months of this year. Our global action plan to increase own production of renewable electricity kicked off with the installation of 5.400 KWp of Solar PV at our plants in Belgium and Turkey.

We have also further invested in our **high-tech recycling** facility in Diksmuide and in the **increased use of recycled material** in our products through the expansion of co-extrusion lines.

Through **best-in-class insulation values**, our products directly contribute to energy savings in houses and buildings. Therefore, we are part of the solution to address climate change via renovations of the building portfolio.

Outlook

We reconfirm our ambition to deliver another growth year in Adj. EBITDA while improving Free Cash Flow generation.

In **Europe**, market activity is expected to stay at low levels keeping margins under pressure. The Elegant transition remains on track and we continue our investments to increase our recycling capacity and use of recycled materials.

In **North America**, both renovation and new build market remain low as a result of macroeconomic headwind. On the mid-term, structural shortage of qualitative housing keeps providing strong growth perspectives.

In **Turkey**, a strong market momentum remains after a solid first half year. We continue to focus on leveraging our strong market position with the investment in aluminium activities.

Emerging Markets will continue to move towards higher quality windows and doors, while we keep assessing our global positioning and structure cost.

Annex 1: Consolidated Income Statement

(in € million)	2022	2023
Sales	**506.8**	**427.2**
Cost of goods sold	(366.9)	(288.3)
Gross profit	**139.9**	**139.0**
Marketing, sales and distribution expenses	(76.9)	(72.2)
Research and development expenses	(3.3)	(3.6)
Administrative and general expenses	(26.3)	(28.2)
Other net operating result	(7.3)	0.4
Share of the result of a joint venture	0.0	0.0
Operating profit (EBIT)	**26.1**	**35.4**
Costs related to the derecognition of accounts receivable	(1.1)	(0.3)
Interest income / (expense)	(2.3)	(2.2)
Foreign exchange gains / (losses)	(0.0)	0.3
Other financial income / (expense)	(1.0)	(1.5)
Monetary gains / (losses)	(7.7)	(5.4)
Profit / (loss) before taxes (EBT)	**14.0**	**26.4**
Income taxes	(6.5)	(8.7)
Net profit / (loss)	**7.5**	**17.8**
Adj. EBITDA	**57.8**	**59.6**

Earnings per share distributable to the shareholders of the parent company (in €):	2022	2023
Basic earnings per share	0.05	0.11
Diluted earnings per share	0.04	0.11

Annex 2: Consolidated statement of financial position

(in € million)	H1 2022	H1 2023
Assets		
Intangible fixed assets	5.5	3.5
Goodwill	10.6	10.5
Tangible fixed assets	300.5	299.0
Financial fixed assets	0.7	0.0
Investment in a joint venture	0.0	0.0
Deferred tax assets	9.4	10.1
Long-term receivables	0.4	10.4
Non-current assets	**327.1**	**333.6**
Inventories	221.3	162.0
Trade receivables	94.2	103.1
Other receivables	56.3	57.6
Cash and cash equivalents	44.3	54.6
Non-current assets held for sale	1.2	10.3
Current assets	**417.2**	**387.5**
Total assets	**744.3**	**721.2**
Equity excluding non-controlling interests	**308.1**	**297.6**
Non-controlling interests	12.3	11.3
Equity including non-controlling interests	**320.4**	**308.9**
Interest-bearing loans including lease liabilities	17.4	136.4
Other long-term liabilities	0.6	0.1
Employee benefit obligations	13.8	12.7
Long-term provisions	3.9	5.6
Deferred tax liabilities	10.7	9.7
Non-current liabilities	**46.4**	**164.5**
Interest-bearing loans including lease liabilities	148.1	19.0
Trade payables	154.5	146.1
Tax liabilities	10.2	11.4
Employee related liabilities	17.8	17.2
Employee benefit obligations	0.6	0.6
Short-term provisions	0.1	0.1
Other liabilities	46.1	53.4
Current liabilities	**377.4**	**247.7**
Total equity and liabilities	**744.3**	**721.2**

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Annex 3: Consolidated statement of Cash Flows

(in € million)	2022	2023
Profit (+) / loss (-)	7.5	17.8
Depreciations and impairments	28.7	21.7
Net financial charges	12.1	9.5
Income taxes	6.5	8.7
Inventory write-off (+ = cost / - = inc)	1.1	1.9
Trade AR write-off (+ = cost / - = inc)	0.9	1.6
Movements in provisions (+ = cost / - = inc)	2.0	0.8
Gain / loss on disposal of (in)tang. FA (+ = cost / - = inc)	(0.1)	(0.5)
Share based payment expenses	0.2	0.8
Share of the result of a joint venture	0.0	0.0
Gross operating cash flow	**59.0**	**62.1**
Decr / (incr) in inventories	(47.1)	0.6
Decr / (incr) in trade AR	(7.8)	(28.2)
Incr / (decr) in trade AP	(9.6)	8.2
Decr / (incr) in other operating assets/liabilities	3.4	13.4
Income taxes paid (-) / received (+)	(5.6)	(5.5)
Cash flow from operating activities	**(7.7)**	**50.6**
Purchases of (in)tangible FA (-)	(16.9)	(23.3)
Proceeds from sale of (in)tangible FA (+)	0.5	0.9
Cash flow related to loans to joint ventures	0.0	(6.1)
Cash flow from investment activities	**(16.4)**	**(28.5)**
Capital increase (+) / decrease (-)	0.3	0.1
Purchase of treasury shares	0.0	(0.8)
Dividends paid (-) / received (+)	(8.7)	(11.1)
Interest received (+)	1.0	1.8
Interest paid (-)	0.0	(4.5)
Net financial result, excl interest	(15.9)	(2.2)
New long-term debts	0.0	1.1
Repayment of long-term debts	(8.4)	(0.3)
New short-term debts	32.1	3.9
Repayment of short-term debts	(0.1)	(3.5)
Cash flow from financing activities	**0.3**	**(15.5)**
Net increase / (decrease) in cash and cash equivalents	**(23.8)**	**6.6**
Cash and cash equivalents as per beginning of period	**72.9**	**58.9**
Impact of exchange rate fluctuations	(4.8)	(11.0)
Cash and cash equivalents as per end of period	**44.3**	**54.6**

Financial calendar

24 August 2023 Results H1 2023

Glossary

EBITDA

EBITDA is defined as operating profit / (loss) adjusted for depreciation / amortizations and impairment of fixed assets.

For the 6 months period ended 30 June (in € thousand)	2022	2023
Operating profit	26,099	35,419
Depreciations & impairments	(28,659)	(21,689)
EBITDA	**54,758**	**57,108**

Adjusted EBITDA

Adjusted EBITDA is defined as operating profit / (loss) adjusted for (i) depreciations, amortizations and impairment of fixed assets, (ii) integration & restructuring expenses, (iii) gains & losses on disposal of consolidated entities, (iv) gains & losses on asset disposals, (v) impairment of goodwill and impairment of assets resulting from goodwill allocation.

For the 6 months period ended 30 June (in € thousand)	2022	2023
EBITDA	54,758	57,108
Integration & restructuring expenses	3,015	2,461
Adjusted EBITDA	**57,773**	**59,569**

EBIT

EBIT is defined as Earnings before interests and taxes (operational result).

For the 6 months period ended 30 June (in € thousand)	2022	2023
EBITDA	54,758	57,108
Depreciations & impairments	(28,659)	(21,689)
EBIT	**26,099**	**35,419**

EBT

EBT is defined as Earnings before taxes.

EPS (non-diluted)

EPS (non-diluted) are the non-diluted earnings per share and is defined as Earnings attributable to ordinary shareholders over the weighted average number of ordinary shares.

EPS (diluted)

EPS (diluted) are the diluted earnings per share and is defined as Earnings attributable to ordinary shareholders over the sum of weighted average number of ordinary shares and the weighted average number of ordinary shares which would be issued upon conversion into ordinary shares of all exercisable warrants leading to dilution.

Net debt

Net debt is defined as the sum of current and non-current interest-bearing borrowings minus cash and cash equivalents.

As per 30 June (in € thousand)	2022	2023
Interest-bearing loans – non-current	17,447	136,360
Interest-bearing loans - current	148,081	18,982
Cash and cash equivalents	(44,284)	(54,575)
Net debt	**121,244**	**100,766**

Working capital

Working capital is calculated as the sum of trade receivables and inventories minus trade payables.

As per 30 June (in € thousand)	2022	2023
Trade receivables	94,165	103,135
Inventories	221,279	162,003
Trade payables	(154,501)	(146,107)
Working capital	**160,943**	**119,032**

Capital employed (CE)

The sum of non-current assets and working capital.

As per 30 June (in € thousand)	2022	2023
Working capital	160,943	119,032
Non-current assets	327,124	333,642
Capital employed (CE)	**488,067**	**452,674**

Subsidiaries

Companies in which the Group owns a participation in excess of 50 % or companies over which the Group has control.

MTM

Mark-to-Market.

Headcount (FTE)

Total Full Time Equivalents including temporary and external staff.

Restricted Group

The Restricted Group consists of all entities of the Group excluding Turkish subsidiaries and their subsidiaries.

Leverage

Leverage is defined as the ratio of Net debt to LTM (Last Twelve Months) Adjusted EBITDA.

As per 30 June (in € thousand)	2022	2023
Net debt	121,244	100,766
LTM Adjusted EBITDA	104,464	104,070
Leverage	**1.16**	**0.97**

END OF PRESS RELEASE

About Deceuninck

Founded in 1937, Deceuninck is a top 3 independent designer and manufacturer of PVC and composite profiles for windows and doors. Headquartered in Hooglede-Gits (BE), Deceuninck is organized in 3 geographical segments: Europe, North America and Turkey & Emerging Markets. Deceuninck operates 17 vertically integrated manufacturing facilities, which together with 16 sales and distribution facilities guarantee the necessary service and response time to Customers. Deceuninck strongly focuses on innovation, sustainability and reliability. Deceuninck is listed on Euronext Brussels ("DECB").

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