PRESS RELEASE

**FY 2023 FINANCIAL RESULTS**

Regulated Information
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deceuninck

# Fourth consecutive year record adj. EBITDA in challenging times

| Sales | Adj. EBITDA | Adj. EBITDA % | Net Result | Net Debt |
|---|---|---|---|---|
| € 866.1m | € 117.9m | 13.6% | € 13.6m | € 70.6m |
| (€ 974.1m LY) | (€ 102.3m LY) | (10.5% LY) | (€ 7.6m LY) | (€ 88.3m LY) |
| **-11.1%** | **+15.3%** | **+3.1%pps** | **+79.2%** | **-20.0%** |

## Executive Summary

- Adj. EBITDA increased to € 117.9m (+15.3% vs 2022) driven by continuing strong business performance in Turkey and improved profitability in North America.
- Adj. EBITDA-margin increased to 13.6% in 2023, compared to 10.5% in 2022.
- The record Adj. EBITDA has been realized in a challenging market environment with a very strong business performance in Turkey, while volumes continued to be under pressure in Europe and North America.
- Sales in 2023 decreased by 11.1% of which 4.1% due to lower volumes and 7% due to exchange rate, price and product mix movements.
- Net income increased from € 7.6m in 2022 to € 13.6m in 2023.
- Free cashflow generation leads to Net debt decreasing to € 70.6m (0.6x Adj. EBITDA).
- Proposal for the third consecutive year an increase of the dividend to pay out a dividend per share of € 0.08 (2022: € 0,07).
- Annual year report available at www.deceuninck.com/investors

## Quote of the Executive Chairman, Francis Van Eeckhout

*"While 2023 is another year with record Adj. EBITDA, it has proven to be a year with different dynamics. Market conditions in Europe and North America remained tough with increasing interest rates and high inflation. In Turkey, the business performance was very strong combined with a solid product mix and an increase in market share. In Europe, we announced our intention to restructure our German operations, which is a key step in optimizing our European footprint. In North America, personnel rotation normalized and our operational efficiency improved, which puts us in a good place once volumes start to pick up.*

*We would like to thank Mr. Bruno Humblet for the strong operational performance of the past two years and wish him all the best in his next projects. The search for a new CEO is ongoing. We believe that the execution of our strategic projects and continued customer focus will be key in delivering another strong performance in a challenging 2024."*

## Summary of consolidated figures

| (in € million) | FY 2022 | FY 2023 | % y-o-y |
|---|---|---|---|
| **Sales** | **974.1** | **866.1** | **(11.1%)** |
| Gross profit | 260.9 | 281.1 | 7.7% |
| *Gross-margin (%)* | 26.8% | 32.5% | +5.7 pps |
| **Adj. EBITDA** | **102.3** | **117.9** | **15.3%** |
| *Adj. EBITDA-margin (%)* | 10.5% | 13.6% | +3.1 pps |
| Monetary gains / (losses) | (17.0) | (25.7) | 51.5% |
| Financial result | (13.9) | (7.6) | (45.3%) |
| **Profit / (loss) before taxes and share of result of joint ventures (EBT)** | **16,3** | **18,6** | **13,8%** |
| Income taxes | (8.7) | (4.0) | (54.6%) |
| Share of the result of a joint venture | 0.0 | (1.0) | 100.0% |
| **Net profit / (loss)** | **7.6** | **13.6** | **79.2%** |
| | | | |
| **Net Debt** | **88.3** | **70.6** | **(20.0%)** |

## Sales evolution by region

| (in € million) | FY 2022 | Volume | FX | Price / Mix / Other | FY 2023 | % y-o-y |
|---|---|---|---|---|---|---|
| Europe | 458,3 | -7,2% | -1,1% | -2,1% | 410,3 | -10,5% |
| North America | 224,1 | -14,8% | -2,0% | -8,7% | 167,0 | -25,5% |
| Turkey & EM | 291,8 | 6,9% | -56,0% | 48,1% | 288,8 | -1,0% |
| **Total** | **974,1** | **-4,1%** | **-17,7%** | **10,8%** | **866,1** | **-11,1%** |

# Management comments

### Business environment

In **Europe**, market demand remained soft with hesitant consumer confidence impacted by higher interest rates. Slowdown was more present in Central and Eastern Europe, while Southern Europe continued to show more resilience. The restructuring of our German operations is ongoing and is a key element in improving our European manufacturing footprint.

In **North America**, sales volumes continued to be affected by higher mortgage rates, creating a shift in activity from new build to the renovation market. The personnel rotation normalized again which helped us to further strengthen our operational performance.

In **Turkey**, the domestic market continued to be very strong with a 6.9 % increase in volumes supported by market share growth. Due to continued high inflation, negative real interest rates stimulate customers to keep investing in their homes and starting up new projects.

Within **Emerging Markets**, our go-to-market model has been adjusted in several countries to support further profitable growth and cash generation.

### Income Statement

**Consolidated sales** in 2023 decreased to € 866.1m, down 11.1% from € 974.1m in 2022, of which 7% resulting from exchange rate, price and product mix movements and a 4% decrease in volumes due to lower activity in Europe and North America, partially compensated with increased volumes in Turkey.

The **Adj. EBITDA** increased to € 117.9m (+15.3% vs 2022). The Adj. EBITDA-margin in 2023 was 13.6%, 3.1 percentage point higher than in 2022 (10.5%). Improvement in Adj. EBITDA is driven by strong volumes combined with a favorable product mix in Turkey and improved operational efficiency in North America. In Europe, decreased volumes led to lower efficiency levels combined with operational costs increases following high inflation. Additionally, hyperinflation accounting in Turkey led to a positive Adj. EBITDA impact of € +6.6m (2022: € +1.5m).

Adj. EBITDA-items (difference between EBITDA and Adj. EBITDA) amount to € 21.1m (vs € 4.9m in 2022), including costs related to the restructuring provision in Europe and Emerging markets and the Elegant transition in Europe.

The negative **financial result** mainly reflects the hyperinflation impact on monetary assets in Turkey. In 2023, the impact amounted to € (25.7)m compared to € (16.9)m in 2022, driven by an inflation of 64.8% in Turkey. Lower outstanding debt and positive foreign exchange rate results have led the remaining financial result to improve by € 6.3m compared to 2022.

**Depreciations and amortizations** decreased from € 50.1m in 2022 to € 44.8m in 2023, as 2022 was negatively impacted by the impairment of property, plant and equipment in Russia for an amount of € 7.9m.

**Income taxes** have decreased from € (8.7)m in 2022 to € (4.0)m in 2023 as a result of the additional recognition of deferred tax assets in Europe and the decision of the Turkish government to also implement Hyperinflation accounting for the Turkish tax accounting, which lowers the temporary taxable differences.

As a result of the above, **net profit** increased from € 7.6m in 2022 to € 13.6m in 2023 and Earnings per Share increased from € 0.04 to € 0.07.

### Cash Flow and Balance sheet

**Capex** amounted to € 56.1m in 2023 compared to € 48.4m in 2022. Capex included investments with a focus on the Elegant transition, solar panels, IT security and aluminum coating activities in Turkey.

The **Net Debt** decreased from € 88.3m on 31 December 2022 to € 70.6m, causing leverage to decrease from 0.9x to 0.6x. Decrease in Net Debt is driven by increased operating cashflow with solid working capital improvements in the last twelve months.

**Working capital** has decreased from € 115.6m to € 81.6m, driven by significantly lower inventory levels in Europe and North America and decreased raw material prices.

### Sustainability

Deceuninck has validated Science Based Targets to reduce direct and indirect carbon emissions.

We have invested in $CO_2$ reduction initiatives such as a € 4m installation of solar PV systems in Belgium and Turkey and further investments in our high-tech recycling facility in Diksmuide and in the increased use of recycled material in our products through the installation of co-extrusion lines.

### Outlook

In 2024, we assume market conditions to remain challenging. We will maintain an important focus on the execution of strategic projects while delivering strong profitability.

In **Europe**, market sentiment is rather low with slow order intake. Higher interest rates continue to put pressure on the project market. The Elegant transition in France, cost awareness and the closure of our German operational activities will be a strategic focus for 2024.

In **North America**, market demand remains soft while our operational performance has improved significantly, bringing us into a good position once volumes start to pick up again.

In **Turkey**, order intake remains solid and this is expected to continue for the first half of the year. Interest rates are expected to decrease again as of H2 2024, possibly having a positive impact on new build projects.

In **Emerging Markets**, our go-to-market model in several markets has been optimized which is expected to increase our profitability in these growing markets.

Through best-in-class insulation values, our products directly contribute to energy savings in houses and buildings. In combination with an aging housing stock and an increasing need for housing, we are part of the solution to address both housing shortage and climate change via renovations of the building portfolio.

## Annex 1: Consolidated income statement

| (in € million) | FY 2022 | FY 2023 |
|---|---|---|
| **Sales** | **974.1** | **866.1** |
| Cost of goods sold | (713.2) | (585.0) |
| **Gross profit** | **260.9** | **281.1** |
| Marketing, sales and distribution expenses | (150.1) | (147.0) |
| Research and development expenses | (6.5) | (7.2) |
| Administrative and general expenses | (50.9) | (58.7) |
| Other net operating result | (6.1) | (16.3) |
| **Operating profit (EBIT)** | **47.2** | **51.9** |
| Costs related to the derecognition of accounts receivable | (1.6) | (0.6) |
| Interest income / (expense) | (5.1) | (4.3) |
| Foreign exchange gains / (losses) | (5.6) | 0.2 |
| Other financial income / (expense) | (1.7) | (2.9) |
| Monetary gains / (losses) | (17.0) | (25.7) |
| **Profit / (loss) before taxes and share of result of joint ventures (EBT)** | **16.3** | **18.6** |
| Income taxes | (8.7) | (4.0) |
| Share of the result of a joint venture | 0.0 | (1.0) |
| **Net profit / (loss)** | **7.6** | **13.6** |
| | | |
| **Adj. EBITDA** | **102.3** | **117.9** |

| Earnings per share distributable to the shareholders of the parent company (in €): | FY 2022 | FY 2023 |
|---|---|---|
| Basic earnings per share | 0.04 | 0.07 |
| Diluted earnings per share | 0.04 | 0.06 |

## Annex 2: Consolidated statement of financial position

| (in € million) | FY 2022 | FY 2023 |
|---|---|---|
| **Assets** | | |
| Intangible fixed assets | 4.5 | 3.6 |
| Goodwill | 10.6 | 10.5 |
| Tangible fixed assets | 297.8 | 311.6 |
| Financial fixed assets | 0.0 | 0.0 |
| Investment in a joint venture | 0.0 | 0.0 |
| Deferred tax assets | 11.4 | 20.6 |
| Long-term receivables | 0.4 | 11.0 |
| **Non-current assets** | **324.7** | **357.4** |
| Inventories | 171.7 | 138.2 |
| Trade receivables | 87.9 | 82.1 |
| Other receivables | 55.0 | 44.6 |
| Cash and cash equivalents | 58.9 | 46.5 |
| Assets classified as held for sale | 11.3 | 12.0 |
| **Current assets** | **384.9** | **323.5** |
| **Total assets** | **709.6** | **680.9** |
| | | |
| **Equity excluding non-controlling interests** | **307.1** | **301.5** |
| Non-controlling interests | 12.5 | 13.5 |
| **Equity including non-controlling interests** | **319.6** | **315.0** |
| Interest-bearing loans including lease liabilities | 130.7 | 105.1 |
| Other long-term liabilities | 0.6 | 0.1 |
| Employee benefit obligations | 14.2 | 14.0 |
| Long-term provisions | 4.3 | 8.4 |
| Deferred tax liabilities | 9.7 | 5.7 |
| **Non-current liabilities** | **159.6** | **133.4** |
| Interest-bearing loans including lease liabilities | 16.5 | 12.0 |
| Trade payables | 144.0 | 138.8 |
| Tax liabilities | 8.3 | 8.0 |
| Employee related liabilities | 16.4 | 18.3 |
| Employee benefit obligations | 0.6 | 0.6 |
| Short-term provisions | 0.1 | 12.7 |
| Other liabilities | 44.5 | 42.1 |
| **Current liabilities** | **230.4** | **232.5** |
| **Total equity and liabilities** | **709.6** | **680.9** |

## Annex 3: Consolidated statement of cash flows

| (in € million) | FY 2022 | FY 2023 |
|---|---|---|
| Profit (+) / loss (-) | 7.6 | 13.6 |
| Depreciations and impairments | 50.1 | 44.8 |
| Net financial charges | 31.0 | 33.8 |
| Income taxes | 8.7 | 4.0 |
| Inventory write-off (+ = cost / - = inc) | 3.4 | 0.4 |
| Trade AR write-off (+ = cost / - = inc) | 3.3 | 2.6 |
| Movements in provisions (+ = cost / - = inc) | 0.8 | 17.8 |
| Gain / loss on disposal of (in)tang. FA (+ = cost / - = inc) | (0.1) | (1.2) |
| Share based payment expenses | 0.8 | 1.2 |
| Share of the result of a joint venture | 0.0 | 1.0 |
| **Gross operating cash flow** | **105.6** | **118.0** |
| Decr / (incr) in inventories | (4.0) | 22.3 |
| Decr / (incr) in trade AR | (9.2) | (14.1) |
| Incr / (decr) in trade AP | (8.1) | 16.0 |
| Decr / (incr) in other operating assets/liabilities | 5.9 | 8.0 |
| Income taxes paid (-) / received (+) | (10.0) | (16.4) |
| **Cash flow from operating activities** | **80.2** | **133.8** |
| Purchases of (in)tangible FA (-) | (48.4) | (56.1) |
| Capital contribution joint venture | 0.0 | (1.0) |
| Proceeds from sale of (in)tangible FA (+) | 0.6 | 1.7 |
| Cash flow related to loans to joint ventures | 0.0 | (6.6) |
| **Cash flow from investment activities** | **(47.8)** | **(62.0)** |
| Capital increase (+) / decrease (-) | 0.3 | 0.7 |
| Purchase of treasury shares | 0.0 | (0.7) |
| Dividends paid (-) / received (+) | (9.5) | (12.3) |
| Proceeds from sale of shares of Group companies (+) | 1.2 | 0.0 |
| Interest received (+) | 2.0 | 3.5 |
| Interest paid (-) | (7.7) | (8.5) |
| Net financial result, excl interest | (23.0) | (10.7) |
| New long-term debts | 115.5 | 1.7 |
| Repayment of long-term debts | 0.0 | (0.3) |
| New short-term debts | 26.8 | 3.1 |
| Repayment of short-term debts | (136.2) | (43.2) |
| **Cash flow from financing activities** | **(30.5)** | **(66.6)** |
| **Net increase / (decrease) in cash and cash equivalents** | **1.8** | **5.2** |
| | | |
| **Cash and cash equivalents as per beginning of period** | **72.9** | **58.9** |
| Impact of exchange rate fluctuations | (15.7) | (17.6) |
| **Cash and cash equivalents as per end of period** | **58.9** | **46.5** |

## Financial calendar

| | |
|---|---|
| **28 February 2024** | Results FY 2023 and press / analyst meetings |
| **18 March 2024** | Degroof Petercam Benelux Conference (Madrid) |
| **23 April 2024** | Annual General meeting |
| **22 August 2024** | Press release H1 2024 results |

## Glossary

**EBITDA**

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

| For the 12 months period ended 31 December (in € thousand) | 2022 | 2023 |
|---|---|---|
| Operating profit | 47,239 | 51,915 |
| Depreciations & impairments | (50,090) | (44,816) |
| **EBITDA** | **97,328** | **96,730** |

**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 12 months period ended 31 December (in € thousand) | 2022 | 2023 |
|---|---|---|
| EBITDA | 97,328 | 96,730 |
| Integration & restructuring expenses | 4,945 | 21,142 |
| **Adjusted EBITDA** | **102,274** | **117,872** |

**EBIT**

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

| For the 12 months period ended 31 December (in € thousand) | 2022 | 2023 |
|---|---|---|
| EBITDA | 97,328 | 96,730 |
| Depreciations & impairments | (50,090) | (44,816) |
| **EBIT** | **47,239** | **51,915** |

**EBT**

EBT is defined as Earnings before taxes and share of result of joint ventures.

**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 31 December (in € thousand) | 2022 | 2023 |
|---|---|---|
| Interest-bearing loans – non-current | 130,748 | 105,097 |
| Interest-bearing loans - current | 16,452 | 12,013 |
| Cash and cash equivalents | (58,949) | (46,545) |
| **Net debt** | **88,251** | **70,566** |

**Working capital**

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

| As per 31 December (in € thousand) | 2022 | 2023 |
|---|---|---|
| Trade receivables | 87,947 | 82,129 |
| Inventories | 171,722 | 138,241 |
| Trade payables | (144,023) | (138,790) |
| **Working capital** | **115,646** | **81,580** |

**Capital employed (CE)**

The sum of non-current assets and working capital.

| As per 31 December (in € thousand) | 2022 | 2023 |
|---|---|---|
| Working capital | 115,646 | 81,580 |
| Non-current assets | 324,706 | 357,380 |
| **Capital employed (CE)** | **440,352** | **438,960** |

**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 31 December (in € thousand) | 2022 | 2023 |
|---|---|---|
| Net debt | 88,251 | 70,566 |
| LTM Adjusted EBITDA | 102,274 | 117,872 |
| **Leverage** | **0.9** | **0.6** |

## 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").

**Contact Deceuninck: Hannes Debecker ▪ T +32 51 239 587 ▪ Investor.Relations@deceuninck.com**