Press release

Regulated information – 2012 results

Under embargo until Thursday 14 February 2013 at 7:30 a.m. CET

Deceuninck grows in 2012: + 3.9% sales and + 3.5% EBITDA, supported by Turkey, Russia and US

- 2012 sales increase 3.9% to € 556.9 million
- Stable gross margin at 28.7%.
- Operating cashflow (EBITDA) increases 3.5% to € 50.0 million
- Net profit decreases to € 4.2 million, mainly due to the currency impact of the repaid USD loans, higher tax expenses and bad debt provisions
- Net debt decreases to € 92.6 million

Highlights 2012 results

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Sales breakdown FY 2012

- Consolidated 2012 sales increase 3.9% to € 556.9 million (2011: € 536.1 million).
- Volume: +1.8%. Volume developed favourably in Turkey (domestic and export), Russia and the US. Volume was stable in Belgium and Central Europe. France and Southern Europe declined.
- Exchange rates: +1.4%. Favourable impact of US dollar, Turkish lira, British Pound sterling and Russian ruble.
- Mix effects: +0.7%, as a result of a positive mix effect during the first quarter

Results 2012

- Gross margin remains stable at 28.7% (2011: 28.9%)
- EBITDA increases 3.5% to € 50.0 million (2011: € 48.3 million). EBITDA margin stable at 9% of sales.
- EBIT: € 20.7 million or 3.7% of sales (2011: € 22.3 million or 4.2%)
  - *€ 3.4 million higher non cash costs mainly due to increase of bad debt and provisions*
- Financial result improves to € -12.7 million in 2012 (2011: € -14.0 million)
  - *€ 1.3 million lower mainly as a result of financial restructuring in August 2012*
- Net profit: € 4.2 million (2011: € 6.3 million)
  - *Lower net profit mainly due to currency impact of the repaid USD denominated loans, higher tax expenses and bad debt provisions*
- Net debt improves to € 92.6 million (2011: € 101.8 million)

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In € million	2011	2012	% var.	1H 2012	2H 2012
Sales	536.1	556.9	+3.9%	274.3	282.6
Gross profit	155.0	159.9	+3.2%	81.4	78.5
Gross-margin (%)	*28.9%*	*28.7%*		*29.7%*	*27.8%*
EBITDA	48.3	50.0	+3.5%	24.4	25.6
EBITDA-margin (%)	*9.0%*	*9.0%*		*8.9%*	*9.1%*
EBIT	22.3	20.7	-7.2%	11.2	9.5
EBIT-margin (%)	*4.2%*	*3.7%*		*4.1%*	*3.4%*
Financial result	-14.0	-12.7		-7.5	-5.2
EBT	8.3	8.0	-3.6%	3.7	4.3
Taxes	-2.0	-3.7		-2.5	-1.2
Net profit	6.3	4.2		1.2	3.0
Net-margin (%)	*1.2%*	*0.8%*		*0.5%*	*1.1%*

Tom Debusschere, Deceuninck CEO:

"In 2012 Deceuninck showed growth in sales and operating cashflow, in spite of a challenging economic environment and continued high raw material costs.

We are happy to see that sales were up 3.9% at € 556.9 million driven by volume growth in Turkey, Russia and the US. Demand for energy efficient building products in these regions remained solid all year. Moreover, the low cost basis and the availability of highly skilled people allows our Turkey division to become the export hub of Deceuninck. Markets in Asia, Africa and South-America are now being served with high quality, competitive products from Turkey. In 2012, we started a new warehouse in India through our Turkish subsidiary.

Sales developed well in the United States supported by both increased volume and a favourable exchange rate. Deceuninck strengthened its market position through competitive wins and successful product launches.

In Europe, economic conditions were more depressed. Nearly all markets suffered from the sovereign debt crisis and its impact on national economies and consumer confidence. Consumers delayed spending on highly needed energy efficiency improvements in their homes. Volumes in Belgium and Central Europe, however, remained stable.

Gross margin remained stable at 29%. We continued to offset cost of living and rising energy cost with further productivity improvements and to offset higher raw materials cost with price control.

EBITDA increases 3.5% to € 50.0 million. EBITDA margin was stable at 9% through continued control of fixed costs.

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EBIT decreased due to € 3.4 million higher bad debt and provisions.

Net profit decreased to € 4.2 million, mainly due to the impact of a strengthening US dollar during the first half on the repaid USD denominated loans, higher taxes and bad debt provisions.

Our ability to sustain profits in challenging conditions, while continuing to make targeted investments, effectively strengthened confidence of our stakeholders. In July 2012 we concluded a € 140 million syndicated long term refinancing at normal market conditions.The new financing was used to repay the existing financing well ahead of maturity date.

*In 2012 we stepped up our capital expenditures to € 23.5 million (2011: € 21.9 million) to invest in the 3 axis of our long term strategy "**Building a sustainable home. Innovation – Ecology – Design".**"*

Innovation – PVC remains the most economical solution for best insulation. Deceuninck introduced the Zendow#neo window system. Deceuninck now offers a window system that substitutes traditional steel reinforcements with glass fibre and steel wire reinforcement, already built into the profile. This high technology linktrusion® concept offers the best insulation at the lowest material consumption. "The greenest raw material is the one you do not consume" Deceuninck North America increased the capacity for the production of its exclusive glass fibre Innergy® reinforcements, which substitutes aluminium for better insulation values.

Ecology – PVC continues to improve its ecological footprint. In October Deceuninck opened a new post-consumer rigid PVC recycling factory, adjacent to the existing compounding site in Diksmuide (Belgium). By integrating it within existing buildings, land, infrastructure and lab equipment, Deceuninck was able to limit the cash out for this investment to € 3 million. Building a similar 20,000 tonnes per annum factory as a greenfield would be valued at € 12 million. Deceuninck expects to fill the capacity by 2016.
In Turkey, Egepen/Deceuninck launched Flora, a coextruded system which allows better reuse of recycled material.

Design – PVC windows now also become a true architectural solution for beautiful aesthetics in the home, school or office building. Ever more intricate wood surface decors and coated colours become available to the market. In 2012 Deceuninck invested in a new automated coating factory in Gits, Belgium. The new proprietary coating process produces profiles with a powder coated look on all four sides, which results in a window without any plastic visible. The new Omniral® coating brings the end consumer the look and feel of an aluminium window, but with the insulation values of a high quality PVC product. Omniral® will be launched at Belgium's Batibouw, Brussels in February 2013.

Outlook full year 2013:
The public debt crisis and lack of government stimuli continue to weigh on consumer confidence in Europe. It is too early in the year to confirm if the trend observed in 2012 will be continued in 2013.
This uncertain picture, combined with a short order book, typical to the industry, does not allow Deceuninck to give a quantified guidance for 2013.
Within this environment however, Deceuninck keeps "Building a sustainable home", while protecting margins and maintaining profitability through innovation, continuous productivity improvements and rigorous cost control."

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Markets and Sales

Sales breakdown Q4 2012

- Consolidated Q4 sales increase 6.4% to € 135.4 million (Q4 2011: € 127.3 million).
- Volume: +6.7%. Volume developed favourably in Turkey, Russia, the US, Germany and most Balkan countries. Volume declined in nearly all other countries.
- Exchange rates: +2.9%, mainly positive impact from US dollar, Turkish lira, British Pound sterling and Russian ruble.
- Mix effects negatively impacted sales (-3.2%) as a result of a changed product and country mix.

In € million	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	2012 YoY	Var.2012 loc.curr.
Western Europe	*-5.7%*	*-11.5%*	*-8.7%*	*-7.5%*	193.7	*-8.5%*	
Central & Eastern Europe	*+6.8%*	*+6.2%*	*+2.8%*	*+9.6%*	171.7	*+6.0%*	
Turkey	*+3.3%*	*+14.3%*	*+22.0%*	*+22.6%*	123.0	*+16.0%*	*+15.6%*
United States	*+15.9%*	*+27.9%*	*+27.4%*	*+12.4%*	68.6	*+21.2%*	*+ 10.2%*
Total	**+1.3%**	**+2.6%**	**+5.1%**	**+6.4%**	**556.9**	**+3.9%**	

Deceuninck's 2012 consolidated sales were € 556.9 million, a year-on-year increase by 3.9% (2011: € 536.1 million).
Sales volume: +1.8%; exchange rates: +1.4%; mix effects: +0.7%.

Western Europe

Full year 2012 sales in Western Europe were € 193.7 million, a year-on-year decrease of 8.5% in line with the first half year 2012. Sales were particularly weak in all countries of Southern Europe, France and in Holland. Sales in Belgium were stable.
Consumer confidence, which is an important indicator for renovation activity, was weak all through the year and deteriorated until October at its lowest level since the 2009 economic crisis. The withdrawal of some tax incentives supporting energy efficiency improvement and sovereign debt crisis preventing governments from launching stimuli to revive the economy impacted demand in all countries of the region. In all countries Deceuninck outperformed the market trend using innovation (linktrusion®), ecology (recycling and energy efficiency) and design (colours) as a market differentiator.

Central & Eastern Europe (incl. Germany)

Full year sales 2012 in the region increased 6.0% to € 171.7 million (2011: € 161.9 million) to represent 31% of consolidated 2012 sales (2011: 30%). Sales growth continued all through the year, with solid growth in Russia and in nearly all countries of the Baltic and Balkan region. Volume remained more or less stable in all other countries in spite of a weakening macro-environment and increased government austerity measures. Sales in Russia - the most important market of the region – exceeded the plan. The Russian market clearly recovered from a dip in 2011. Market share gain as a result of competitive wins and new Customers supported the sales growth. A favourable impact of the Russian ruble was partly offset by a negative impact of most other currencies.
In 2011 Deceuninck launched the “one brand, one product” strategy for Central Europe. The implementation was continued throughout the year 2012 and finalized by the end of 2012. As such all Customers in Germany, Poland, Czech Republic, Slovak Republic and Hungary have consolidated to one platform, the Inoutic window system platform, without the loss of one single Customer.

Turkey

Full year 2012 sales increased 16.0% to € 123.0 million (at constant exchange rates: + 15.6%)
Turkey represents 22% of consolidated Group sales compared to 20% in 2011.
Sales growth on the domestic Turkish market continued to be solid. The competitive wins of 2011 and 2012 in a flat domestic market resulted in an increased market share.
Sales into export markets represented nearly 10% of the total 2012 sales for the region Turkey. Sales growth was driven by both volume growth and increasing share of coloured windows. Sales developed favourably in India, South America, North Africa and the Middle East. In India Deceuninck established a new warehouse in July 2012.

United States

Full year 2012 sales increased 21.2% to € 68.6 million (at constant exchange rates: + 10.2%).
Sales at Deceuninck North America (DNA) represent 12% of 2012 consolidated sales.
The US economy remained somewhat fragile which continued to impact the housing market. New construction experienced some growth, while repair and remodelling (R & R) activity remained relatively flat. In spite of improved builder confidence, the US housing market was impacted by uncertainty in the US and global markets.
Deceuninck North America’s sales growth is the result of new window Customer acquisition as a result of DNA’s value proposition and new product launches, such as Innergy®, a polyurethane thermal reinforcement, meeting the latest stricter energy requirements. This demand is driven in part by government energy improvement programs including Energy Star, and code requirements for higher structurally performing windows in various parts of the country.

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2012 results

Gross margin
Gross margin was stable at 28.7% (2011: 28.9%). Further productivity improvements continued to offset cost of living and rising energy cost and to offset higher raw materials cost with price control.

EBITDA
The **operating cash flow (EBITDA)** increases 3.5% to € 50.0 million (2011: € 48.3 million). EBITDA margin was stable at 9% on sales through continued control of fixed costs.

EBIT
The **operating result (EBIT)** was € 20.7 million (2011: € 22.3 million) resulting in an EBIT margin of 3.7% compared to 4.2% in 2011.
Non cash costs are € 29.3 million against € 25.9 million in 2011.
EBIT decreased due to € 3.4 million higher bad debt and provisions.

Financial result & Taxes
Financial result was € -12.7 million (2011: € -14.0 million) mainly as a result of the new 5-year refinancing agreement concluded in July 2012.
The financial result is impacted by a € 2.4 million unfavourable currency effect of foreign currency denominated loans during the first half year 2012.
Income tax expense was € 3.7 million against € 2.0 million in 2011, mainly in Europe.

Net profit
The net profit 2012 amounts to € 4.2 million or 0.8% on sales versus 1.2% in 2011.

Working capital
Working capital decreased from € 119.2 million on 31 December 2011 to € 116.4 million on 31 December 2012. (30 June 2012: € 138.9 million)
Inventories were € 6.2 million lower as compared to 31 December 2011 thanks to strict working capital management.
Accounts receivable increased € 1.5 million as a result of changed geographical footprint and regional differences in payment terms. Days outstanding (DSO) improved year-on-year thanks to continued strict credit monitoring policy.
The operational working capital on 31 December 2012 was 17.6% of annualised sales as compared to 18.2% on 31 December 2011. The operational working capital is lower at the end of the year as compared to mid-year due to the seasonal character of the business.

Capex
Capital expenditures in 2012 increased year-on-year by € 1.6 million to € 23.5 million mainly driven by innovations and investments towards the long term strategy “Building a sustainable home”.
€ 11.7 million relates to operational capex, € 6.5 million was spent on new tools.

Exceptional capital expenditures amounted to € 5.3 million, which include further spending on the start-up of the postconsumer rigid PVC recycling factory in Diksmuide (B) and the new automated line for Omniral® full coat in Gits (B).

Net financial debt

The net financial debt at 31 December 2012 amounted to € 92.6 million compared to € 101.8 million on 31 December 2011. A positive cash generation and a favourable decrease of working capital was partly offset by higher capex spending.

Shareholders' equity

Shareholders' equity increases with € 8.3 million to € 214.2 million mainly due to a positive net result and a positive impact of CTAs (Currency Translation Adjustments), mainly on Turkish lira and Polish złoty.
The gearing was 43.2% at 31 December 2012 against 49.4% at 31 December 2011.

Dividend

The Board of Directors will recommend at the Annual General Meeting on 14 May 2013 not to pay a dividend for the financial year 2012.

Headcount

On 31 December 2012 Deceuninck employed worldwide 2,665 full time equivalents (FTEs) (including temporary workers and outsourced FTEs) (31 December 2011: 2,735).

Financial calendar 2013

29	March	2013	2012 annual report online www.deceuninck.com
14	May	2013	Q1 2013 trading update
14	May	2013	Annual Shareholders meeting at 11 am
23	July	2013	2013 half-year results
24	October	2013	Q3 2013 trading update

End of press release

Building a sustainable home

At Deceuninck, our commitment towards innovation, ecology and design provides us with a clear focus: building a sustainable home. A home that is more energy-efficient to live in and more attractive to look at. Deceuninck works worldwide with state-of-the-art materials, resulting in low maintenance, top insulating and long lasting products that can be fully recycled at end of life. Moreover, our values of Candor, Top performance and Entrepreneurship help us build a better world for our Partners and end users. Deceuninck has strong ambitions. We want to build a work environment in which people are proud to contribute, and strengthen our position within the top three market players. Alongside our ecological sustainability, Deceuninck also pursues financial sustainability.
Deceuninck employs about 2700 people in 25 countries, of which 600 in Belgium. Deceuninck sales in 2012 were € 556.9 million with a net positive result of € 4.2 million.

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Annexe 1: Deceuninck Consolidated Income Statement

In thousand €	2011	2012
Sales	**536,129**	**556,914**
Cost of goods sold	-381,102	-397,026
Gross profit	**155,027**	**159,888**
Marketing, sales and distribution expenses	-88,139	-92,132
Research and development expenses	-5,782	-6,044
Administrative and general expenses	-38,808	-38,618
Other net operating result	17	-2,407
Operating profit	**22,315**	**20,687**
Financial charges	-27,795	-21,769
Financial income	13,788	9,059
Profit before taxes	**8,308**	**7,977**
Income taxes	-1,960	-3,735
Net profit	**6,348**	**4,242**
The net profit is attributable to:		
Shareholders of the parent company	6,210	4,038
Non-controlling interests	138	204
Earnings per share distributable to the shareholders of the parent company (in €):		
Normal earnings per share	0.06	0.04
Diluted earnings per share	0.06	0.04

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Annexe 2: Deceuninck Consolidated Statement of Financial Position

In thousand €	2011	2012
ASSETS		
Intangible fixed assets	3,428	3,030
Goodwill	10,806	10,817
Tangible fixed assets	193,180	194,421
Financial fixed assets	1,433	1,582
Deferred tax assets	16,209	15,522
Long-term receivables	1,412	1,048
Non-current assets	**226,468**	**226,420**
Inventories	77,809	71,572
Trade receivables	99,227	100,694
Other receivables	7,548	6,622
Cash and cash equivalents	24,443	23,211
Fixed assets held for sale	8,239	8,395
Current assets	**217,266**	**210,494**
Total ASSETS	**443,734**	**436,914**
EQUITY and LIABILITIES		
Issued capital	42,495	42,495
Share premiums	46,355	46,355
Consolidated reserves	147,480	151,806
Other reserves	0	-99
Treasury shares	-261	-261
Currency translation adjustments	-31,520	-27,747
Equity excluding non-controlling interest	**204,549**	**212,549**
Non-controlling interest	1,376	1,636
Equity including non-controlling interest	**205,925**	**214,185**
Interest-bearing loans	93,361	37,326
Long-term provisions	20,805	21,980
Deferred tax liabilities	3,890	3,853
Non-current liabilities	**118,056**	**63,159**
Interest-bearing loans	32,907	78,486
Trade debts	57,817	55,900
Tax liabilities	5,963	4,630
Employee related liabilities	13,357	11,582
Other liabilities	9,709	8,972
Current liabilities	**119,753**	**159,570**
Total EQUITY and LIABILITIES	**443,734**	**436,914**

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Annexe 3: Deceuninck Consolidated Statement of Cash Flows

In thousand €	2011	2012
OPERATING ACTIVITIES		
Net profit	6,348	4,242
Depreciations (in)tangible fixed assets	24,872	23,635
Impairments on (in)tangible fixed assets	714	1,344
Provisions for pensions, restructuring and other risks & charges	-688	1,740
Impairments on current assets	1,042	2,595
Net financial charges	14,006	12,710
Profit on sale of tangible fixed assets	-174	-121
Loss on sale of tangible fixed assets	267	93
Income taxes	1,960	3,735
Share based payment transactions settled in equity	166	288
Cash flow from operating activities before movements in working capital and provisions	**48,513**	**50,261**
Decrease/(increase) in trade and other receivables	622	-2,314
Decrease/(increase) in inventories	-13,512	7,998
Increase/(decrease) in trade debts	-1,623	-2,383
Decrease/(increase) in other non-current assets	259	-24
Decrease/(increase) in other current assets	-696	-917
Increase/(decrease) in other non-current liabilities	-1,443	-1,002
Increase/(decrease) in other current liabilities	570	-3,109
Cash flow generated from operating activities	**32,690**	**48,510**
Interest received	1,209	1,271
Income tax paid	-4,357	-4,385
CASH FLOW FROM OPERATING ACTIVITIES	**29,542**	**45,396**

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In thousand €	2011	2012
INVESTING ACTIVITIES		
Cash receipts on sale of tangible fixed assets	705	447
Purchases of tangible fixed assets	-21,783	-23,426
Purchases of intangible fixed assets	-99	-99
Other transactions	-123	-147
CASH FLOW FROM INVESTING ACTIVITIES	**-21,300**	**-23,225**
FINANCING ACTIVITIES		
New long-term debts	0	51,812
Repayments of long-term debts	-23,955	-94,943
New short-term debts	753	58,798
Repayments of short-term debts	0	-30,770
Interest paid	-7,891	-8,477
Other financial items	6,156	-75
CASH FLOW FROM FINANCING ACTIVITIES	**-24,937**	**-23,655**
Net increase (+) / decrease (-) in cash and cash equivalents	**-16,695**	**-1,484**
Cash and cash equivalents as per 1 January	**43,856**	**24,443**
Impact of exchange rate fluctuations	-2,718	252
Cash and cash equivalents as per 31 December	**24,443**	**23,211**