

## Press release

Regulated information – 2015 results

Under embargo until Thursday 25 February 2016 at 7:15 a.m. CET

### **Deceuninck 2015: Solid growth. Sales: € 644.5m (+16.6%), EBITDA: € 54.4(+54%) and net result: € 13.3m (+ 27%)**

Growth driven by successful integration of Pimapen, new customers and improved operating efficiencies.

Growth is supported by a more positive economic environment in US, UK and Southern Europe but has been partially offset by market contraction in Russia.

- Sales grow 16.6% to € 644.5 million.
  - Comparable scope: +7.3% (volume: +4.4%; exchange rates: +1.9%; mix: +1.0%) thanks to strong growth in all regions except Russia.
  - Pimapen (TR) and Enwin (R) add +9.3% or € 51.3 million
- Gross margin increases to 28.2% (2014: 27.3%), mainly driven by improved operating efficiencies. Favourable raw material prices largely offset by currencies.
- EBITDA at € 54.4 million or 8.4% of sales (2014: €35.3 million or 6.4%)
- Net profit increases to € 13.3 million (2014: € 105 million)
- € 38.7 million capital expenditures mainly for expansion and new product development
- Successful issue of € 100 million retail bond provides extra € 40 million liquidity to finance further investments in manufacturing efficiency and growth (US West Coast and Turkey)
- The Board proposes to increase gross dividend to € 0.025 per share.
- CEO Tom Debusschere steps down on 1 March to take up a new challenge. Francis Van Eeckhout is named interim CEO. The Strategy for Growth continues unabated.

### **Tom Debusschere, Deceuninck CEO:**

*"2015 was a good year for Deceuninck. We realized strong organic volume growth in Western Europe, North America and Turkey and Emerging Markets, and successfully integrated the Pimaş acquisition in Turkey. On top of volume growth EBITDA margin also benefited from further manufacturing efficiencies and strict cost control.*

*The successful issue of the retail bond in December provided us with extra € 40 million liquidity which will be used to finance further growth, among which the new facilities in Turkey and on the US West Coast.*

*I would like to thank all our customers for their trust and all our people worldwide for their passionate dedication.*



innovation



ecology



design

### Outlook 2016

*In 2016 we expect further growth on the back of innovative product launches and superior service to our customers. This will be enabled by the additional capacity in Turkey and in the US, and supported by further investments in manufacturing efficiency.*

*We, however, closely monitor the increased macro-economic uncertainty in our end markets. EBITDA evolution will be influenced by currencies and raw material prices, as well as by the start-up costs of our planned efficiency and growth initiatives”*

### **Notable event**

Tom Debusschere steps down as CEO on 1 March for a new challenge. Until 10 May he remains non-executive member of the Board

#### **Pierre Alain Baron De Smedt, Chairman of the Board:**

*‘The Board regrets but respects Tom’s decision. We are very grateful to Tom for his commitment to the company over the past few years. In February 2009 he started as a CEO when the company was going through a difficult period. In a short period of time he succeeded in turning Deceuninck into a financially healthy company and in regaining the confidence of the shareholder. He leaves us with a healthy company that is well positioned for the future.*

In anticipation of a successor to Tom Debusschere, Vice Chairman of the Board, Francis Van Eeckhout, will act as interim CEO.

#### **Francis Van Eeckhout, Vice Chairman of the Board and interim CEO:**

*I would like to thank Tom for his performance as a CEO since February 2009. He was instrumental in creating the growth strategy which is now being implemented, This includes the construction of the new factories in Turkey and the US. This strategy will be continued. Tom has built a strong management team in which we maintain every confidence. We hope to name a successor to Tom very soon.”*

## 1. Key figures

(in € million)	2014	2015	Var (%)	1H 2015	2H 2015
Sales	552.8	644.5	16.6%	312.1	332.4
Gross profit	150.8	182.0	20.7%	90.7	91.3
Gross-margin (%)	27.3%	28.2%		29.1%	27.5%
EBITDA	35.3	54.4	53.9%	27.2	27.2
EBITDA-margin (%)	6.4%	8.4%		8.7%	8.2%
REBITDA	36.6	56.5	54.5%	28.7	27.8
REBITDA-margin (%)	6.6%	8.8%		9.2%	8.4%
EBIT	14.3	26.9	87.7%	12.0	14.8
EBIT-margin (%)	2.6%	4.2%		3.9%	4.5%
Financial result	-7.5	-10.0		-4.6	-5.4
EBT	6.9	16.9	146.0%	7.5	9.4
Income taxes	3.6	-3.5		-2.7	-0.8
Net profit	10.5	13.3	27.6%	4.7	8.6
Net profit-margin (%)	1.9%	2.1%		1.5%	2.6%

(in € million)	2014	2015	Var (%)
Equity	264.5	269.3	1.8%
Net debt	71.0	92.1	29.7%
Total assets	503.7	562.7	11.7%
Capital expenditure	31.3	38.7	23.7%
Working capital	124.6	142.9	14.7%

## 2. Comments on the consolidated results

### 2.1. Sales

#### Sales breakdown 2015

Consolidated 2015 sales increased 16.6% to € 644.5 million (2014: € 552.8 million).

At comparable scope sales increased 7.3% to € 593.2 million.

- Volume: +4.4%, explained by strong organic volume growth in Western Europe, North America and Turkey and Emerging Markets, which is partially offset by the contraction of the Russian market
- Exchange rates: +1.9%, explained by the strengthening of the USD and GBP versus the EUR, which was partially offset by a weakening TRY and RUB.
- Mix effects: +1.0%

Scope change as a result of the acquisition of Pimaş in Turkey and Russia resulted in a favourable impact of sales of € 51.3 million (+9.3%).

#### Sales breakdown per quarter

Overall sales growth is primarily explained by the Pimaş acquisition in 4Q 2014, which – as Pimaş revenues were already reported in 4Q 2014 to a large extent - also explains why the growth rate between Q4 2014 and Q4 2015 is lower than during the first 3 quarters.

Organic volume growth remained strong throughout the year especially during 4Q supported by mild weather conditions and improved builder confidence in Western Europe and US and driven by strong brands in Turkey.

% of sales	1Q 2015	2Q 2015	3Q 2015	4Q 2015	FY 2015
<b>Sales (in € million) 2014</b>	<b>115.4</b>	<b>148.8</b>	<b>141.3</b>	<b>147.2</b>	<b>552.8</b>
Exchange rate	4.6%	3.9%	-0.3%	-0.1%	1.9%
Volume	3.1%	4.6%	4.6%	5.6%	4.4%
Mix (country, price, product)	0.9%	-2.3%	2.1%	2.6%	1.0%
Change of scope	9.4%	12.0%	11.8%	4.1%	9.3%
<b>Total</b>	<b>18.0%</b>	<b>18.2%</b>	<b>18.2%</b>	<b>12.3%</b>	<b>16.6%</b>
<b>Sales (in € million) 2015</b>	<b>136.2</b>	<b>175.9</b>	<b>167.1</b>	<b>165.3</b>	<b>644.5</b>

## Quarterly sales evolution 2015 per region<sup>1</sup>

(in %)		Western Europe	Central & Eastern Europe	Turkey & Emerging Markets	North America	Total
Sales (in € million)	2014	157.5	174.4	137.7	83.2	552.8
	1Q 2015	-0.7%	-3.5%	63.1%	45.3%	18.0%
	2Q 2015	8.6%	-6.2%	49.7%	39.2%	18.2%
	3Q 2015	10.7%	-1.3%	50.1%	29.1%	18.2%
	4Q 2015	15.1%	0.5%	14.1%	25.7%	12.3%
	<b>FY 2015</b>	<b>8.2%</b>	<b>-2.7%</b>	<b>40.2%</b>	<b>33.7%</b>	<b>16.6%</b>
Sales (in € million)	2015	170.5	169.7	193.1	111.2	644.5
Var. FY in Loc. Curr.			2.8%	46.6%	11.6%	

<sup>1</sup>Regional quarterly sales segmentation has been aligned with IFRS financial report segmentation to ensure consistency. As a result the quarterly sales slightly differ per region, but remain unchanged at consolidated level. Changes mainly affect Western Europe and Central & Eastern Europe.

### Western Europe

Full year 2015 sales in Western Europe increased 8.2% to € 170.5 million. The Group benefited from an economic recovery in Spain and Italy, and continued growth in the UK and Benelux. Volumes in France picked up during the 4<sup>th</sup> quarter supported by mild weather conditions and government incentives.

Western Europe represents 26 % of consolidated 2015 sales (2014: 28%).

### Central & Eastern Europe (incl. Germany)

Full year 2015 sales expressed in euro decreased by -2.7% to € 169.7 million (2014: € 174.4 million). At constant exchange rates sales grew 2.8%. We recorded growth in Central Europe but this was partially offset by the contraction of the Russian market and by the devaluation of the Russian ruble.

Central & Eastern Europe represents 26% of consolidated 2015 sales (2014: 32%).

### Turkey & Emerging Markets

This region includes primarily domestic sales in Turkey as well as sales in Chile, India, Brazil and Australia. 2015 sales expressed in euro increased by 40.2% to € 193.1 million (at constant exchange rates: +46.6%). The increase is primarily driven by the successful integration of Pimaş, and by organic growth realized across all 3 premium brands (Egepen Deceuninck, Winsa and Pimapen). This growth was mainly driven by superior product quality and service, and the strong commercial network (>3000 points of sale owned by the customer).

Business development in Emerging Markets was slower than anticipated which is mainly explained by the challenging market conditions in Brazil and India. Business development in Chile is on track and the Group started foiling of window profiles in Santiago de Chile in order to meet increasing demand for coloured windows in the region.

Turkey and Emerging Markets represents 30% of 2015 consolidated Group sales compared to 25% in 2014.

### **North America**

Full year 2015 sales of Deceuninck North America (DNA) increased by 33.7%% to € 111.2 million (at constant exchange rates, sales increased 11.6 %), primarily driven by new customer development on the back of DNA's superior service levels. In addition the Group benefited from a positive climate for both renovation and new housing. Over 1.1 million new (single and multi family combined) homes were started (2014: 1.0 million) and the most relevant housing market indicators suggest continued market confidence.

North America represents 17 % of 2015 consolidated sales compared to 15% in 2014.

In December DNA broke ground on its new Western U.S. production facility that is located in Fernley, NV, near Reno. The construction of a new 50,000m<sup>2</sup> building, designed for up to 24 extrusion lines, will allow DNA to efficiently service to new customers on the US West Coast.

## **2.2. Results**

### **Gross profit**

Gross-margin improved to 28.2% (2014: 27.3%), which is mainly explained by further manufacturing efficiencies. There was a limited favourable impact lower raw material cost but this was largely offset by unfavourable currencies.

### **EBITDA**

EBITDA increased to € 54.4 million or 8.4% of sales (2014: € 35.3 million or 6.4% of sales) as a result of higher volumes, improved gross margin and strict control over operating expenses. Operating expenses grow 9.6% to € 152.9 million, mainly driven by the Pimaş acquisition and further organic growth, and include start-up costs of our ongoing efficiency and growth initiatives. EBITDA also includes a € 2.4 million gain on the sale of the Izmir site.

REBITDA was € 56.5 million or 8.8% of sales (2014: € 36.6 million). Restructuring costs mainly amounted to € 2.2 million.

### **EBIT**

Operating result (EBIT) was € 26.9 million (2014: €14.3 million) resulting in an EBIT-margin of 4.2% compared to 2.6% in 2014.

Non cash costs amount to € 27.5 million against € 21.0 million in 2014. Non cash costs are € 6.5 million higher mainly as a result of € 5.3 million higher depreciations. explained by the Pimaş acquisition and higher capital investments, and one-off non cash income recorded in 2014.

### **Financial result**

Financial result was € -10.0 million (2014: € -7.5million). The increase is primarily explained by the IFRS accounting treatment of euro denominated loans in Turkey. This results in a € 1.7 million non cash cost in financial result, which is offset by the same amount recorded in equity, and the one off write-down of capitalised expenses related to the 2015 refinancing. In December 2015 Deceuninck successfully issued a € 100 million retail bond, which provided € 40 million additional liquidity. This will be used to finance further efficiency and growth investments, among which the new facilities in Turkey and on the US West Coast.

### **Income taxes**

Income tax expense amounted to € 3.5 million against a € 3.6 million favourable income tax in 2014, which is mainly explained by the increased profitability of the Group. The favourable income tax in 2014 related mainly to the recognition of deferred tax assets at Deceuninck North America.

### **Net profit**

The net profit in 2015 was € 13.3 million against €10.5 million in 2014.

### **Working capital**

Trade working capital increased from € 124.6 million (22.5% on 2014 sales) on 31 December 2014 to € 142.9 million (22.2% on 2015 sales) on 31 December 2015.

Trade receivables increased by € 5.7 million compared to 31 December 2014 as a result of higher sales in the 4<sup>th</sup> quarter. Days outstanding (DSO) decreased year-on-year as a result of strict receivables management. Total factoring remained more or less stable and amounted to € 16.2 million at 31 December 2015 (31 December 2014: € 16.0 million).

Inventories increased by € 2.0 million while trade payables decreased year-on-year by € 10.6 million.

### **Capital Expenditures**

Capital expenditures (capex) in 2015 were € 38.7 million against € 31.3 million in 2014, including part of the cost of the new extrusion factory in Menemen as well as investments related to the integration of Pimaş.

Maintenance capex including new extrusion tools amounts to € 19.2 million.

### **Net financial debt**

The net financial debt at 31 December 2015 amounted to € 92.1 million against € 71.0 million at 31 December 2014. This increase is mainly due to the decision to increase working capital and to further invest in manufacturing efficiency and growth.

### **Equity**

Equity increased by € 4.8 million to € 269.3 million from € 264.5 million at 31 December 2014, as net profit of € 13.3 million was largely offset by unfavourable currency translation adjustments in equity (7.2 million) and the € 2.7 million dividend payment.

The gearing was 34.2% at 31 December 2015 against 26.8 % at 31 December 2014.



## Dividend

The Board of Directors will recommend at the Annual General Meeting on 10 May 2016 to increase the gross dividend payment to € 0.025 per share for the financial year 2015.

## Headcount

On 31 December 2015 Deceuninck employed worldwide 3,593 full time equivalents (FTEs) (including temporary workers and external staff) (31 December 2014: 3,434).

## Financial calendar 2016

10	May	2016	1Q 2016 trading update
10	May	2016	Annual Shareholders Meeting at 11 am
20	July	2016	1H 2016 results
21	October	2016	3Q 2016 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 serves >4000 customers in 91 countries from 14 factories and 22 warehouses located in 19 countries in North & South America, Europe (incl. Russia & Turkey) and Asia. Deceuninck employs 3600 people across all continents.

The head office of the Group is located in Belgium.

The Deceuninck Group achieved sales of € 644.5 million in 2015 with a net result of € 13.3 million.

Contact Deceuninck: Ludo Debever • T +32 51 239 248 • M +32 473 552 335 • [ludo.debever@deceuninck.com](mailto:ludo.debever@deceuninck.com)



## Annexe 1: consolidated income statement

For the 12 month period ended 31 December (in € thousand)	2014	2015
<b>Sales</b>	<b>552,814</b>	<b>644,524</b>
Cost of goods sold	-402,020	-462,522
<b>Gross profit</b>	<b>150,794</b>	<b>182,002</b>
Marketing, sales and distribution expenses	-95,233	-104,465
Research and development expenses	-6,707	-7,643
Administrative and general expenses	-37,592	-40,818
Other net operating result	1,182	-2,127
<b>Operating profit before gain from bargain purchase</b>	<b>12,445</b>	<b>26,949</b>
Gain from bargain purchase	1,862	-96
<b>Operating profit (EBIT)</b>	<b>14,307</b>	<b>26,853</b>
Financial charges	-17,207	-17,473
Financial income	9,755	7,483
<b>Profit before taxes (EBT)</b>	<b>6,856</b>	<b>16,864</b>
Income taxes	3,603	-3,522
<b>Net profit</b>	<b>10,458</b>	<b>13,341</b>

### The net profit is attributable to:

Shareholders of the parent company	10,586	13,582
Non-controlling interests	-128	-241

### Earnings per share distributable to the shareholders of the parent company (in €):

Normal earnings per share	0.08	0.10
Diluted earnings per share	0.08	0.10

## Annexe 2: consolidated statement of financial position

(in € thousand)	31 December 2014	31 December 2015
<b>Assets</b>		
Intangible fixed assets	5,922	5,392
Goodwill	10,871	10,741
Tangible fixed assets	215,649	218,802
Financial fixed assets	66	65
Deferred tax assets	21,080	19,013
Long-term receivables	1,068	1,105
<b>Non-current assets</b>	<b>254,657</b>	<b>255,118</b>
Inventories	93,417	95,454
Trade receivables	115,826	121,484
Other receivables	8,677	16,424
Cash and cash equivalents	29,046	70,720
Fixed assets held for sale	2,060	3,473
<b>Current assets</b>	<b>249,026</b>	<b>307,553</b>
<b>Total assets</b>	<b>503,684</b>	<b>562,671</b>
<b>Equity and liabilities</b>		
Issued capital	52,912	53,257
Share premiums	85,927	86,777
Consolidated reserves	169,423	180,968
Cash flow hedge reserve	-91	-72
Actuarial gains / losses	-3,864	-2,425
Treasury shares	-261	-261
Currency translation adjustments	-44,316	-52,992
<b>Equity excluding non-controlling interest</b>	<b>259,731</b>	<b>265,253</b>
Non-controlling interest	4,758	3,999
<b>Equity including non-controlling interest</b>	<b>264,489</b>	<b>269,252</b>
Interest-bearing loans	14,635	143,486
Long-term provisions	24,962	25,119
Deferred tax liabilities	5,771	4,581
<b>Non-current liabilities</b>	<b>45,368</b>	<b>173,186</b>
Interest-bearing loans	85,396	19,324
Trade payables	84,670	74,070
Tax liabilities	6,224	6,933
Employee related liabilities	9,702	12,434
Short-term provisions	777	1,127
Other liabilities	7,058	6,345
<b>Current liabilities</b>	<b>193,826</b>	<b>120,233</b>
<b>Total equity and liabilities</b>	<b>503,684</b>	<b>562,671</b>

### Annexe 3: consolidated statement of cash flows

For the 12 month period ended in 31 December (in € thousand)	2014	2015
<b>Operating activities</b>		
Net profit	10,458	13,341
Depreciations of (in)tangible fixed assets	22,147	25,260
Impairments on (in)tangible fixed assets	919	1,276
Gain from bargain purchase	-1,862	
Provisions for pensions and other risks & charges	-2,991	1,930
Impairments on current assets	2,810	-932
Net financial charges	7,451	9,989
Profit on sale of tangible fixed assets	-120	-1,533
Loss on sale of tangible fixed assets	84	100
Income taxes	-3,603	3,522
Share-based payment transactions settled in equity	528	642
<b>Cash flow from operating activities before movements in working capital and provisions</b>	<b>35,822</b>	<b>53,596</b>
Decrease / (increase) in trade and other receivables	-12,780	-17,971
Decrease / (increase) in inventories	-6,736	-2,277
Increase / (decrease) in trade payables	12,308	-7,552
Decrease / (increase) in other non-current assets	238	12
Decrease / (increase) in other current assets	362	-5,894
Increase / (decrease) in other non-current liabilities	0	-364
Increase / (decrease) in other current liabilities	-108	4,572
<b>Cash flow generated from operating activities</b>	<b>29,106</b>	<b>24,123</b>
Interest received	1,058	1,735
Income taxes paid (-) / received (+)	-1,239	-3,545
<b>Cash flow from operating activities</b>	<b>28,925</b>	<b>22,313</b>
<b>Investing activities</b>		
Cash receipts on sale of tangible fixed assets	763	5,297
Purchases of tangible fixed assets	-31,018	-37,839
Purchases of intangible fixed assets	-315	-906
Acquisition of subsidiaries, net of cash	-15,256	
Other transactions	301	0
<b>Cash flow from investing activities</b>	<b>-45,524</b>	<b>-33,448</b>
<b>Financing activities</b>		
Capital increase	49,939	1,195
New (+) / repayments (-) of long-term debts	-7,019	108,791
New (+) / repayments (-) of short-term debts	-9,709	-40,583
Interests paid	-5,120	-7,664
Dividends paid	-2,151	-2,679
Other financial items	-1,102	-4,375
<b>Cash flow from financing activities</b>	<b>24,839</b>	<b>54,685</b>
<b>Net increase (+) / decrease (-) in cash and cash equivalents</b>	<b>8,240</b>	<b>43,551</b>
<b>Cash and cash equivalents as per beginning of period</b>	<b>21,715</b>	<b>29,046</b>
Impact of exchange rate fluctuations	-908	-1,877
<b>Cash and cash equivalents as per end of period</b>	<b>29,046</b>	<b>70,720</b>