

Press release

Regulated information – H1 2016 results

Under embargo until Friday 26 August 2016 at 7:00 a.m. CET

H1 2016: Sales grow to € 330.2m (+5.8% vs. H1 2015) with 9.9% REBITDA (vs. 8.2% in H1 2015)

- Sales increased 5.8% primarily driven by strong business development on the back of superior quality and service, and enabled by further capacity investments
- REBITDA increased to 9.9% thanks to improved operating leverage, further efficiency improvements, and the phase out of certain low margin products. Negative exchange rate fluctuations and higher raw material prices in certain regions are being compensated by price increases.
- Strategic projects in Turkey (new Menemen factory and integration of Gebze factory) and US (new West Coast factory) are on track. This, together with the ambition to invest further in efficiency and new technologies, will result in significantly higher CAPEX levels in both 2016 and 2017.

Francis Van Eeckhout, CEO, comments on the progress of the company:
"We are pleased with our H1 2016 results, which are in line with our expectations, and the progress we are making with the implementation of our operating plan. We however closely monitor the increased macro-economic uncertainty in some of our key markets."

1. Key figures

1.1. Income Statement

(in € million)	H1 2015	H1 2016	Var (%)
Sales	312.1	330.2	5.8%
Gross profit	90.7	103.6	14.2%
Gross-margin (%)	*29.1%*	*31.4%*	
EBITDA (*)	25.4	34.6	36.4%
REBITDA	25.6	32.5	27.0%
REBITDA-margin (%)	*8.2%*	*9.9%*	
EBIT	12.0	21.2	75.8%
Financial result	(4.6)	(5.8)	
EBT	7.5	15.4	
Income taxes	(2.7)	(2.3)	
Net profit	4.7	13.1	

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1.2. Balance Sheet

(in € million at June 30)	2015	2016	
Total assets	532.3	596.1	12.0%
Equity	264.3	279.0	5.6%
Net debt	92.1	109.1	18.4%
Capital expenditure	12.5	32.6	160.3%
Working capital	151.7	161.1	6.2%

2. Management Statement

2.1. Sales

% of sales	Total 1H	Western Europe	Central & Eastern Europe	Turkey & Emerging Markets	North America
Sales (in € million) **2015**	**312.1**	**88.2**	**78.5**	**93.3**	**52.1**
Volume	5.3%	1.9%	(2.4%)	11.3%	11.8%
Exchange rate	(5.6%)	(1.0%)	(3.5%)	(14.9%)	0.0%
Other (price & mix)	6.2%	6.6%	3.3%	14.2%	(4.6%)
Total	**5.8%**	**7.4%**	**(2.6%)**	**10.5%**	**7.2%**
Sales (in € million) **2016**	**330.2**	**94.7**	**76.4**	**103.2**	**55.9**

H1 2016 sales in **Western Europe** increased 7.4% to € 94.7 million (H1 2016: € 88.2 million). This was driven by new product launches and competitive wins as well as a one-off project income, and supported by an on average modest market growth. Higher raw material prices are being compensated by price increases and low margin products are being phased out.

In **Central & Eastern Europe** H1 2016 sales expressed in euro decreased by 2.6% to € 76.4 million (H1 2015: € 78.5 million), as the positive effect of new business development and the launch of new products has been offset by the decision to phase out a low margin product range, the further contraction of the Russian market and the depreciation of the ruble.

The region **Turkey & Emerging Markets** predominantly serves the domestic market in Turkey, which represents ± 90% of total sales of the region. H1 2016 sales expressed in euro increased by 10.5% to € 103.2 million (H1 2015: € 93.3 million), driven by exceptionally strong business development despite the contraction of the Turkish market. Price increases have been implemented to offset the depreciation of the Turkish Lira and the resulting increase of USD denominated raw material costs. At constant exchange rates sales grew 25.3%.

Sales of **Deceuninck North America** expressed in euro increased year-on-year by 7.2% to € 55.9 million (H1 2015: € 52.1 million), thanks to strong business development on the back of superior quality and service, and supported by an estimated 4%-6% market growth, which is partially offset by the divestment of the decking business in January 2016. FX (Foreign Exchange) impact is negligible.

2.2. Operating results

Gross-margin increased to 31.4% (H1 2015: 29.1%). Gross margin improved as a result of improved operating leverage and the phase out of selected low margin products. Negative exchange rate fluctuations and higher raw material prices in certain regions are being compensated by price increases.

REBITDA* increased to € 32.5 million or 9.9% of sales (H1 2015: € 25.6 million or 8.2% of sales) as a result of the improved gross margin and operating leverage. This, combined with a one time € 3.0m capital gain related to the divestment of the US decking business, resulted in an **EBITDA** increase to € 34.6 million (H1 2015: € 25.4 million)

Operating result (EBIT) was € 21.2 million (H1 2015: € 12.0 million). Depreciation charges amount to € 13.5 million against € 13.3 million in H1 2015.

Financial result was € (5.8) million (H1 2015: € (4.6) million). Interest expenses were € 1 million higher mainly due to higher net debt.

Income tax expense amounted to € 2.3 million (H1 2015: € 2.7 million). Tax expenses were lower year-on-year as higher profitability has been offset by a more favourable country mix and tax incentives related to the new factory in Menemen (TR).

The **net profit** in H1 2016 was € 13.1 million versus € 4.7 million in H1 2015.

2.3. Balance sheet

Trade working capital at 30 June 2016 amounted to 24.3% of LTM (Last Twelve Months) sales as compared to 22.2% on 2015 sales at 31 December 2015, due to seasonal fluctuations and the advance payment of certain investments. Total factoring amounted to € 34.8 million at 30 June 2016.

Capital expenditures in H1 2016 amounted to € 32.6 million compared to € 12.5 million in H1 2015 which reflects the impact of the large strategic investments in Turkey and the United States.

The **net financial debt** at 30 June 2016 amounted to € 109.1 million against € 92.1 million at 31 December 2015. This increase is explained by the fact that the increased profitability as well as the € 6m proceeds of the US decking divestment have been offset by higher working capital and the ongoing strategic investments.

2.4. Outlook

Assuming no material macro-economic disturbance in our key regions, growth is expected to continue throughout 2016 on the back of innovative product launches and superior quality and service.

**(R)EBITDA has been redefined. EBITDA is EBIT excluding depreciation/ impairments of fixed assets as well as amortisation/impairment of goodwill and effect of negative goodwill.*
REBITDA is defined as EBITDA excluding non-recurring costs/benefits,eg restructuring costs.

Financial calendar 2016

21	October	2016	3Q 2016 trading update

End of press release

About Deceuninck

Founded in 1937, Deceuninck is a top 3 independent manufacturer of PVC and composite profiles for windows and doors, outdoor living, roofline & cladding and interior applications.
Headquartered in Hooglede-Gits (BE), Deceuninck is organised in 4 geographical segments: Western Europe, Central & Eastern Europe, North America and Turkey & Emerging Markets.
Deceuninck operates 14 vertically integrated manufacturing facilities, which together with 22 warehousing and distribution facilities guarantee the necessary service and response time to Customers. Deceuninck strongly focuses on innovation, ecology, design.

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Sales 2015	People	Customers	Countries	Logistic centres
€ 644.5 miljoen	3,600	>4,000 klanten	91	22

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Annexe 1: consolidated income statement

For the six month period ended 30 June (in € thousand)	2015 Unaudited	2016 Unaudited
Sales	**312,114**	**330,187**
Cost of goods sold	(221,426)	(226,590)
Gross profit	**90,688**	**103,597**
Marketing, sales and distribution expenses	(54,732)	(55,449)
Research and development expenses	(4,131)	(4,356)
Administrative and general expenses	(21,358)	(22,844)
Other net operating result	1,581	227
Operating profit (EBIT)	**12,048**	**21,176**
Financial charges	(16,218)	(11,380)
Financial income	11,647	5,588
Profit before taxes (EBT)	**7,478**	**15,383**
Income taxes	(2,745)	(2,256)
Net profit	**4,732**	**13,127**

The net profit is attributable to:		
Shareholders of the parent company	4,748	13,036
Non-controlling interests	(16)	90

Earnings per share distributable to the shareholders of the parent company (in €):		
Normal earnings per share	0.04	0.10
Diluted earnings per share	0.03	0.09

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Annexe 2: consolidated statement of financial position

(in € thousand)	31 December 2015 Audited	30 June 2016 Unaudited
Assets		
Intangible fixed assets	5,392	5,071
Goodwill	10,741	10,739
Tangible fixed assets	218,802	234,786
Financial fixed assets	65	65
Deferred tax assets	18,962	18,128
Long-term receivables	1,105	1,219
Non-current assets	**255,066**	**270,009**
Inventories	95,454	109,700
Trade receivables	121,484	137,585
Other receivables	16,424	19,705
Cash and cash equivalents	70,720	56,192
Fixed assets held for sale	3,473	2,864
Current assets	**307,553**	**326,046**
Total assets	**562,620**	**596,055**
Equity and liabilities		
Issued capital	53,257	53,314
Share premiums	86,777	86,884
Consolidated reserves	180,969	190,911
Cash flow hedge reserve	(91)	(91)
Actuarial gains / losses	(2,634)	(4,002)
Treasury shares	(261)	(261)
Currency translation adjustments	(52,765)	(51,808)
Equity excluding non-controlling interest	**265,253**	**274,949**
Non-controlling interest	3,999	4,030
Equity including non-controlling interest	**269,252**	**278,979**
Interest-bearing loans	143,486	141,479
Long-term provisions	25,119	25,950
Deferred tax liabilities	4,529	3,693
Non-current liabilities	**173,134**	**171,122**
Interest-bearing loans	19,324	23,764
Trade payables	74,070	86,186
Tax liabilities	6,933	9,806
Employee related liabilities	12,434	15,159
Short-term provisions	1,127	787
Other liabilities	6,345	10,252
Current liabilities	**120,233**	**145,955**
Total equity and liabilities	**562,620**	**596,055**
Total net debt	**92,091**	**109,052**

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Annexe 3: consolidated statement of cash flows

For the six month period ended in 30 June (in € thousand)	2015 Unaudited	2016 Unaudited
Operating activities		
Net profit	4,732	13,127
Depreciations of (in)tangible fixed assets	12,756	12,719
Impairments on (in)tangible fixed assets	590	752
Provisions for pensions and other risks & charges	687	(1,222)
Impairments on current assets	1,093	921
Net financial charges	4,571	5,793
Profit on sale of tangible fixed assets	(1,609)	(1,469)
Loss on sale of tangible fixed assets	147	955
Income taxes	2,745	2,256
Share-based payment transactions settled in equity	270	276
Cash flow from operating activities before movements in working capital and provisions	**25,982**	**34,108**
Decrease / (increase) in trade and other receivables	(17,026)	(20,281)
Decrease / (increase) in inventories	(15,270)	(15,698)
Increase / (decrease) in trade payables	(140)	13,295
Decrease / (increase) in other non-current assets	(89)	(125)
Decrease / (increase) in other current assets	(8,269)	2,200
Increase / (decrease) in other non-current liabilities	7	340
Increase / (decrease) in other current liabilities	8,355	5,361
Cash flow generated from operating activities	**(6,450)**	**19,200**
Interest received	584	614
Income taxes paid (-) / received (+)	(447)	(222)
Cash flow from operating activities	**(6,312)**	**19,592**
Investing activities		
Cash receipts on sale of tangible fixed assets	5,510	3,639
Purchases of tangible fixed assets	(11,874)	(32,358)
Purchases of intangible fixed assets	(647)	(238)
Other transactions	1	47
Cash flow from investing activities	**(7,010)**	**(28,909)**
Financing activities		
Capital increase	213	172
New / (repayments of) long-term debts	11,272	1,353
New / (repayments of) short-term debts	11,363	1,201
Interests paid	(4,471)	(2,320)
Dividends paid	(2,679)	(3,371)
Other financial items	(2,735)	(1,712)
Cash flow from financing activities	**12,963**	**(4,677)**
Net increase / (decrease) in cash and cash equivalents	**(360)**	**(13,994)**
Cash and cash equivalents as per beginning of period	**29,046**	**70,720**
Impact of exchange rate fluctations	49	(534)
Cash and cash equivalents as per end of period	**28,735**	**56,192**