deceuninck

Press release

Group expects better results in 2005

High raw materials prices and strategic costs impact the Deceuninck operating result

Hooglede-Gits, 17 March 2005. – Group Deceuninck, a worldwide leading manufacturer of PVC window systems and profiles for the construction industry, today publishes its annual results. Deceuninck realised a consolidated turnover of 582.1 million euros in 2004. The EBIT is 23.1 million euros (2003: 54 million euros) while the operating cash flow (EBITDA) is 74.8 million euros (2003: 90.9 million euros). At the end of 2004 the working capital was reduced drastically, thus lowering the financial debt to 163 million euros, compared with 178 million euros at the end of June. All figures were reported according to IFRS standards. The acquisition of Winsa in Turkey has been included in the consolidated figures as from 1 December 2004.

Deceuninck has just completed an exceptionally difficult year. In addition to a continuous increase in the price of PVC resins and additives, sales in a number of key regions, notably the United States and Poland, followed an unusual pattern.

2004 results

<u>Sales</u>
Turnover is up by 23.7% to 582.1 million euros. Deceuninck primarily owes this rise to the first-time consolidation of Thyssen Polymer during the first six months of the year and a robust internal rise in volume during the first half year (+12.7%). This increase in volume was characterised by a hoarding effect in Poland due to the increase in VAT on construction products from 7% to 22% from accession to the European Union on 1 May 2004, strong growth in other Eastern European countries and a striking rise in turnover in Western Europe. In contrast, the United States failed to kick-start and continued to perform weakly for six months.

Turnover only climbed by 0.6% during the second, usually strong, half. This can be put down to a drop in turnover in Poland by over 30% in both Deceuninck branches, a weak economic climate for construction in Germany and the United States, and slower growth in the more mature regions, i.e. the United Kingdom, France and Belgium. Turnover continued to rise sharply in Turkey and other East European countries. Deceuninck also had a strong second half in Spain.

<u>Raw materials</u>
In Europe the price <u>index</u> of raw materials (KI) rose by almost 30% on an annual basis. In the United States the CMAI <u>index</u> climbed by over 26% compared with 2003. Robust global demand in the face of limited production capacity and high ethylene prices are the main explanations for this. Passing on the increased raw materials cost to windows manufacturers and construction product traders came on-stream late and was more difficult to implement than expected in a number of regions, especially Poland and Germany.

Raw materials prices in Europe remained stable at a high level during the first two months of this year; however, a further rise of 4% was recorded in the United States. Deceuninck, therefore, does not expect any easing of the pressure on raw materials prices before 2006. Consistently high raw materials prices are assumed for all of 2005.

<u>Operating result</u>
The operating cash flow (EBITDA) fell by 17.7% to 74.8 million euros compared with 90.9 million euros in 2003. The most significant reason for this fall is the impact of the sharply increased raw materials cost. Deceuninck succeeded in offsetting this impact substantially through economies of scale after the acquisition of Thyssen Polymer. The EBITDA

NP euronext NextPrime

was also influenced by the costs for the strategic and one-off projects which accounted for 10.1 million euros. In contrast, the increased volume, amounting to 7.6 million euros, was a positive factor.

The increase in the write down of working capital, the rise in non-cash costs derived from acquisitions and additional write downs due to the sharply increased investments in recent years were the main factors for the drop in the operating result (EBIT) to 23.1 million euros.

Financial debt
A substantial effort was made in all divisions in the fourth quarter to reduce the working capital, which lowered the net financial debt compared to the first half of 2004 by 23.5 million euros to 163 million euros.

Investments
The investments amounted to 62.6 million euros (including the asset deal with Winsa). The difficult economic environment in 2004 did not prevent Deceuninck from continuing its investments in strategic projects, including geographical expansion in the growth markets of Russia and Turkey, the continued launch of the new Zendow window concept and the launch of wood composite products in the United States and Europe.

Dividend

The Board of Directors will propose to the Annual General Meeting of Shareholders to maintain the dividend for the financial year 2004 at the same level of 2003. If this proposal is accepted, the gross dividend will be 0,2360 euro per share. This corresponds to a net dividend of 0,1770 per share. The dividend will be payable as from 24 May 2005.

Prospects for 2005

Turnover and results
In 2005 Deceuninck expects turnover growth of 5 to 10% with a substantial increase in the operating result (EBIT) and operating cash flow (EBITDA).

Streamlining projects
Streamlining programmes are currently running in the United States, the United Kingdom and Poland. The Deceuninck Group wishes to draw greater benefit from synergy effects through enhanced co-operation among the various divisions that operate in these regions.

Deceuninck will publish the trading update of the first quarter of 2005 on 14 April.

Deceuninck is an integrated group of world format, specialised in compounding, design, development, extrusion, finishing, recycling and injection moulding of PVC-U systems and profiles for the building industry. The company is active in more than 60 countries, has 32 subsidiaries (production and/or sales) and is supported by 3043 personnel, 670 of them in Belgium. In 2004 the Deceuninck Group achieved consolidated sales of 582.1 million euros.

(End of press release)

* * *

Note to the editors: for more information, please contact:
DECEUNINCK, Ludo Debever, tel. +32 (0)51/23 92 48 or +32 (0)473/55 23 35, email: ludo.debever@deceuninck.com
or
ANTHONISSEN & ASSOCIATES, Peter Frans Anthonissen, tel. +32 (0)3/286 77 77.
www.deceuninck.com

* * *

Survey of the key figures of Deceuninck Group

The results mentioned below (both 2003 and 2004) have been reported in line with IFRS (International Financial Reporting Standards) standards.
The statutory auditor has confirmed that the audit activities, which are essentially completed, have not revealed any need for significant correction of the accounting information contained in the press release.

Figures in millions euro	**31.12.03**	**31.12.04**	**Var %**
Sales	470.487	582.143	23,7
EBITDA (1)	90.908	74.797	- 17,7
EBITDA margin	19,3	12,8	
EBITA (2)	57.509	27.984	- 51,3
EBITA margin	12,2	4,8	
EBIT (Operating result) (3)	53.955	23.073	- 57,2
EBIT margin	11,5	4,0	
Financial result	-10.879	-6.418	- 41,0
EBT (4)	43.075	16.656	- 61,3
% Sales	9,2	2,9	
Net income before goodwill (5)	32.201	14.816	- 54,0
% Sales	6,8	2,5	
Taxes	14.074	6.260	
Consolidated result	29.001	10.395	- 64,2
% Sales	6,2	1,8	
Income Group	28.647	9.906	- 65,4
% Sales	6,1	1,7	
EPS (non diluted) (6)	1,35	0,47	
EPS before goodwill	1,49	0,70	
Equity	202.049	204.670	
Total assets	487.645	503.246	
% Equity	41,4	40,7	
Net debt (7)	-152.169	-162.925	
Working capital (8)	137.225	136.979	

(1) EBITDA = Earnings Before Interest, Taxes, Depreciation, Amortization and Provisions
(2) EBITA = Earnings Before Interest, Taxes, Amortization of goodwill
(3) EBIT = Earnings Before Interest and Taxes
(4) EBT = Earnings Before Taxes
(5) Net income before goodwill = current net profit
(6) EPS (non diluted) = earnings per share
(7) Net financial debt = cash and cash equivalents – financial debt
(8) Working capital = trade receivables + inventories – trade payables