

## Press release

# Deceuninck sales rise by 10% in second quarter

Striking recovery in the Benelux countries and France

Growth rate accelerates in growth markets

**Hooglede-Gits, 14 July 2005. – Group Deceuninck, a worldwide leading manufacturer of PVC window systems and profiles for the construction industry, announces today that its turnover rose by 10% to 172 million euros during the second quarter compared with the second quarter of 2004. For the full half-year this amounts to an increase of about 6% to 297 million euros. The turnover development thus remains in line with expectations that sales will rise by 5 to 10% this year. It appears that PVC resin prices have passed their peak. However, despite the slight decrease in Europe, they remain at an historically high level. The exchange rate and turnover from divested activities together had a positive impact of 2.7%. The volume sold rose by 2.4%.**

### *Western Europe*

Sales of Deceuninck products in Western Europe are dominated by the innovative window line **zendow®**, which is currently being introduced throughout the Benelux and has been very positively received by both architects and end consumers. This has translated into a turnover increase of more than 15%. A similar trend can be observed in France, where Deceuninck is the uncontested market leader and where all Deceuninck window manufacturers have switched over to the **zendow®** series. Deceuninck has succeeded in expanding its market position in both France and the Benelux. This is also true for Spain, where the vigorous growth of the first quarter continued undiminished, with turnover rising there once again by more than 25%. At Thyssen Polymer, intensive work continues on the ambitious complexity reduction programme and the launch of the window platform line, Elite (which is the equivalent of **zendow®**).

Thanks to the excellent performance in both the mature markets and the growth markets in Western Europe, Deceuninck succeeded in offsetting the drop in sales in the saturated British and German markets, where sales fell by more than 5%. This is in line with the most recent market information, which forecasts a market decline of between 5 to 10% for the United Kingdom and a further decrease in the total window market of more than 6% for Germany.

### *Eastern Europe*

Sales in Poland continued to suffer from the after-effects of the VAT increase in 2004. Sales only began rising once again in June 2005, although they still remained significantly below the 2003 level. However, the drop in sales in Poland has been offset by sales growth in the Czech Republic and surrounding regions of more than 30%, as well as the sales performances in Russia, which are going according to plan. Preparations for starting up a local extrusion production site in Russia are continuing. The establishments in Romania and Bulgaria also delivered exemplary performances, and with sharply increased sales were able to further strengthen their market position.

### *The United States*

The sale of window systems continued to rise in the second quarter as well. Deceuninck North America concludes the first half of the year with a turnover increase of more than 12% (expressed in USD) compared to the first half of 2004. It is expected that this trend will continue for the remainder of the year.

### *Turkey*

Once again, Turkey outperformed everyone else. In June, for the first time since its foundation, the turnover of the Deceuninck division Ege Profil surpassed the threshold of 10 million euros. On a quarterly basis, this represents more than a doubling, while for the first half of the year this amounts to an increase of more than 80% compared to the first half of 2004. Naturally, the consolidation of Winsa played an important role here, but the sharply increased turnover for both the Winsa and Ege brands is attributable in the first instance to a domestic new construction market which continues to perform strongly, stimulated by lower interest rates on mortgage loans.

### *Wood composite*

During the first half of the year, the sale of wood composite decking in the United States amounted to around 4 million USD; however, the start-up of new customers has caused one to fall slightly behind the anticipated plan.

In Europe, the launch of the Twinson® wood composite products is fully under way. A first project will soon be implemented in Belgium.

### *Noise barriers*

The first half of the year saw a striking increase in sales and a substantially thicker order book for Cyclefoam® noise barriers, made of recycle from post-consumer rigid PVC building products. The additional tapping of the market segment of industrial construction projects is clearly generating results.

### *PVC resin prices*

Although PVC resin prices in Europe appear to have passed their peak, they remain at an historically high level. During the first half of 2005, the average price was more than 10% higher than during the first half of 2004.

In the United States, PVC resin prices reached their peak in March 2005, and they remained high until the end of June. Resin prices there have increased by more than 25% compared to the first half of 2004.

Deceuninck does not exclude the possibility that PVC resin prices will rise once again in the coming months.

Deceuninck is an integrated group of world format, specialised in compounding, tool fabrication, design, development, extrusion, finishing, gaskets, recycling and injection moulding of PVC-U systems and profiles for the building industry. The company is active in more than 60 countries, has 31 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.

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