

Press release

Deceuninck achieves 10% higher turnover for second quarter in a row

Hooglede-Gits, 13 October 2005. – Deceuninck Group, a worldwide leading manufacturer of PVC window systems and profiles for the construction industry, earned turnover of 178 million euros during the third quarter, which represents a rise of 11.3% compared with the same period last year. The currency effect had an impact on turnover of 2.8% during the third quarter. The increased volume and the contribution by Winsa led to a climb in turnover of 6.2%. During the first nine months of this year turnover went up to 475 million euros, which amounts to an increase of 7.7% compared with the same period last year. Deceuninck is thus on track to achieve a rise in turnover of more than 5% by the end of 2005.

Eastern Europe and Turkey continue to drive growth

Growth during the third quarter can be fully ascribed to strongly expanding Deceuninck business in the growth markets of Eastern Europe and Turkey, where a rise in turnover of over 30% and 70% respectively was attained during the third quarter. On an annual basis both regions account for almost one third of turnover.

Almost all regions grew in Eastern Europe. Poland succeeded in producing an increase in turnover for the first time since the increase in VAT on construction materials on 1 May of last year. Remarkable constant growth has been achieved by Deceuninck Spol, which operates in the Czech Republic, Slovakia and Hungary. On an annual basis it is recording a rise in turnover of over 30%. Sales activities are progressing according to schedule in Russia. Almost 50% more turnover was recorded in the third quarter than in the same period last year. Local production which was launched near Moscow last August is running according to plan.

Winsa in Turkey is being jointly consolidated for the first time. Growth here can also be ascribed to strong turnover expansion at Ege Profil, the Turkish division of Deceuninck in Izmir.

Turnover in Western Europe holds course despite difficult market circumstances

In Western Europe the trend of the second quarter was continued. Despite difficult market circumstances the sales divisions in Belgium and France succeeded in maintaining a solid position by introducing new products, such as the **zendow®** window system. **zendow®** also explains the remarkably good sales figures in the Netherlands. Similarly, Spain continued to perform well.

Consumer confidence was weak again in the United Kingdom, which was reflected in falling residential construction business. Moreover, budgets for the renovation of social housing and public buildings were only released with difficulty, despite the ongoing commitment by the British government. This is having an impact on local window manufacturers' order books. Construction also shrunk further in Germany, which led to a fall in turnover.



Sales still rising in the United States

The trend from the second quarter was also continued in the United States. On an annual basis the rise in turnover in the United States is almost 10%.

Wood composite

The turnover for wood composite terraces slowed down in the United States. However the potential remains strong. After a thorough market survey and thanks to sound co-operation with Alcoa Home Exteriors, with which Deceuninck signed a distribution contract in 2003, the range has recently been expanded to include new colours and improved surface structures to fulfil recent customer demands even more effectively. Alcoa also expects positive results from the intensive marketing drives planned for the fourth quarter. Deceuninck, therefore, views the future here confidently.

In Europe the launch of Twinson® terraces and façade covering profiles in wood composite is progressing at full speed. In contrast to the terrace systems in the United States Deceuninck perfected the technology itself. Given that this is a new material for Europe, it is anticipated that sales during the starting phase will move on stream slowly.

PVC resin prices

PVC resin prices began to rise again, in particular from September, due to the limited availability in Europe and the consequences of hurricane Katrina in the United States. During the third quarter inadequate quantities were already reported in the market, thus leading to interruptions in production. Further limited available quantities and very high ethylene prices during the fourth quarter create anticipation that resin prices will be at least at the same high levels as during the fourth quarter of last year. Deceuninck is closely examining how this sudden sharp rise in raw materials prices can be passed on to the market.

Expectations for 2005

Subject to reservations concerning sudden, unexpected developments relating to PVC resin prices and sourcing of stocks, Deceuninck is adhering to the previously forecast expectation that turnover at the end of 2005 will rise by 5 to 10% and the results will be better than last year.

2009 business plan

Deceuninck is making its 2009 business plan known on Thursday 27 October before the stock market opens.

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 3 000 personnel, 670 of them in Belgium. In 2004 the Deceuninck Group achieved consolidated sales of 582.1 million euros.

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