

Press release

Deceuninck expects average growth of 8% per year

The Deceuninck 2009 business plan assigns innovation, organic growth, enhanced productivity and further debt reduction a central role

Hooglede-Gits, 27 October 2005. – Deceuninck Group, a worldwide leading manufacturer of PVC window systems and profiles for the construction industry, expects to grow by an average of 8% per year compared with 2004 in the coming years. By 2009 Deceuninck expects turnover of about 850 million euros and an annual growth in the operating result of at least 20% on average. The business plan assumes stable but high raw materials prices at the 2004 level.

Deceuninck announced its 2007 business plan two years ago in 2003. At the time, it assumed turnover of 700 million euros, operating result of 10% and cash flow of 20% for 2007. "It is now time to reassess this business plan and we are also looking two years further ahead straight away," states Clement De Meersman, CEO of Deceuninck. "The macroeconomic environment has changed to such a degree that an adjustment is imperative. In addition to the previously unseen increases in raw materials prices we are confronted with sharply increased oil prices, which of course has an impact on haulage and energy bills. Our strategic markets are also developing faster than expected in terms of life-cycle phase, just like the level of competition which they have to cope with."

Deceuninck will continue to develop the projects launched in past years up to 2009. Innovative products and services and a further optimisation of productivity are of central importance here. Deceuninck expects an internal volume growth of an average of 8% per year compared with 2004 and turnover of about 850 million euros in 2009.

Innovation

Deceuninck expects the strongest growth from its new building profiles in wood composite, primarily in the United States but also in Europe. A wide range of opportunities still exists in residential and non-residential construction, in which traditional construction materials could be replaced by more durable, maintenance friendly and ecologically efficient variants in PVC or wood composite.

Organic growth thanks to growth markets and differentiation

Deceuninck expects significant internal growth for its window systems. In keeping with its corporate mission Deceuninck is focusing on products and processes with high added value.



In the traditional western markets Deceuninck expects the strong rising demand for coloured window systems to continue on an accelerated basis. Deceuninck is in an excellent position for this with its Deuctone range. Demand for a good basic product still predominates in growth markets, primarily Eastern Europe and Turkey. With its outstanding insulating characteristics and good price/quality ratio, a PVC window is still a winner. Deceuninck therefore expects a shift in its geographical volume distribution in favour of Turkey and Eastern Europe. Due to high expectations relating to sales of wood composite and a strong PVC window market, especially on the west coast, Deceuninck anticipates that turnover in the United States will also gain in importance in 2009.

Improvements in productivity

The platform and streamlining projects of recent years are being continued unabated and developed even more intensively. Takeovers of various sector counterparts and their integration have provided some synergy advantages. A range of synergy opportunities still exist. "These opportunities relate to all of our operational activities. A series of possibilities is also available for vertical integration," says De Meersman.

Debt reduction

The 2009 business plan assumes a further reduction in the net financial debt to approximately 100 million euros in 2009. This reflects a gearing of maximum 40%.

2009 goals

"We expect that the combination of continued innovation, organic growth, increased productivity and further debt reduction will lead to annual turnover growth of 8% on average compared with 2004. Moreover, we anticipate an annual rise in the operating result of at least 20% and an annual increase in cash flow of at least 12% up to 2009 compared with the difficult transitional year 2004," De Meersman also points out.

Expectations for 2005

Subject to reservations relating to unexpected developments in PVC resin prices during the last two months of this year, we expect turnover for 2005 in excess of 630 million euros, an improvement in the operating result (EBITA) by 20 to 30% and an enhancement in cash flow of 10 to 15% compared with 2004," adds Dirk Demeulemeester, CFO of Deceuninck.

Deceuninck is an integrated group of world format, specialised in compounding, tool fabrication, design, development, extrusion, finishing, recycling and injection moulding of PVC-U window systems and profiles and gaskets 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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