

Press release

Deceuninck's turnover increases by 13% to 142 million euros during first quarter of 2006

Hooglede-Gits, 13 April 2006. – “A more than decent start to the year 2006,” reported by the West Flemish Deceuninck group, a leading manufacturer of plastic window systems and building profiles. During the first quarter, when compared to the same period of 2005 the turnover increased by over 16 million euros to 142 million euros, and this despite a late and long winter period. The turnover increased in Europe, the United States and Turkey.

Regional trends

Europe

European turnover grew by 9 %. Demand grew more strongly in Eastern Europe than in Western Europe. Turnover grew by over 20% in almost all Eastern European regions where Deceuninck is active. Demand in Poland has also clearly grown in comparison to the first quarter of 2005.

In Western Europe growth has remained below average. Reason for this is the continuing decline in demand in the United Kingdom. On the other hand, sales in Germany, which was the Western European country that suffered most from the long winter, did not drop any further. The German subsidiary has managed to maintain the turnover generated in its market on a similar level as in the same period last year. Thanks to the announced government measures in Germany relating to energy-saving expenses and a improved economical climate, the German window sector is cautiously optimistic for the year 2006.

In our home markets of Belgium and the Netherlands the continuing, great demand for the new window system **Zendow®** laid the foundation for the best start to a year in over ten years. A clear movement towards high-quality coloured window systems can be seen. The unique positioning of coated Deceuninck window systems and the Deuctone® promotional campaign, in combination with the slender profiling and the improved insulation properties of the new **Zendow®** window, are behind this success.

Spain and France also performed well.

United States

The dollar turnover in the United States, which also saw a solid start in 2005, grew once again by over 10%.

Turkey

For the first time the basis for comparison is identical to the same period of last year. In March especially demand was very high, both at Ege Pen Deceuninck and at Winsa. However, the year started off slowly as a result of the fierce winter with heavy snowfall in the Marmara area, the economic heartland of Turkey. The turnover generated in the month of March did however ensure an overall turnover growth of over 20% in Turkey. This success is mainly based on the growing residential new construction sector in Turkey, a growing demand for coloured window systems and the increasing number of new window manufacturers both at Ege Pen Deceuninck and at Winsa.

Innovations

Zendow®

At the end of March the changeover to the **Zendow®** platform was completed, which immediately had repercussions on productivity, mainly at the productions plants in Gits (Belgium) and Roye (France).

Wood composite

The presentation of the Twinson® wood composite products o-terrace and o-face at the building trade fair Batibouw was an overwhelming success. “The first orders have been sent, but it is still too soon to see whether that enormous interest will in the short term convert into substantial turnover in 2006. The demand for information remains high,” said Clement de Meersman, CEO of Deceuninck.



In the United States turnover of wood composite decking boards grew by 40%. Again it's too early to draw any conclusions. The real season for the re-decking of terraces does not start until May.

Inoutic

Inoutic will be the new name for Thyssen Polymer. The new name, and the philosophy behind the name, were announced at the biennial meeting of the window sector on the occasion of the trade fair Fensterbau in Nuremberg. Inoutic alludes to the window as an interface between the interior (in) and the façade (out) of a building. In addition the German origin of the offered products guarantees well thought-out functionality and quality (Engineering) on the one hand and creativity (C) on the other hand.

Cost of raw materials

PVC resin prices in Europe (KI index) have seen a slight upward trend since January 2006. Raw material prices are expected to further increase over the next few months.

In the United States PVC resin prices rose by over 15% in comparison to the same quarter of last year. The high ethylene prices may keep PVS resin prices high for the remainder of 2006, with a slight downward trend towards the end of the year.

Prospects

"The good start to 2006 is a windfall that will spur us on to continue along the route that we have taken. If you start something off well, you're already half way. But we have to be careful not to start cheering just yet, and we have to keep both feet on the ground for the coming nine months. We are comparing this quarter to a weak first quarter in 2005. Moreover the first quarter is always the smallest in terms of turnover. The rise in raw material prices, already early on in the year and therefore at a time when the general demand for PVC resins is at its lowest, remains an important point of interest and will be tracked closely. That is why we will not change the turnover growth forecast of 5 to 10% for 2006. As far as the operational cash flow (EBITDA) and operating earnings (EBITA) are concerned, Deceuninck once again expects a better result than in 2005. This is based on stable but high raw materials prices," according to Clement De Meersman.

About 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 75 countries, has 31 subsidiaries (production and/or sales) and is supported by 3.000 personnel, 670 of them in Belgium. In 2005 the Deceuninck Group achieved consolidated sales of 643.7 million euros.

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