

Press Release

Deceuninck: 9% Increase in Volume in Europe and Turkey during First Quarter

Consolidated turnover for first quarter is 142.1 million euros.

Hooglede-Gits, 12 April 2007. – Deceuninck, worldwide leading producer of PVC window systems and construction profiles, reported today that its turnover in Europe and Turkey combined has increased by 8.2% when compared to the first quarter of 2006. In the United States the turnover, expressed in euros, dropped by 31%. This gives a total consolidated turnover for the first quarter of € 142.1 m (2006: € 143.4 m). The negative impact of currency exchanges was 3.5%. In Europe and Turkey combined, the volume increased by 9.1%. The changed geographical mix along with higher market prices resulted in an increase in the consolidated price level of 3.5%. Finally, there was negative impact of 1.7% for sales of raw materials to third parties in 2006, which were no longer reported in the sale of profiles from the first quarter of 2007.

Regional Trends

Europe

In Europe, the turnover increased by 6%, primarily driven by sales in the Eastern European growth markets which increased by more than 20%. In virtually all Eastern European regions, the growth of 2006 was further reinforced. In Russia and Ukraine combined, turnover increased by more than 50%. So this region represents a quarter of the turnover in Eastern Europe on its own. Even Poland managed to submit growth figures again.

In Western Europe, the high turnover figures of Deceuninck in France and in Benelux were striking. In both regions, turnover increased by more than 10%. In Germany, the sales of Inoutic were able to be maintained. The increase of the VAT rate by 3% from 1 January only had a minimum impact on the demand for PVC windows during the first few months. In the United Kingdom, the market situation remained difficult. The striking double digit growth in turnover in the non-fenestration product group opens up promising prospects for the future in the United Kingdom.

United States

In the United States, as expected, the turnover remained weak, just as in the fourth quarter of 2006. This is as a result of the crisis in the housing market, the unexpected cold snap during March and a weaker dollar. Expressed in euros, turnover fell by 31% (in dollars, this means a drop of 25%). It must be noted here that, during the first quarter of 2006, Deceuninck North America started strongly when compared with the other nine months. The drop in turnover from window systems was not as high as during the fourth quarter of 2006.

On February 15th, earlier than expected, the closure of the production in Oakland, which was announced in November, was completed. In the mean time the planned closure of the warehouse in the nearby Pompton Plains (New Jersey) was announced, in view of ending all activity there by the end of the first semester, six months earlier than originally expected.

The decreasing activity in the residential building construction has had its effect on the turnover in the wood composite products. The stock, which had built up during the fourth quarter of 2006 at the customer's, was sufficient to meet the lower demand during the first quarter of the year.

Turkey

Turkey has performed exceptionally well with an increase in turnover of more than 20%. During the first quarter of 2006, a comparable increase in turnover was logged with a Turkish Lira that was even stronger at the time.

Innovations

Twinson

In spite of the low season for terraces, the sale of Twinson products in Europe has had a promising start. Just as in the previous year, Twinson was able to generate massive interest at various building exhibitions at home and abroad. During the first quarter, the production capacity doubled as planned.

Prices of Raw Materials

The PVC resin prices in Europe (KI index) were 13% higher in the first quarter of 2007 than during the same period in 2006. Since January 2007, the prices of raw materials remained stable but at a high level. In spite of the high ethylene prices and high demand, no further price increases are expected during the next few months. Due to weak construction activity, the price for PVC resin in the United States decreased during January and February by more than 15%.

Outlook

"The first quarter is, as always, the least predictable and the smallest. When it became apparent that the decline in the American housing market was not a temporary phenomenon, we were not really surprised. Fortunately, we had anticipated this in time with our cost-saving projects. The persistently weak construction industry was the signal for us to accelerate the planned restructuring," replied Clement De Meersman, Chief Executive Officer of Deceuninck. "The volume growth in Europe and Turkey is on schedule. Including America, the sold volume of window systems increased again by nearly 5%. For our Twinson products in Europe, the year had a promising start. Additionally we have managed to compensate for the strongly increased raw materials prices by, on the one hand increased market selling prices and, on the other, through better productivity. For the whole year in 2007, we maintain the earlier reported increase in consolidated turnover between 5 and 10 % and a EBITDA margin of at least 10%," added 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 and wood composite applications for the building industry. The company is active in more than 75 countries, has 31 subsidiaries (production and/or sales) and is supported by 2.900 personnel, 710 of them in Belgium. In 2006 the Deceuninck Group achieved consolidated sales of 663 million euros.

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