

Press Release

Recurrent Sales 2007 increase slightly to 656.2 million euro

4th quarter recurrent sales amount to 157.8 million euro (2006: 163.9 million euro)

Hooglede-Gits, 17 January 2008. – In 2007, the recurrent sales of the Deceuninck Group, a leading worldwide manufacturer of window systems and building profiles, increased slightly by 0.4% to 656.2 million euro (2006: 653.9 million euro). Excluding the United States, the recurrent sales increased by 7.5%. As a result of stopping wood composite activities in the United States, the group's marketed volume decreased by 2.2%. Excluding the effect of these wood composite sales, the volume sold increased by 0.9% on an annual basis. Year on year, foreign currencies had a negative impact of 0.7%.

Despite challenging market circumstances in the United States, Germany and the United Kingdom – in 2006 still responsible for 35% of the total sales – Deceuninck managed to increase the recurrent sales by 0.4%. Recurrent sales are the proceeds from the sale of normal sales after deduction of the non comparable sales. The impact of the latter amounts to 8.8 million euro (1.3%) on an annual basis.

At the heart of the results is the successful introduction of the innovative Twinson products in Europe, the Deuctone colour strategy and the Zendow window system on the home market – Belgium and France. The substantial increase in sales from the growth regions of Turkey and Eastern Europe have also added substantially to the achieved results.

The sales for the 4th quarter did not meet expectations. The recurrent sales amount to 157.8 million euro, or a decrease of 3.6% compared to the same quarter in 2006. The hoped for 'soft landing' of the US real estate crisis did not occur. The sales from the German market decreased substantially. However, the comparison for Germany is difficult as during the 4th quarter of 2006, the German sales were positively influenced by advanced customer purchases resulting from a 3% VAT increase implemented at the start of 2007.

Regional trends

Europe

During the 4th quarter, the sales in Europe decreased by 2%. This is mostly the result of the substantial, double-digit decrease of the sales in Germany and the United Kingdom. On top of the effects resulting from the VAT increase at the beginning of 2007, the German residential construction market suffered from the effects of the withdrawal of the subsidies for the construction of new, private housing. On the other hand, the window market in the United Kingdom continued to shrink as a result of a saturated local market. In Eastern Europe, sales increased less strongly than in prior quarters, mostly as a result of a poor performance in December. An exception is Deceuninck's sales in Russia, which again increased by nearly 40%.

On an annual basis, the sales in Western Europe decreased by 3%. This decrease is in harsh contrast with an increase in sales of over 10% by the Deceuninck organisations in Belgium and France.

In Eastern Europe, the sales increased by 14% on an annual basis. With the exception of Poland, nearly all Eastern European regions achieved double-digit growth figures.

Turkey

During the 4th quarter, the sales in Turkey, translated into euro, increased by 17%, mainly as a result of the strong increase of the exported volume. In the local Turkish market, the volume also increased. On an annual basis, the sales, translated into euro, increased by 19%. As a result, the share of Deceuninck's Turkish activities in the consolidated sales increased from 14% in 2006 to 16% in 2007.

United States

For both new construction and the renovation segment, the sales of Deceuninck North America continued to suffer from the real estate crisis. Translated into euro, the sales during the 4th quarter decreased by 33%. The large decrease is also the result of stopping the sale of wood composite products and a weak dollar.

On an annual basis, in dollars, the sales of Deceuninck North America decreased by 22%. Without the effect of the wood composite activities, the decrease in sales is limited to 16%.

In 2007, the share of Deceuninck North America in the consolidated sales decreased to 14%. (2006: 19%)

Prices of Raw Materials

During the 4th quarter, the prices of PVC resins in Europe remained on the same level as during the 3rd quarter 2007. The rather low demand for PVC resins – regardless of high prices for ethylene – was responsible for this stagnation. On an annual basis, the KI price index increased by 7%.

However, in the United States, the prices of PVC resins increased during the 4th quarter by nearly 8% when compared to the 3rd quarter. As a result, on an annual basis, the PVC index remained on the same level as in 2006.

For 2008, a further increase in the prices of raw materials is expected. During the first quarter of 2008, the cost of ethylene has already increased by 7%. As demand for PVC profiles is at a normal level, it is possible that these costs will only be passed in part into PVC resin prices.

Prospects

"Regardless of the decreased market volumes in Deceuninck's traditionally important markets, namely the United States, Germany and the United Kingdom, the modest growth in sales for 2007 shows that our long-term vision of innovation and new growth markets is delivering its results and that we have reached the turning point for the 2010 targets. Regarding sold volumes, December proved weak. Still, the adapted sales targets for 2007 were just achieved. The measures that were taken with regards to product innovation and reorganising the operational activities will allow us, in 2008, to substantially improve sales and the recurrent results of 2007. Again, 2008 will not prove an easy year. A 'soft landing' for the US real estate crisis is still nowhere near and for Germany and the United Kingdom, it remains to be seen whether the residential construction market will bounce back in 2008. In addition, we are facing historically high oil and raw material prices. We have to be on the ball, that is the message," reacts Clement De Meersman, Managing Director of the Deceuninck Group.

The 2007 financial results will be released to the market on Thursday 13 March 2008 before Stock Exchange opening.

Change of shareholder's calendar: Tuesday 15 April: trading update 1st quarter 2008 (instead of Thursday 17 April).

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 35 subsidiaries (production and/or sales) and is supported by 2,900 personnel, 730 of them in Belgium. In 2007 the Deceuninck Group achieved consolidated sales of 656 million euros.

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To Editors: for more information, please contact:

DECEUNINCK, Ludo Debever, tel. 051/23 92 48 of 0473/55 23 35, e-mail: ludo.debever@deceuninck.com.

www.deceuninck.com

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