deceuninck®

Press Release

Under Embargo until Thursday, July 31, 2008 at 7:30 AM

The information below is regulated information as defined in the November 14, 2007 Royal Decree concerning the obligations of issuers of financial instruments who are authorized to trade on a regulated market.

Difficult economic conditions influence Deceuninck results

10.9% EBITDA during second quarter versus 0.4% during Q1
12 million euros in margin-improvement measures

- **Turnover: 311.3 million euros (H1 2007: 319.6 million euros)**
- **EBITDA, excluding restructuring: 19.5 million euros (H1 2007: EUR 27.1 million euros)**
- **Net earnings: - 5.9 million euros (H1 2007: + 2.3 million euros)**
- **Net debt: 183 million euros (H1 2007: 230 million euros)**

Hooglede-Gits, 31 July 2008. – Deceuninck, a world leading manufacturer of PVC window systems and building profiles, is releasing its half-year results today. During the first half of the year, the company achieved turnover of 311.3 million euros. Operating cash flow, excluding restructuring in Germany, amounted to 19.5 million euros (H1 2007: 27.1 million euros). EBIT was at 1.8 million euros (H1 2007: 9.7 million euros). A cost reduction program, representing a margin improvement of 12 million euros annually, is currently being implemented. If the current, difficult economic conditions continue during the second half of the year, it will be difficult for Deceuninck to match the results of the full year 2007.

Turnover

Turnover declined in the first half of 2008 by 2.6% to 311.3 million euros. If calculated on the basis of a stable foreign exchange rate, the decrease would have been limited to 1 million euros (0.3%). Without the influence of the United States, turnover rose – calculated against a stable foreign exchange rate – by 4.1% and volume by 4.9%.
Turnover in Turkey grew by 4% when expressed in Turkish Lire.
In spite of the substantial decline in turnover in Spain, the United Kingdom and Poland, turnover in Europe rose by nearly 4%. This is primarily due to double-digit growth in turnover in France, Central Europe and Romania and especially an increase in turnover of 30% in Russia. Thanks to innovations, a renewed marketing approach and continued strong demand for energy-efficient products in the renovation sector, Benelux and Germany were again able to record attractive growth figures.
The innovative Twinson product continues to meet the high expectations. Turnover for that product increased by two-thirds, thereby matching the results for all of 2007 by the end of H1 2008.

Operating results

1. EBITDA

Operating cash flow (EBITDA) was 18.3 million euros (H1 2007: 27.1 million euros). This decline can be explained primarily by lower turnover, especially during the first quarter, high increases in the cost of raw materials and import duties and increased marketing communication costs. The first phase of the restructuring in Germany had a negative impact of 1.2 million euros on the EBITDA; the EBIDTA excluding the restructuring in Germany, therefore, amounts to 19.5 million euros.
During the second quarter, excluding the restructuring in Germany, the EBITDA was 10.9% versus 0.4% during the first quarter. To meet the challenge of the slow-down in economic growth and the sharp increase in the price of raw materials, additional measures were taken to help maintain the EBITDA margin.

2. EBIT

Operating earnings (EBIT) were 1.8 million euros (H1 2007: 9.6 million euros). In comparison with the first half of 2007, 1 million euros less was written off current assets.

3. Financial results

There was a negative influence of 2.4 million euros from the unfavourable evolution of the foreign exchange markets.

4. Net financial debt

Net financial debts at the end of June 2008 had been reduced to 183 million euros (H1 2007: 230.3 million euros). The platform strategy, which was completed in 2007 with, among other things, the move to the Zendow windows system, has born fruit. More cautious forecasting, has clearly led to better inventory control.

5. Investments

26 million euros were invested during the first half of the year. Approximately half of that amount was related to completion of the projects in Russia, Turkey and Spain that were started in 2007 and the expansion of the company buildings in Belgium and France.

Actions to improve results

In response to the difficult market situation in the United States, the United Kingdom and Spain, the slowdown in growth in the Western European economy especially in construction, and the sharp increases in raw materials, Deceuninck has implemented measures worldwide to improve margins by 12 million euros annually. The impact of those measures will be noticeable during the second half of the year. These measures relate primarily to the further implementation of the "Local for Local" restructuring project in Europe and additional savings on personnel costs in the United States. The restructuring plans will see a worldwide headcount reduction affecting approximately 275 employees.

The start-up of a first phase of a local compounding unit in Russia is scheduled for near the end of the third quarter. This will lower transportation costs and customs duties significantly starting in 2009,.
In addition, several cost-control measures were implemented around the world earlier than originally planned.
The announcement by raw materials suppliers of drastic price hikes led Deceuninck to make preparations, at the end of June, for a worldwide increase in selling prices, which will compensate for the increased cost of raw materials.

Outlook

"How much the credit crisis and the increased energy and food prices will affect purchasing power and what the impact on worldwide demand for building materials will be during the second half of the year remains an open question. The uncertain and unpredictable evolution of the oil and raw material prices make it extremely difficult for Deceuninck to see into the future. The company will, therefore, first concentrate on the second half of the year. The additional margin-improvement measures should ensure that achieving operational cash flow of 10%, excluding the restructuring in Germany, continues to be a reasonable target. For all of 2008, under the current conditions, it will therefore be difficult to match the results achieved in 2007. Making any statements in respect of any farther into the future is difficult in these uncertain economic times. In the markets that have been hardest hit by the housing crisis - especially the United States, the United Kingdom and Spain - Deceuninck has seen its turnover decline by more than 100 million euros annually since 2005. In the past, Deceuninck has always responded proactively to difficult market conditions, with necessary restructuring on the one hand and the construction of state-of-the-art production units in its growth markets on the other. During the current crisis, too, the Board of Directors will take all steps necessary to steer the company through the shoals," according to CEO 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 and 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 2.940 personnel, 680 of them in Belgium. In 2007 the Deceuninck Group achieved consolidated sales of 657 million euros.

(End of Press Release)

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To Editors: for more information, please contact:
DECEUNINCK, Ludo Debever, Investor Relations Manager, tel. 051/23 92 48 or 0473/55 23 35, e-mail: ludo.debever@deceuninck.com.

www.deceuninck.com

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Summary of the half-year figures for the Deceuninck Group (June 2008)

The results shown below (both 2007 and 2008) are reported in accordance with International Financial Reporting Standards.
The results presented as at 30 June 2008 have not been subjected to an external audit.

Figures in millions of euro	30.06.08	30.06.07	Var %	31.12.07
	Not audited			Audited
Turnover	311,314	319,584	-2.6	656,569
EBITDA (1)	18,316	27,094	-32.4	60,044
EBITDA margin	5.9	8.5		9.1
EBITA (2)	1,844	9,632	-80.9	18,310
EBITA margin	0.6	3.0		2.8
EBIT (3)	1,844	9,632	-80.9	18,310
EBIT margin	0.6	3.0		2.8
Financial result	-7,595	-3,931	93.2	- 11,252
EBT (4)	-5,751	5,701		7,058
% of sales	-1.8	1.8		1.1
Net result before goodwill (5)	-5,867	2,291		5,294
% of sales	-1.9	0.7		0.8
Taxes	-119	-3,283		-1,518
Consolidated result	-5,870	2,418		5,540
% of sales	-1.9	0.8		0.8
Group result	-5,867	2,291		5,294
% of sales	-1.9	0.7		0.8

EPS (non diluted) (6)	-0.27	0.11		0.25
EPS before goodwill	-0.27	0.11		0.25

Equity (9)	177,027	190,697		193,741
Total assets	578,844	622,229		579,042
% Equity	30.6	30.6		33.5
Net debt (7)	-183,141	-230,252		-178,306
Working capital (8)	115,798	185,956		131,346

(1) EBITDA = Earnings Before Interest, Taxes, Depreciation, Amortization and Provisions
(2) EBITA = Earnings Before Interest, Taxes, Amortization of goodwill
(3) EBIT = Earnings Before Interest and Taxes
(4) EBT = Earnings Before Taxes
(5) Net result before goodwill
(6) EPS (non diluted) = Earnings per share
(7) Net financial liabilities = cash and cash equivalents - financial debt
(8) Working capital = trade receivables + inventories - trade payables
(9) Equity = equity including minority interest