



Press Release

Under embargo until 12 September 2009 at 9:30 am

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Deceuninck reaches agreement on fully underwritten rights issue and long-term financing

- Fully underwritten rights issue for up to EUR 85 million
- Agreement on EUR 224 million long term credit facility
- Three important shareholders commit to support the capital operation

Hooglede-Gits, 12 September 2009. On 19 May 2009 Deceuninck announced a framework agreement with its lenders regarding the long-term restructuring of its credit agreements. This framework agreement has now been fully incorporated into final agreements. These agreements ensure that the Group has sufficient financial headroom and liquidity to face the challenging market circumstances and the restructuring related thereto. Through these agreements, the most important pre-condition to launch the rights issue with preferential subscription rights for the existing shareholders up to an amount of EUR 85 million, as approved by the shareholders' meeting held on 26 June 2009, has been satisfied.

Debt restructuring

Deceuninck has reached a final long-term agreement on the restructuring of its loans with its two most important groups of lenders: on the one hand, a number of banks with which the company had entered into bilateral loans in the past and, on the other hand, a group of American and English institutional investors who had subscribed to debt instruments (*notes*) issued by the company.

The key elements of the present agreements confirm the previous framework agreement:

- the bilateral loan agreements of a number of banks (ING, KBC Bank, Dexia Bank, BNP Paribas Fortis and RBS) will be converted into a global credit agreement for an amount of EUR 137 million, repayable by means of a single payment within 4 years;
- the existing agreements with the noteholders will be replaced by a new agreement for an amount of EUR 28.2 million and USD 85.8 million, repayable by means of a single payment within 5 years; and
- the strengthening of the company's capital structure for an amount up to EUR 85 million (see below under "Rights issue") of which EUR 41.3 million will be used for the repayment of the long-term debt.





Through these agreements, Deceuninck's stability is guaranteed in the long term. The agreements on financial covenants (which run in parallel for the banks and the noteholders) therefore take into account the Deceuninck's specific situation and were laid down based on a conservative estimate of the future. During the first year only the EBITDA and the liquidity levels will be tested. Subsequently, the most important covenants will test the gross debt level, the cash flow for financial payments during the duration of the loan agreements, the interest coverage in relation to the EBITDA and the net asset value.

As security for the repayment of the above mentioned long-term loans, the banks and the noteholders were granted an extensive package of security interests. The Group will among others partially use the proceeds of a possible sale of non-strategic assets (for instance industrial premises which are no longer in use as result of the operational restructuring) for accelerated debt repayments.

The agreements relating to the debt restructuring are applicable to the Group, except for the activities in Turkey. In Turkey, it was decided to confirm the existing local loan agreements with Dexia in a long-term loan agreement (4 years) for the amount of EUR 16 million. In consultation with the Turkish management, it was decided to continue to finance the activities of Deceuninck in Turkey locally without any changes, which is the best solution considering the profitability of the Turkish subsidiary. This underlines the permanent strategic importance of Turkey and the export markets served by the Turkish subsidiary.

Rights issue

Reaching a final agreement with the lenders was a condition to launch the rights issue, approved on 26 June 2009 by the shareholders. The preparations for the rights issue are at an advanced stage. Now that there is a final agreement with the lenders, the company expects - subject to unexpected circumstances arising - to announce the terms and conditions of the rights issue, including the subscription price and period, in the short term. This announcement will be made following the approval of the prospectus by the CBFA. If the market conditions would not allow the company to proceed with the rights issue in the short term, the company has an additional credit facility agreed with the banks for the amount EUR 20 million (which is in addition to the long-term loan agreement with the banks for EUR 137 million mentioned above).

In accordance with the decision of the shareholders' meeting, the rights issue will be a transaction with preferential subscription rights for the existing shareholders, for an amount up to EUR 85 million. The company has entered into an agreement with ING, KBC Securities, PNB Paribas Fortis and Dexia Bank who have fully underwritten the rights issue and therefore guarantee the successful outcome of the transaction. Moreover, three important shareholders of the company, Stichting Administratiekantoor Desco and Defiac (who represent the Deceuninck family) and Sofina NV, have agreed to support the rights issue for a total amount of EUR 38.7 million. Sofina, Desco and Defiac represent 17.5%, 17.5% and 4.5% of the shares and will exercise at least their subscription rights.

The outcome of the rights issue will be used for debt repayments of EUR 41.3 million. The company may use the surplus for working capital purposes and to cover the costs of the financial and operational restructuring.





First semester 2009

The press release dated 20 August mentioned a positive result in the second quarter, following important restructurings in the first half of the year. Deceuninck has recorded sales of EUR 239.3 million during the first year half, or -23% year on year. The net result amounts to EUR -8.9 million (EUR -5.9 million in 2008). During the first year half, a restructuring program was implemented, resulting in one-off costs of EUR 11.2 million. The second quarter shows a positive net result of EUR 4.4 million (second quarter 2008: 5.8 million). For the first year half, the company generated an operational cash flow from normal activities of EUR 20.1 million (EUR 19.5 million in 2008).

Pierre-Alain De Smedt: "Now that a final agreement has been reached with the lenders, Deceuninck and its management team can once again fully focus on its *core* business, its clients and suppliers. The impact of the framework agreement with the lenders and others parties involved was a highly complex and intensive exercise. At the same time an important number of measures have been implemented to adapt the organisation to address the changed market circumstances. In the name of the company, I wish to firstly thank first of all the employees of the company who have worked over the last months on this agreement and the restructuring of Deceuninck with a lot of devotion and dedication. At the same time, I wish to thank our banks, the noteholders and the shareholders for reconfirming of their confidence in the company."

About Deceuninck

Deceuninck is a leading international designer and manufacturer of high quality PVC systems for windows and doors, cladding & roofline, interior and garden applications. The basic technology used by the company is extrusion of PVC and patented Twinson composite material. The highly integrated state of the art production process includes compounding, tool manufacturing, extrusion of gaskets and profiles, printing, PVC lamination and the patented Decoroc coating technology.

The Group is active in more than 75 countries, has 35 subsidiaries (production and/or sales) across Europe, North America and Asia, and employs 2,955 FTE (including temporary employees), 720 of them in Belgium. In 2008 the Deceuninck Group achieved consolidated sales of 630 million euros.

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