

## Press Release

Regulated Information – Second quarter 2010 trading update

Under embargo until Thursday 15 July 2010 at 7:30 a.m. CET

# Sales Q2 increase 14% YoY; volume: +6,8% YoY Deceuninck remains on target to return to profitability

### Q2 2010 :

- Sales increase 14 % to 156.1 million euro (Q2 2009: 136.9 million euro)
- Material effect of favourable exchange rates.
- Sales volume: +6.8 % ; exchange rates: +5.0 % ; mix effects: +2.2 %

### H1 2010 :

- Sales increase 10.9% to 265.3 million euro (H1 2009: 239.3 million euro)
- Sales volume: +7.7% ; exchange rates: +3.6%; mix effects: -0.4%

### Outlook :

- Due to a stronger H2 YoY comparison base and phase out of government incentives, Deceuninck expects a flat H2, and a single digit sales growth for FY 2010.
- Continued trend of increasing PVC and additives costs remains cause for caution
- Deceuninck confirms outlook for FY 2010 return to profitability

**Tom Debusschere, Deceuninck CEO:** *“During the second quarter of 2010, demand further improved. Rise in demand continues to be supported by government incentives and stricter building codes, aiming at reducing energy waste & CO<sup>2</sup> emissions. Demand recovery is now seen in almost all countries with exception of UK, Spain and some smaller markets in Eastern Europe.*

### Outlook

*“We continue to be cautious: year on year growth rate started to slow down in the United States towards the end of the quarter. The impact of reduced government spending on renovation expenditures remains unclear.*

*Long term, energy-efficient construction and renovation will continue to grow as an engine of our industry. In June 2010, the new European Energy Performance on Buildings Directive (EPBD) was published. By the end of 2020 all new building in Europe will be “nearly zero” energy buildings. PVC windows remain the ‘best value’ solution for energy savings. Deceuninck continues to invest in product innovation – focussed mainly on insulation values, productivity improvement and service to our Customer.*

*PVC and additives costs are now in their 6<sup>th</sup> consecutive month of increase, and remain cause for concern. For the full year 2010 we raise our top line expectations. We expect a single digit sales increase. Deceuninck remains on schedule to return to profitability.”*

## Second quarter and first half 2010 sales per region

Deceuninck's consolidated sales for the second quarter 2010 were 156.1 million euro, a year-on-year increase of 14% (Q2 2009: 136.9 million euro). Volume increased by 6.8%; exchange rates had a favourable impact of 5.0%. Mix effects (country, price, and product) had a positive impact of 2.2%.

First half 2010 sales amounted to 265.3 million against 239.3 million a year ago (+ 10.9%). Impact of volume totals +7.7%; currency effects: +3.6% and mix effects: -0.4%

	In € million	Q2 2009	Q2 2010	var.	H1 2009	H1 2010	var.
Western Europe		55.9	60.4	+8.2%	105.6	109.7	+3.9%
Central & Eastern Europa (incl. Germany)		41.6	45.7	+9.9%	70.0	71.8	+2.6%
Turkey		23.4	30.6	+30.4%	37.4	51.7	+38.2%
United States		16.0	19.4	+21.3%	26.3	32.1	+22.3%
<b>Total</b>		<b>136.9</b>	<b>156.1</b>	<b>+14.0%</b>	<b>239.3</b>	<b>265.3</b>	<b>+10.9%</b>

**Western Europe:** Second quarter sales in Western Europe showed a steady year on year increase as opposed to the weak start of the year. Sales rose by 8.2% to 60.4 million euro. (2009: 55.9 million euro). Demand remained strong in the Benelux, France and Italy. UK and Spain showed weaker demand.

Sales during the first half rose by 3.9% to 109.7 million euro (2009: 105.6 million euro)

In almost all countries sales were supported by government incentive programmes and stricter building codes relating to energy efficiency.

**Central & Eastern Europe (incl. Germany):** After a winter driven weak first quarter demand started a recovery path from mid March onwards. Sales in the second quarter rose year-on-year by 9.9% to 45.7 million euro. Sales growth was mainly triggered by strong demand in Russia and from the second half of the quarter onwards also in Germany. Sales rose in almost all countries. Besides increased demand, sales were favourably impacted by foreign exchange rates of the Polish Zloty, Czech Crown & Russian Rouble against the euro.

**Turkey:** Second quarter sales continued to grow in Turkey, albeit at a lower pace as compared to the exceptional growth during the first quarter of 2010. Sales increased by 30.4% to 30.6 million euro (2009: 23.4 million euro). At constant exchange rate sales grew 18.2%

H1 2010 sales were 51.7 million euro, an increase by 38.2% (+28.1% at constant exchange rate)

Sales growth in euro was favourably supported by a strong Turkish lira against a weak euro. Both domestic demand and demand from Turkey's export markets remained strong.

Deceuninck continued to strengthen its market position by means of an extensive focus on customer intimacy and branding to the end consumer.

**United States:** Second quarter sales were 19.4 million euro compared to 16.0 million euro a year ago, an increase of 21.3% (+13.2% at constant exchange rate). During the first half sales rose by 22.3% to 32.1 million euro (+19.9% at constant exchange rate). Demand from the residential renovation segment remained strong throughout the quarter. Sales growth was supported by a strong US dollar against a weaker euro.

From June onwards the growth rate is predicted to slow down considerably as a result of the discontinuation of tax incentives for new homes. Additionally, it is unclear what the impact on the economy and consumer's renovation spending will be as a result of the announced reduction in public spending programs.

## Financial calendar

<b>19 August 2010:</b>	Announcement of the half year results 2010
<b>21 October 2010:</b>	Q3 2010 trading update
<b>27 January 2011 (*):</b>	Q4 2010 trading update
<b>17 March 2011 (*):</b>	Announcement of 2010 annual results
<b>10 May 2011:</b>	Q1 trading update
<b>10 May 2011:</b>	Annual Shareholders meeting at 11 am

(\* indicative)

## About Deceuninck

Deceuninck is a leading international designer and manufacturer of high quality PVC systems for windows and doors, cladding and roofline, interior and garden applications. The basic technology used by the company is extrusion of patented PVC and 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 over 75 countries, has 35 subsidiaries (production and/or sales) across Europe, North America and Asia, and employs 2,816 FTE (including temporary employees), of which 690 in Belgium. In 2009 the Deceuninck Group achieved consolidated sales of EUR 506 million.

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