
Press release

Regulated information – 3Q 2014 trading update
Under embargo until Thursday 23 October 2014 at 7:00 a.m. CET

Deceuninck sales 3Q 2014 decrease 3.4% to € 141.3 million.

- Weak economy hits sales in continental Europe.
- Double digit sales growth in US and UK.
- Volumes flat in Turkey & Emerging Markets.

Sales breakdown 3Q 2014

- Consolidated 3Q 2014 sales decrease 3.4% to € 141.3 million (3Q 2013: € 146.4 million).
- Volume: -2.3%. Double digit volume growth in North America, UK, Spain and Italy. Volumes declined in all other major countries except for Turkey & Emerging Markets.
- Exchange rates: -3.1%, Negative impact from weaker TRY, RUB and CZK partly compensated by favourable impact from stronger GBP.
- Mix effects: + 2.0% favourable as a result of the delayed pass through of increased raw material cost in Turkey.

Sales breakdown 9M 2014

- Consolidated 9M 2014 sales decrease 0.9% to € 405.6 million (9M 2013: € 409.4 million).
- Volume: +2.7%. 9M 2014 volumes are positive in all major countries except for France, Germany and Russia.
- Exchange rates: -6.0%. Negative impact from stronger EUR in first 9 months against virtually all currencies except for the GBP.
- Mix effects: + 2.3% favourable as a result of the delayed pass through of increased raw material cost in Turkey.

Notable events in 3Q 2014

- Turkish and Russian competition authorities approve Pimaş acquisition.
- € 50 million capital increase to finance strategic growth.
- Board changes
 - Francis Van Eeckhout and Benedikte Boone replace Giulia Van Waeyenberge and Willy Deceuninck.
 - Francis Van Eeckhout named Vice Chairman, Willy Deceuninck Honorary Member of the Board.
- Foundation of Deceuninck do Brazil following the acquisition of the Brazilian window profile distributor Althera.

Tom Debusschere, Deceuninck CEO:

“The weakening of the macroeconomic environment of the Eurozone weighed on Deceuninck’s sales performance of the third quarter.

The new construction performance and consumer confidence in France continued as expected.

The government tax incentives to support energy efficient construction and renovation, initially



announced in July to take effect as of September, have been delayed. We expect that the fiscal incentive “credit d’impôt transition énergétique” will only start supporting the industry as of 2015.

The sales decline in Germany as of August was unexpected and this trend continues into 4Q.

The economic picture in continental Europe contrasts strongly with the robust construction activity in the US and in the UK, where we enjoy double digit growth. Also Spain and Italy show double digit volume growth through competitive wins albeit in a weak environment.

Meanwhile we continue to invest for sustainable growth in the US and Turkey & Emerging Markets.

We have received final approval for the acquisition of Pimapen, the most recognized brand for windows in Turkey. Pimapen now enters the Deceuninck Group with factories in Istanbul, (Turkey) and Rostov-on-Don (Russia) (under the brand EnWin) ; and adds for € 60 million (*) in annual sales.

In Brazil we acquired our window profile distributor Althera and founded Deceuninck do Brazil.

Outlook full year 2014

We expect the sales trends in the different regions to continue into 4Q. The current economic uncertainty in key markets, combined with the short order book, typical to our industry, does not allow to give a quantified guidance for full year 2014.

However, Deceuninck is well positioned to overcome temporary economic weakness with a solid balance sheet, rigorous cost control and continued efficiency improvements in our factories. As a result, we maintain our commitment to be profitable for full year 2014.

Sales breakdown per quarter and 9M 2014

% of sales	1Q 2014	2Q 2014	3Q 2014	9M 2014
Exchange rate	-8,4%	-7,0%	-3,1%	-6,0%
Volume	11,4%	1,2%	-2,3%	2,7%
Mix (country, price, product)	0,9%	3,7%	2,0%	2,3%
TOTAL	3,8%	-2,0%	-3,4%	-0,9%

(*) Last Twelve Months (LTM) ending June 30, 2014

Sales breakdown 3Q and 9M 2014 per region

In € million	Var. 1Q	Var. 2Q	3Q	Var. 3Q	Var. 3Q	9M	Var. 9M	Var. 9M
	2013/2014	2013/2014	2014	2013/2014	Loc. Curr.	2014	2013/2014	Loc. Curr.
Western Europe	6,7%	-1,6%	41,1	-4,8%		137,4	0,0%	
Central & Eastern Europe	8,5%	-6,8%	44,8	-12,3%	-6,2%	115,3	-5,7%	-0,2%
Turkey & Emerging Markets	-3,8%	-3,3%	31,1	3,2%	10,0%	91,5	-1,3%	15,5%
North America	0,5%	9,3%	24,3	10,9%	10,8%	61,3	7,7%	10,4%
TOTAL	3,8%	-2,0%	141,3	-3,4%		405,6	-0,9%	

Western Europe

3Q 2014 sales in Western Europe decreased 4.8% to € 41.1 million. 9M 2014 sales were stable at € 137.4 million.

The picture of the region Western Europe during the third quarter is mixed. France, by far the largest market of the region, and the Netherlands show a double digit decline. Decline in Belgium was moderate. This contrasts with the strong growth in UK, Spain and Italy.

The weakness of the residential building market in France continues. Single family and multifamily housing starts further decline, but also renovation continued to weaken, impacting mainly small and medium sized artisans.

In Belgium residential newbuild activity is weak in an increasing competitive environment.

Residential renovation slightly improved but did not compensate the volume decline from newbuild. The weak market is the result of an uncertain economic environment and lack of incentives promoting renovation for improved energy efficiency.

In UK both home improvement and residential newbuild continued to grow with the sharpest rise in homebuilding since 2003.

Deceuninck in UK, Italy and Spain continues to outperform the market with double digit sales growth as result of customer intimacy and competitive wins.

The number of window manufacturers that have adapted their window manufacturing equipment to process highly energy efficient window frames with linktrusion technology is steadily increasing. Linktrusion® offers 30% better insulation at 40% lower material consumption.

Central & Eastern Europe (incl. Germany)

3Q 2014 sales in Central & Eastern Europe decreased 12.3% to € 44.8 million (At constant exchange rates: -6.2%).

9M 2014 sales decreased 5.7% to € 115.3 million (At constant exchange rates: more or less stable at -0.2%).

The entire region of Central & Eastern Europe saw its sales unexpectedly decrease during the 3rd quarter partly explained by the weak Russian ruble and Czech koruna. The domestic markets of Russia and Germany, the two major countries for the region, were affected most of

all, with double digit volume decreases. In Germany the deteriorating economic indicators, which were published in October, confirmed Deceuninck's finding of reduced consumer confidence and builder confidence. In Russia the weak economic environment continued throughout the quarter.

9M 2014 volumes in the region give a mixed picture: volumes increased in Poland and Czech Republic, whereas volumes decreased in Russia & Germany.

Turkey & Emerging Markets

3Q 2014 sales in Turkey & Emerging Markets increased 3.2% to € 31.1 million (At constant exchange rates: +10.0 %).

9M 2014 sales in Turkey & Emerging Markets decreased 1.3% to € 91.5 million (At constant exchange rates: +15.5%).

Residential renovation and newbuild activity in Turkey remained solid during the third quarter in spite of a more difficult political environment impacted by the Islamic State activities in Syria and Iraq. Volumes slightly declined on the domestic market but the company succeeded gradually to pass on the increased raw material cost to the market.

Sales in the new export markets of South America and India are progressing well. Total export sales represented nearly 15% of the sales in the region during the quarter. Deceuninck successfully participated in the biennial Fesqua trade fair in São Paulo with a regional South American character. Besides Chile Deceuninck is increasingly focussing on Brazil with the acquisition of the local window profile distributor, Althera and the foundation of the subsidiary Deceuninck do Brazil.

North America

3Q 2014 sales in North America increased by 10.9% to € 24.3 million (At constant exchange rates: +10.8%).

9M 2014 sales in North America increased by 7.7% to € 61.3 million (At constant exchange rates: + 10.4%).

The NAHB (National Association of Housebuilders) remodelling market index (RMI) shows modest improvement as a result of regained consumer confidence. At same time the improved economy has helped to restore builder confidence. Growing strength in the economy, employment and demographics positively influences residential new build activity.

Deceuninck North America's strategy of introducing innovative products and materials, creating brand awareness, gaining new customers, and reinforcing current customer relations paid off. This resulted in higher than market sales growth.



Changes in Board of Directors

Willy Deceuninck, permanent representative of T.R.D. Comm VA., and Giulia Van Waeyenberge have resigned from the Board of Directors on 1 October 2014.

Francis Van Eeckhout, permanent representative of Holve nv and Benedikte Boone, permanent representative of Bene Invest bvba have been named as new members of the Board. Both new Board members replace T.R.D. Comm. VA and Giulia Van Waeyenberge and will continue their mandate until the next Annual General Meeting of Shareholders on 12 May 2015, at which their nomination as members of the Company's Board of Directors will be submitted for a final approval.

Willy Deceuninck is named Honorary Member of the Board.

Francis Van Eeckhout, permanent representative of Holve nv is named Vice Chairman.

Financial calendar 2015

25	February	2015	2014 annual results
12	May	2015	1Q 2015 trading update
12	May	2015	Annual Shareholders Meeting at 11 am
22	July	2015	1H 2015 results
21	October	2015	3Q 2015 trading update

End of press release

Building a sustainable home

At Deceuninck, our commitment towards innovation, ecology and design provides us with a clear focus: building a sustainable home. A home that is more energy-efficient to live in and more attractive to look at. Deceuninck works worldwide with state-of-the-art materials, resulting in low maintenance, top insulating and long lasting products that can be fully recycled at end of life. Moreover, our values of Candor, Top performance and Entrepreneurship help us build a better world for our Partners and end users. Deceuninck has strong ambitions. We want to build a work environment in which people are proud to contribute, and strengthen our position within the top three market players. Alongside our ecological sustainability, Deceuninck also pursues financial sustainability.

Deceuninck employs 2700 people in 25 countries. Deceuninck has production facilities in Belgium, Czech Republic, France, Germany, Poland, Russia, Thailand, Turkey, UK and US.

Deceuninck sales in 2013 were € 536.5 million with a net positive result of € 8.4 million.

Contact Deceuninck: Ludo Debever • T +32 51 239 248 • M +32 473 552 335 • ludo.debever@deceuninck.com