Resilient operational results in a difficult macro-economic context

Sales	Adj. EBITDA	Adj. EBITDA %	Net Result	Net Debt
€ 421.6m	**€ 65.3m**	**15.5%**	**€ 8.3m**	**€ 142.8m**
(€ 427.2m LY)	(€ 59.6m LY)	(13.9% LY)	(€ 17.8m LY)	(€ 100.8m LY)
-1.3%	**+9.6%**	**+1.6%pps**	**-53.4%**	**+41.7%**

Executive Summary

- Sales in 2024 slightly decreased driven by a volume reduction of 3%, mostly due to Europe volumes decreasing by 8.6% while Turkey & EM managed to grow volumes by 2.5%. Favorable product mix and crosscharging of FX devaluation led to a modest positive price and FX impact on sales.
- Adj. EBITDA increased to € 65.3m (+9.6% vs H1 2023) driven by continuing strong business performance in Turkey and improved profitability in Europe.
- Adj. EBITDA-margin increased to 15.5% in H1 2024, compared to 13.9% in H1 2023.
- Increase in Adj. EBITDA has been realized while markets continued to be under pressure of higher interest rates and slowdown of economic activity.
- Net income decreased from € 17.8m in H1 2023 to € 8.3m in H1 2024.
- Increased working capital leads to Net debt increasing to € 142.8m (1.2x Adj. EBITDA).
- Half year report available at www.deceuninck.com/investors

Quote of the Executive Chairman, Francis Van Eeckhout

"Given the general slowdown of the construction market, we have mixed results over H1. Market sentiment in Europe remained low leading to a decrease in activity mainly in Western Europe. Strict cost control remains a key focus while preparing for a pickup of market activity. Our Elegant transition in France is progressing well to finalize in 2025. The restructuring of our German operations is on track and production is starting to shift to other plants within the Group.

In North America, volumes were stable while we managed to compensate for cost inflation. Operational performance continues to be solid bringing us into a good place once volumes start to pick up.

In Turkey, volumes and margins remained good while high inflation and a strong Turkish Lira resulted into higher fixed costs. Tighter monetary and fiscal policies led to a moderate reduction in the order book towards the end of June, while the underlying business remains strong and resilient.

We are happy to have onboarded a seasoned business executive with the appointment of Stefaan Haspeslagh as our new CEO. We believe his extensive experience will help to bring Deceuninck to the next level while continuing to focus on our quality, reliability and innovative product offering."

Summary of consolidated figures

(in € million)	H1 2023	H1 2024	% y-o-y
Sales	**427.2**	**421.6**	**(1.3%)**
Gross profit	139.0	142.6	2.6%
Gross-margin (%)	*32.5%*	*33.8%*	*+1.3 pps*
EBITDA	57.1	61.7	8.1%
Adj. EBITDA	**59.6**	**65.3**	**9.6%**
Adj. EBITDA-margin (%)	*13.9%*	*15.5%*	*+1.6 pps*
EBIT	**35.4**	**38.1**	**7.7%**
Financial result	(9.0)	(16.0)	77.8%
Profit / (loss) before taxes and share of result of joint ventures (EBT)	**26.4**	**22.1**	**(16.3)%**
Income taxes	(8.7)	(12.8)	47.1%
Share of the result of a joint venture	0.0	(1.0)	100.0%
Net profit / (loss)	**17.8**	**8.3**	**(53.4)%**
Net debt	**100.8**	**142.8**	**41.7%**

Sales evolution by region

(in € million)	H1 2023	Volume	FX	Price / Mix / Other	H1 2024	% y-o-y
Europe	216.0	-8.6%	0.1%	-2.8%	191.5	-11.3%
North America	83.8	-0.4%	0.7%	-3.1%	81.5	-2.8%
Turkey & EM	127.5	2.5%	-27.3%	41.4%	148.7	16.7%
Total	**427.2**	**-3.0%**	**-7.9%**	**9.5%**	**421.6**	**-1.3%**

Reporting per region

For the 6 months period ended 30 June (in € thousand)	Europe		North-America		Turkey & Emerging markets		Intersegment Eliminations		Consolidated	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
External sales	215,992	191,461	83,764	81,472	127,467	148,638	-	-	427,223	421,571
Intersegment sales	153	226	34	-	5,422	6,048	(5,609)	(6,274)	-	-
Total sales	**216,145**	**191,687**	**83,798**	**81,472**	**132,889**	**154,686**	**(5,609)**	**(6,274)**	**427,223**	**421,571**
EBITDA	10,996	15,419	10,979	10,904	34,547	35,810	587	(422)	57,108	61,711
Adjusted EBITDA	**13,457**	**18,980**	**10,979**	**10,904**	**34,547**	**35,810**	**587**	**(422)**	**59,569**	**65,272**

Management comments

Business environment

In **Europe**, market demand continued to be soft, strengthened by the ending of government subsidies in Italy causing a slowdown in the local market. Mainly in Western Europe, volumes remained under pressure. The restructuring of our German operations is progressing well with agreements on the social plan and related support measures. Production activities have started to gradually shift to other plants in the Group.

In **North America**, sales volumes remained stable despite market sentiment still being affected by higher mortgage rates.

In **Turkey**, the domestic market continued to be strong with a slight increase in volumes compared to a first half of last year with high activity, while there has been a slowdown towards end of June. Increases in Turkish interest rates resulted into a more stable Turkish Lira with the expectation that also inflation will possibly cool down.

Income Statement

Consolidated sales in 2024 decreased to € 421.6m, down 1.3% from € 427.2m in H1 2023, of which 3% resulting from a decrease in volumes (mainly driven by an 8.6% decrease in Europe) while exchange rate, price and product mix movements partially compensated for the volume reduction.

The **Adj. EBITDA** increased to € 65.3m (+9.6% vs H1 2023). The Adj. EBITDA-margin in 2024 was 15.5%, 1.6 percentage point higher than in H1 2023 (13.9%). Improvement in Adj. EBITDA is driven by better profitability in Europe resulting from strict cost control and favorable energy costs. Profitability in Turkey & Emerging markets ended at a solid 23.1% Adj. EBITDA-margin (H1 2023: 26.0%) which is a normalization in comparison to an exceptionally strong H1 2023.

Adj. EBITDA-items (difference between EBITDA and Adj. EBITDA) amount to € 3.6m (vs € 2.5m in H1 2023), mainly related to the restructuring costs in Europe and the Elegant transition in Europe.

The **financial result** mainly reflects the hyperinflation impact on monetary assets in Turkey. In H1 2024, the impact amounts to € (5.3)m compared to € (5.4)m in H1 2023, driven by higher inflation (YTD 24.7% while 19.8% in H1 2023), partially offset with lower monetary assets in Turkey following significant dividends (gross amount of 32.2m€) in the last 12 months. Increased outstanding debt and higher hedging and interest costs in Turkey have led the remaining financial result to increase by € (7.1)m compared to H1 2023.

Depreciations and amortizations increased from € 21.7m in H1 2023 to € 23.6m in H1 2024.

Income taxes have increased from € (8.7)m in H1 2023 to € (12.8)m in H1 2024 due to derecognition of deferred tax assets in Turkey.

As a result of the above, **net profit** decreased from € 17.8m in H1 2023 to € 8.3m in H1 2024.

Cash flow and Balance sheet

Capex amounted to € 19.7m in H1 2024 compared to € 23.3m in H1 2023. Capex included investments with a focus on the recycling granulation capacity, solar panels in UK and investments to prepare the reallocation of German production facilities.

The **Net Debt** increased from € 100.8m per June 2023 to € 142.8m, causing leverage to increase from 1.0x to 1.2x. Increase in Net Debt is driven by an increase in working capital. Furthermore, significant dividends from Turkey to Belgium led to a net cashout of € 5m to minorities and withholding taxes in the last 12 months.

Working capital has increased from € 119.0m as per June 2023 to € 168.3m, as a result of making optimal use of supplier cash discounts and the decision to not use factoring (whilst the factoring balance amounted to € 24m as per June 2023). Furthermore, there has been an intentional stock build up in anticipation of moving the production from our German facilities to other production plants in the Group.

Sustainability

Deceuninck continues to be a market leader in sustainability by further optimizing our high-tech recycling facility in Diksmuide with an increased granulation capacity.

We continued to focus on CO_2 reduction initiatives by installation of solar PV systems in the UK and by further optimizing the energy efficiency of our production processes.

Outlook

For the remainder of 2024, we expect the current slow activity to continue in all regions. We continue to focus on cost reduction and operational excellence.

In **Europe**, market conditions remain challenging. Continued cost awareness is a key focus and cost optimalisations related to the restructuring in Germany should start taking effect by the end of 2024.

In **North America**, expectation is that sales activity will be in line with current performance for the remainder of 2024. There will be a continued focus on operational improvements in combination with a strong cash generation.

In **Turkey**, fiscal and monetary tightening may result into a cooling down of the order intake, however we are confident in the evolution of our business in the coming period.

Annex 1: Consolidated income statement

(in € million)	H1 2023	H1 2024
Sales	**427.2**	**421.6**
Cost of goods sold	(288.3)	(278.9)
Gross profit	**139.0**	**142.6**
Marketing, sales and distribution expenses	(72.2)	(70.0)
Research and development expenses	(3.6)	(3.7)
Administrative and general expenses	(28.2)	(30.1)
Other net operating result	0.4	(0.7)
Operating profit (EBIT)	**35.4**	**38.1**
Interest income / (expense)	(2.2)	(4.0)
Foreign exchange gains / (losses)	0.3	(3.9)
Other financial income / (expense)	(1.8)	(2.8)
Monetary gains / (losses)	(5.4)	(5.3)
Profit / (loss) before taxes and share of result of joint ventures (EBT)	**26.4**	**22.1**
Income taxes	(8.7)	(12.8)
Share of the result of a joint venture	0.0	(1.0)
Net profit / (loss)	**17.8**	**8.3**
Adj. EBITDA	**59.6**	**65.3**

Earnings per share distributable to the shareholders of the parent company (in €):	H1 2023	H1 2024
Basic earnings per share	0.11	0.06
Diluted earnings per share	0.11	0.05

Annex 2: Consolidated statement of financial position

(in € million)	H1 2023	H1 2024
Assets		
Intangible fixed assets	3.5	4.3
Goodwill	10.5	10.5
Tangible fixed assets	299.0	334.4
Financial fixed assets	0.0	0.0
Investment in a joint venture	0.0	0.0
Deferred tax assets	10.1	18.7
Long-term receivables	10.4	11.0
Non-current assets	**333.6**	**379.0**
Inventories	162.0	156.2
Trade receivables	103.1	124.0
Other receivables	57.6	34.7
Cash and cash equivalents	54.6	17.8
Non-current assets held for sale	10.3	13.8
Current assets	**387.5**	**346.5**
Total assets	**721.2**	**725.5**

Equity excluding non-controlling interests	**297.6**	**326.6**
Non-controlling interests	11.3	16.0
Equity including non-controlling interests	**308.9**	**342.6**
Interest-bearing loans including lease liabilities	136.4	115.4
Other long-term liabilities	0.1	0.1
Employee benefit obligations	12.7	12.9
Long-term provisions	5.6	5.4
Deferred tax liabilities	9.7	7.5
Non-current liabilities	**164.5**	**141.3**
Interest-bearing loans including lease liabilities	19.0	45.2
Trade payables	146.1	111.9
Tax liabilities	11.4	13.5
Employee related liabilities	17.2	18.2
Employee benefit obligations	0.6	0.6
Short-term provisions	0.1	17.3
Other liabilities	53.4	34.9
Current liabilities	**247.7**	**241.6**
Total equity and liabilities	**721.2**	**725.5**

Annex 3: Consolidated statement of cash flows

(in € million)	H1 2023	H1 2024
Profit (+) / loss (-)	17.8	8.3
Depreciations and impairments	21.7	23.6
Net financial charges	9.5	16.0
Income taxes	8.7	12.8
Inventory write-off (+ = cost / - = inc)	1.9	(1.4)
Trade AR write-off (+ = cost / - = inc)	1.6	1.2
Movements in provisions (+ = cost / - = inc)	0.8	0.2
Gain / loss on disposal of (in)tang. FA (+ = cost / - = inc)	(0.5)	(0.3)
Share based payment expenses	0.8	0.6
Share of the result of a joint venture	0.0	1.0
Gross operating cash flow	**62.1**	**62.0**
Decr / (incr) in inventories	0.6	(17.2)
Decr / (incr) in trade AR	(28.2)	(46.6)
Incr / (decr) in trade AP	8.2	(18.2)
Decr / (incr) in other operating assets/liabilities	13.4	6.9
Income taxes paid (-) / received (+)	(5.5)	(6.5)
Cash flow from operating activities	**50.6**	**(19.6)**
Purchases of (in)tangible FA (-)	(23.3)	(19.7)
Capital contribution joint venture	0.0	(1.0)
Proceeds from sale of (in)tangible FA (+)	0.9	1.1
Cash flow related to loans to joint ventures	(6.1)	0.0
Cash flow from investment activities	**(28.5)**	**(19.6)**
Capital increase (+) / decrease (-)	0.1	0.0
Purchase of treasury shares	(0.2)	(2.8)
Sale of treasury shares	0.0	2.2
Purchase (-) / Sale (+) of treasury shares held by subsidiaries	(0.5)	1.6
Dividends paid to shareholders of Deceuninck NV	(9.7)	(11.1)
Dividends paid to non-controlling interests	(1.4)	(2.8)
Proceeds from sale of shares of Group companies (+)	0.0	5.2
Interest received (+)	1.8	2.1
Interest paid (-)	(4.5)	(6.8)
Net financial result, excl interest	(2.2)	(9.6)
New long-term debts	1.1	0.0
Repayment of long-term debts	(0.3)	0.0
New short-term debts	3.9	34.0
Repayment of short-term debts	(3.5)	(0.1)
Cash flow from financing activities	**(15.5)**	**12.0**
Net increase / (decrease) in cash and cash equivalents	**6.6**	**(27.2)**

Cash and cash equivalents as per beginning of period	**58.9**	**46.5**
Impact of exchange rate fluctuations	(11.0)	(1.5)
Cash and cash equivalents as per end of period	**54.6**	**17.8**

Financial calendar

22 August 2024	Results H1 2024 and press / analyst meetings
26 February 2025	Results FY 2024 and press / analyst meetings
22 April 2025	Annual General meeting

Glossary

EBITDA

EBITDA is defined as operating profit / (loss) adjusted for depreciation / amortizations and impairment of fixed assets.

For the 6 months period ended 30 June (in € thousand)	2023	2024
Operating profit	35,419	38,146
Depreciations & impairments	(21,689)	(23,565)
EBITDA	**57,108**	**61,711**

Adjusted EBITDA

Adjusted EBITDA is defined as operating profit / (loss) adjusted for (i) depreciations, amortizations and impairment of fixed assets, (ii) integration & restructuring expenses, (iii) gains & losses on disposal of consolidated entities, (iv) gains & losses on asset disposals, (v) impairment of goodwill and impairment of assets resulting from goodwill allocation.

For the 6 months period ended 30 June (in € thousand)	2023	2024
EBITDA	57,108	61,711
Integration & restructuring expenses	2,461	3,561
Adjusted EBITDA	**59,569**	**65,272**

EBIT

EBIT is defined as Earnings before interests and taxes (operational result).

For the 6 months period ended 30 June (in € thousand)	2023	2024
EBITDA	57,108	61,711
Depreciations & impairments	(21,689)	(23,565)
EBIT	**35,419**	**38,146**

EBT

EBT is defined as Earnings before taxes and share of result of joint ventures.

EPS (non-diluted)

EPS (non-diluted) are the non-diluted earnings per share and is defined as Earnings attributable to ordinary shareholders over the weighted average number of ordinary shares.

EPS (diluted)

EPS (diluted) are the diluted earnings per share and is defined as Earnings attributable to ordinary shareholders over the sum of weighted average number of ordinary shares and the weighted average number of ordinary shares which would be issued upon conversion into ordinary shares of all exercisable warrants leading to dilution.

Net debt

Net debt is defined as the sum of current and non-current interest-bearing borrowings minus cash and cash equivalents.

As per 30 June (in € thousand)	2023	2024
Interest-bearing loans – non-current	136,360	115,384
Interest-bearing loans - current	18,982	45,163
Cash and cash equivalents	(54,575)	(17,774)
Net debt	**100,766**	**142,774**

Working capital

Working capital is calculated as the sum of trade receivables and inventories minus trade payables.

As per 30 June (in € thousand)	2023	2024
Trade receivables	103,135	124,029
Inventories	162,003	156,182
Trade payables	(146,107)	(111,944)
Working capital	**119,032**	**168,267**

Capital employed (CE)

The sum of non-current assets and working capital.

As per 30 June (in € thousand)	2023	2024
Working capital	119,032	168,267
Non-current assets	333,642	378,980
Capital employed (CE)	**452,674**	**547,248**

Subsidiaries

Companies in which the Group owns a participation in excess of 50 % or companies over which the Group has control.

MTM

Mark-to-Market.

Headcount (FTE)

Total Full Time Equivalents including temporary and external staff.

Restricted Group

The Restricted Group consists of all entities of the Group excluding Turkish subsidiaries and their subsidiaries.

Leverage

Leverage is defined as the ratio of Net debt to LTM (Last Twelve Months) Adjusted EBITDA.

As per 30 June (in € thousand)	2023	2024
Net debt	100,766	142,774
LTM Adjusted EBITDA	104,070	123,575
Leverage	**1.0**	**1.2**

END OF PRESS RELEASE

About Deceuninck

Founded in 1937, Deceuninck is a top 3 independent designer and manufacturer of PVC and composite profiles for windows and doors. Headquartered in Hooglede-Gits (BE), Deceuninck is organized in 3 geographical segments: Europe, North America and Turkey & Emerging Markets. Deceuninck operates 14 vertically integrated manufacturing facilities, which together with 14 sales and distribution facilities guarantee the necessary service and response time to Customers. Deceuninck strongly focuses on innovation, sustainability and reliability. Deceuninck is listed on Euronext Brussels ("DECB").

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