deceuninck group

ANNUAL REPORT **2017**

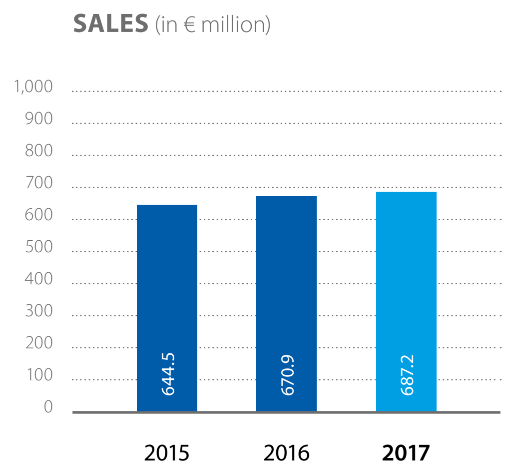
Our new Deceuninck Group showroom at our head office in Belgium, inaugurated in 2017

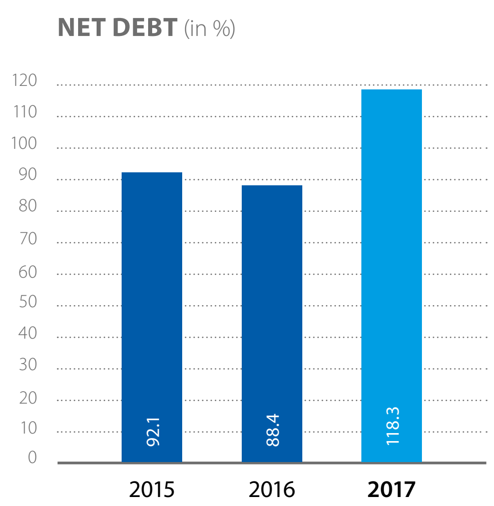
Key figures 2017 [1]

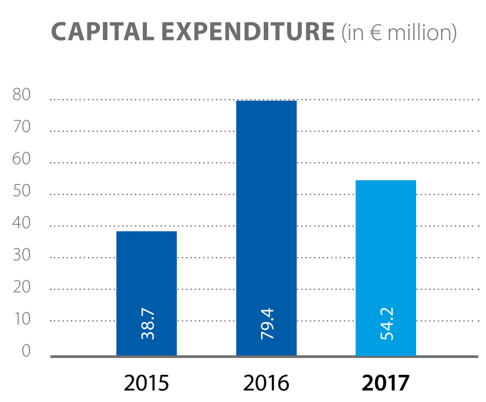
KEY FIGURES (in € million)	2015	2016	2017	VARIANCE %
CONSOLIDATED INCOME STATEMENT				
Sales	644.5	670.9	687.2	2.4%
Adjusted EBITDA	55.9	65.1	66.7	2.4%
EBIT	26.9	36.1	36.7	1.5%
Net profit	13.3	21.0	13.8	(34.1%)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
Equity	269.3	275.0	257.6	(6.3%)
Net debt	92.1	88.4	118.3	33.8%
Total assets	562.6	601.1	558.6	(7.1%)
Capital expenditure	38.7	79.4	54.2	(31.8%)
Working capital	142.9	111.1	135.9	22.3%
Capital employed	397.9	402.6	418.2	3.9%
RATIOS				
Net profit on sales	2.1%	3.1%	2.0%	
Adjusted EBITDA/sales	8.7%	9.7%	9.7%	
Net debt/Adjusted EBITDA	1.65	1.36	1.78	
EBIT/Capital employed	6.7%	9.0%	8.8%	
HEADCOUNT				
Total Full Time Equivalents (FTE)	3.593	3.682	3.927	

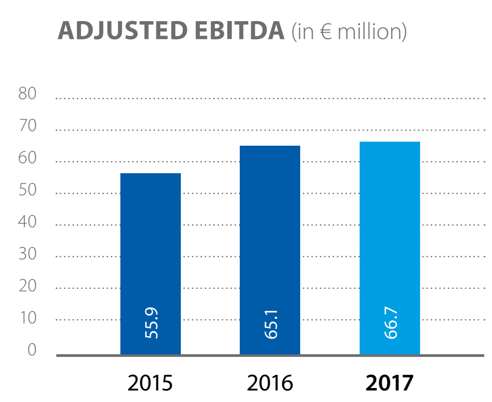
(1) Definitions: see Glossary p. 173

KEY FIGURES PER SHARE	2015	2016	2017
Number of shares as at 31 December	135,039,121	135,382,446	136,383,256
Market capitalisation as at 31 December (in € million)	328.1	306.0	409.1
Net profit per share as at 31 December (in €)	0.10	0.15	0.09
Book value per share (in €)	1.99	2.03	1.89
Gross dividend per share (in €)	0.025	0.030	0.030
Share price at 31 December (in €)	2.43	2.26	3.00









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Message from the Chairman & the CEO

Dear customers, business partners, shareholders and colleagues worldwide,

In 2017 we focused on the realization of various strategic projects which will make Deceuninck Group a more effective and more agile company, ready to react to challenges and opportunities. The confidence we get from all of you motivates us to accelerate these efforts in 2018.

Consolidated sales rose by 2.4% from € 670.9 million in 2016 to € 687.2 million in 2017. In North America we outperformed the market thanks to our customers taking market share and a growing customer base. In Turkey volumes increased despite challenging market conditions thanks to strong business development and the value of our brands. Sales in Europe remained stable, mainly due to the one-off effect of some larger 2016 projects. Consolidated Adjusted EBITDA remained stable around € 66.7 million or 9.7% on sales. The sharp rise of raw material prices, higher levels of inflation and the strengthening of the Euro have been compensated by efficiency gains and price increases.

We serve our customers with wide range of beautiful, energy efficient and fully recyclable products. New product launches in 2017 were well received by the markets. For instance, in North America the Rovex XF Window Mullion received the 2017 Green Award for sustainability. In the UK, Deceuninck's Heritage Flush Sash won the prestigious New Product of the Year award at the G-Awards. Storbox 2.0 was successfully launched after winning the innovation award at the major French trade exhibition Equip'baie in November 2016. Also in 2018 various other innovative products will be launched. We are for instance particularly proud of Elegante, a new system for the Central European market which looks like aluminum but benefits from the thermal performance of PVC.

Superior quality and service has always been a top priority. And although in general we made further progress, we regret that the implementation of a new ERP-system in Western Europe affected service to our customers. Addressing the remaining issues and further improving this new system so that it outperforms what we had remains one of our top priorities.

We also continued to strengthen our operational footprint. In Turkey we moved to our new state-of-the-art Menemen factory, which was fully operational as of Q3. In the US, our new factory in Fernley is operational 24/7 and we upgraded part of the equipment in the Monroe facility. In Colombia we started an extrusion facility, which will serve as a production hub for Latin America. Most of the plants worldwide also further invested in renewable energy. We are convinced that these investments, combined with our ambitious 2018 plans, will not only improve quality and service for our customers, but also bring additional efficiency gains, enable further growth, and further reduce our ecological footprint.

Finally, 2017 was also the year we celebrated the 80th anniversary of our company. We want to take this occasion once more to thank first and foremost all our customers worldwide. Some of these relationships are multigenerational and the strength and depth of these relationships represent a significant advantage for both our customers and our company. Second, we want to thank our colleagues worldwide. Their industry experience and product knowledge, their motivation and enthusiasm, and their desire to win is what makes Deceuninck Group to what it is today: a worldwide leading designer and manufacturer of beautiful, energy efficient and fully recyclable systems for windows and doors.

Francis Van Eeckhout
CEO

Paul Thiers
Chairman

FRANCIS VAN EECKHOUT

PAUL THIERS

Our mission

"Consistent with our aspiration to **build a sustainable home**, we relentlessly pursue to bring superior value to our customers.

By designing beautiful, energy-efficient and fully recyclable products, which we supply with superior quality and service, driven by a high-performing team and enabled by a solid free cash flow."

INNOVATION **ECOLOGY** **DESIGN**

Milestones 2017

January - June

JANUARY

Centralisation of distribution for Czech Republic/Slovakia/Hungary in Poland, bringing additional customer service to these countries.

FEBRUARY

80th anniversary event in Tour & Taxis Brussels.

MARCH

Move to the state-of-the-art Menemen facility in Turkey.

MAY

Launch of low carbon footprint EcoPowerCore range in Germany.

MAY

Fernley plant fully operational 24/7 and servicing customers in Western US.

JUNE

Inauguration of a 4,000 sqm warehouse in India which will further increase service in the Indian market.

JUNE

Launch of hurricane proof multi-track sliding door in the US.

JUNE

First official Deceuninck showroom launched in New Delhi.

Milestones 2017

July - December

JULY

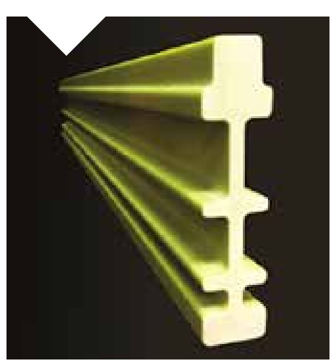
Turkey: market introduction of new IQ Aluminum platform.

AUGUST

Start compounding in Jasin (Poland).

SEPTEMBER

Launch of Revolution XL Tilt & Turn system in the United States. Aimed at commercial markets this system will support ongoing growth of Deceuninck Group's Commercial Alliance.



NOVEMBER

Deceuninck Russia wins 3rd place at the highly recognized Russian HR conference 'Best HR Practices'.

NOVEMBER

G17 AWARDS WINNER

Deceuninck Heritage Flush Sash wins New Product of the Year at the G-Awards in the UK.

NOVEMBER

Inoutic Poland wins Solid Employer Award 2017.

NOVEMBER

Deceuninck Zendow #Neo Premium windows project wins Belgian joinery award 2017.

DECEMBER

Deceuninck SAS Colombia starts first extrusion.

DECEMBER

Deceuninck Group wins award of BEL Small Company of the Year 2017 at Euronext.

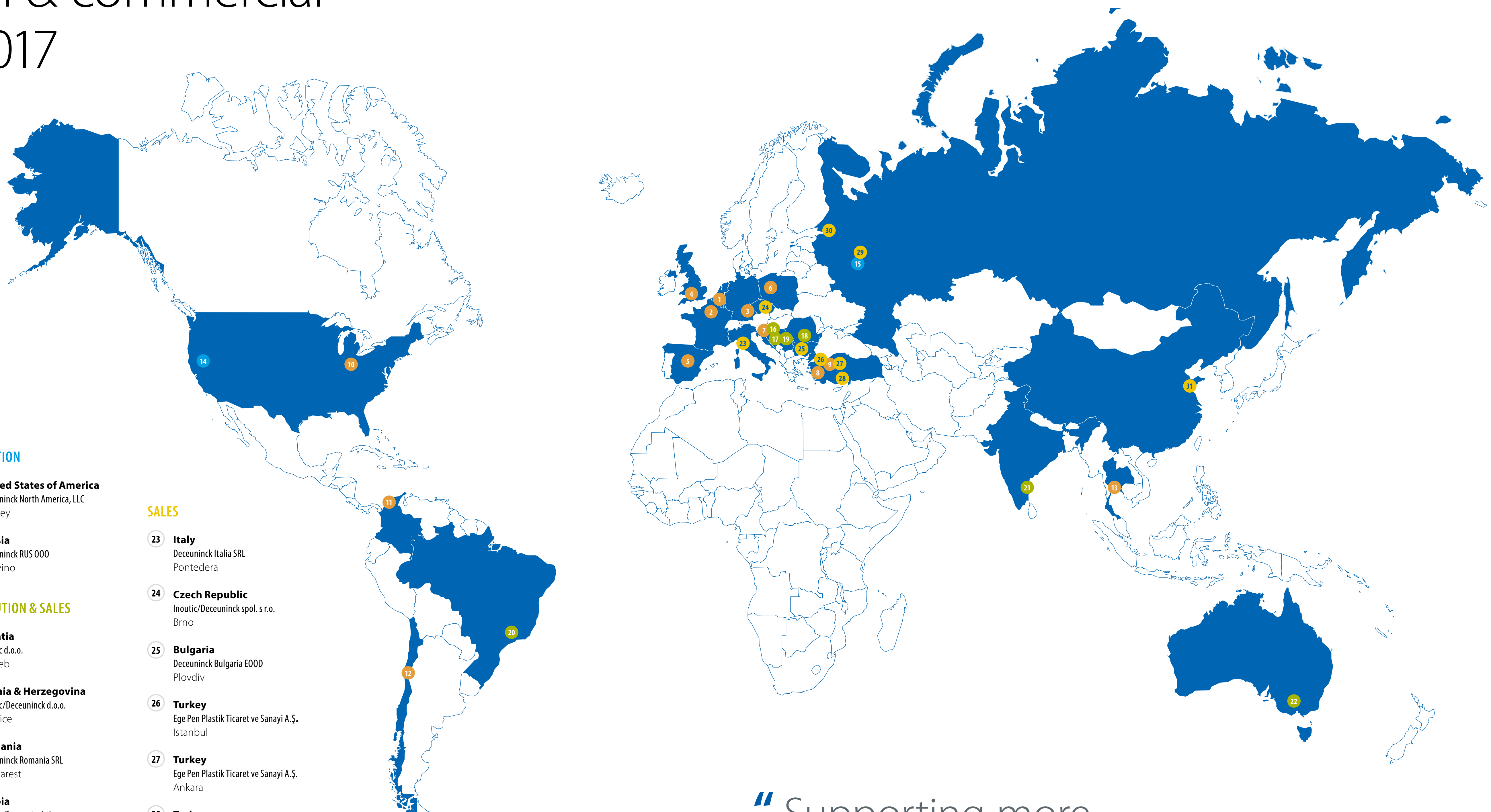
DECEMBER

PİMAŞ
PLASTİK İNŞAAT MALZEMELERİ A.Ş.

EGE PROFİL
TİCARET VE SANAYİ A.Ş.

Merger of Pimas and EGE Profil in Turkey finalized, marking the final step of the Pimas integration.

Operational & commercial footprint 2017



PRODUCTION, DISTRIBUTION & SALES

1 **Belgium**
Deceuninck nv
Hooglede-Gits (headquarters)
Decalu nv
Hooglede-Gits
Deceuninck nv - Divisie Compound
Diksmuide

2 **France**
Deceuninck S.A.S.
Roye

3 **Germany**
Inoutic/Deceuninck GmbH
Bogen

4 **United Kingdom**
Deceuninck UK Ltd.
Calne

5 **Spain**
Deceuninck nv - Sucursal en España
Borox - Toledo

6 **Poland**
Inoutic/Deceuninck Sp. z o.o.
Swarzędz

7 **Croatia**
Deceuninck d.o.o.
Strmec Samoborski

8 **Turkey**
Ege Profil Ticaret ve Sanayi A.Ş.
Izmir

9 **Turkey**
Ege Profil Ticaret ve Sanayi A.Ş.
Kartepe

10 **United States of America**
Deceuninck North America, LLC
Monroe

11 **Colombia**
Deceuninck S.A.S.
Turbaco

12 **Chili**
Deceuninck Importadora Limitada
Santiago

13 **Thailand**
Deceuninck (Thailand) Co. Ltd.
Samutprakarn

PRODUCTION

14 **United States of America**
Deceuninck North America, LLC
Fernley

15 **Russia**
Deceuninck RUS OOO
Protvino

DISTRIBUTION & SALES

16 **Croatia**
Inoutic d.o.o.
Zagreb

17 **Bosnia & Herzegovina**
Inoutic/Deceuninck d.o.o.
Živinice

18 **Romania**
Deceuninck Romania SRL
Bucharest

19 **Serbia**
Inoutic/Deceuninck d.o.o.
Beograd

20 **Brazil**
Deceuninck Do Brasil Comércio de PVC Ltda
Cotia

21 **India**
Ege Profil Ticaret ve Sanayi A.Ş.
Chennai

22 **Australia**
Deceuninck Pty. Ltd.
Victoria

SALES

23 **Italy**
Deceuninck Italia SRL
Pontedera

24 **Czech Republic**
Inoutic/Deceuninck spol. s r.o.
Brno

25 **Bulgaria**
Deceuninck Bulgaria EOOD
Plovdiv

26 **Turkey**
Ege Pen Plastik Ticaret ve Sanayi A.Ş.
Istanbul

27 **Turkey**
Ege Pen Plastik Ticaret ve Sanayi A.Ş.
Ankara

28 **Turkey**
Ege Pen Plastik Ticaret ve Sanayi A.Ş.
Adana

29 **Russia**
Deceuninck RUS OOO
Moscow

30 **Russia**
Deceuninck RUS OOO
Saint Petersburg

31 **China**
Rep. Office Deceuninck nv China
Qingdao

"Supporting more than 4,000 customers in over 90 countries"

Our products & innovations

Product overview

Deceuninck Group designs system solutions for the building envelope, based on PVC, aluminum and various ranges of composite profiles. As such Deceuninck Group offers integrated building solutions covering the whole of the façade for residential and commercial buildings.
We deliver products to manufacturers and distributors under our strong global and regional brands: Deceuninck, Egepen, Inoutic, Pimapen and Winsa.

PVC windows

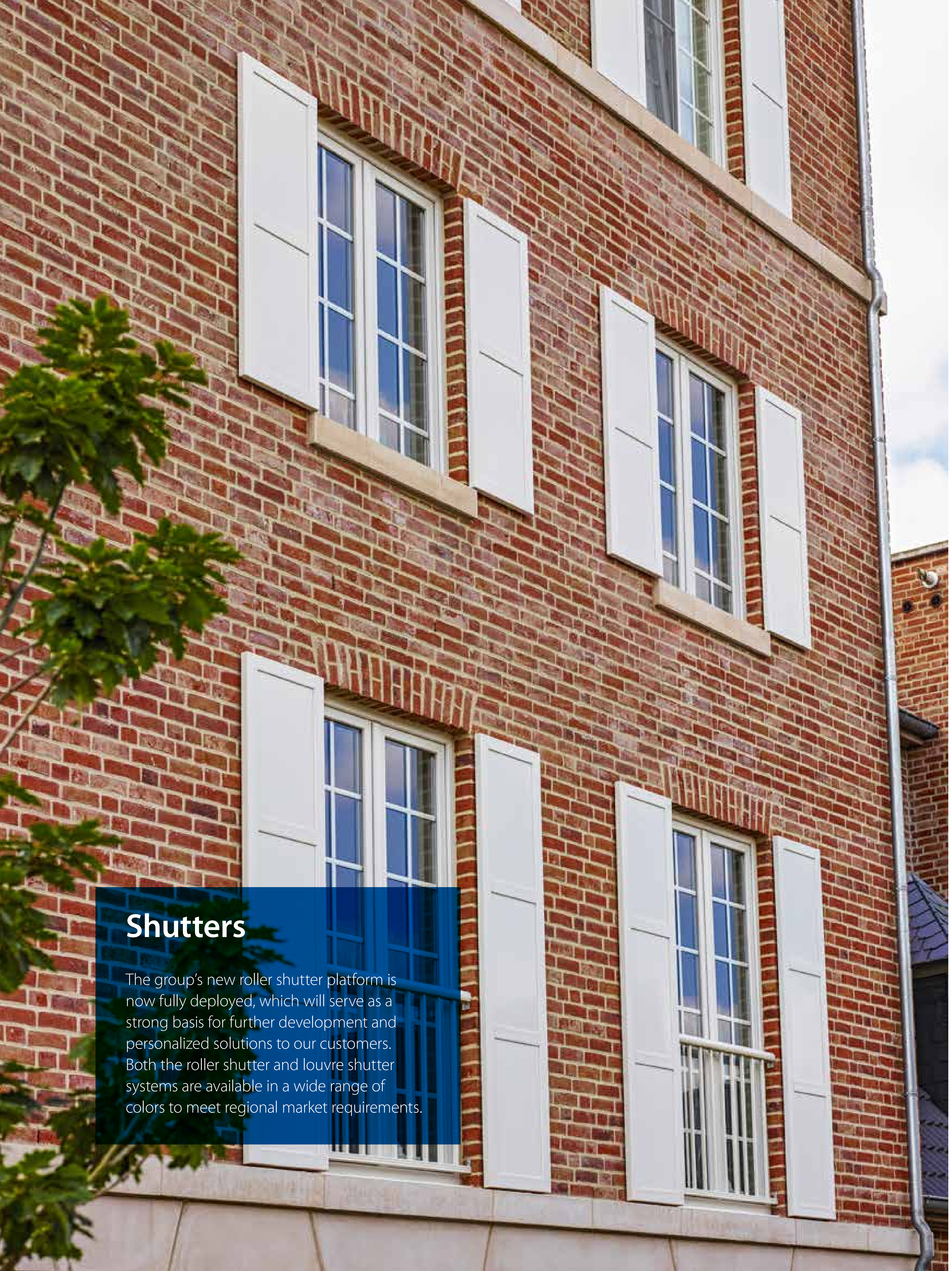
Our ambition is to offer the best possible thermal and acoustic performance, at the lowest possible material consumption. Our standard PVC windows have proven to be extremely efficient providing a perfect balance between energy efficiency and comfortable living. In addition, we have achieved top performance in security by passing the most stringent tests in burglary resistance. A wide and original color palette is available to meet regional style requirements.

PVC doors

Combining design and expert craftsmanship, our top performing door ranges provide endless design combinations to complement any façade. Applying our innovative Linktrusion technology, has allowed to offer our PVC composite doors extreme stability and strength. We have also introduced a panel door solution based on our Rovex pultrusion technology, achieving top level performance in thermal stability and insulation.

PVC Sliding doors

The sliding door range has become an increasingly important product line answering market trends of slimline designs providing maximum glazing surface. Benefitting from our Linktrusion technology we succeeded in reducing profile sections to an absolute minimum, and improve insulation at the same time.



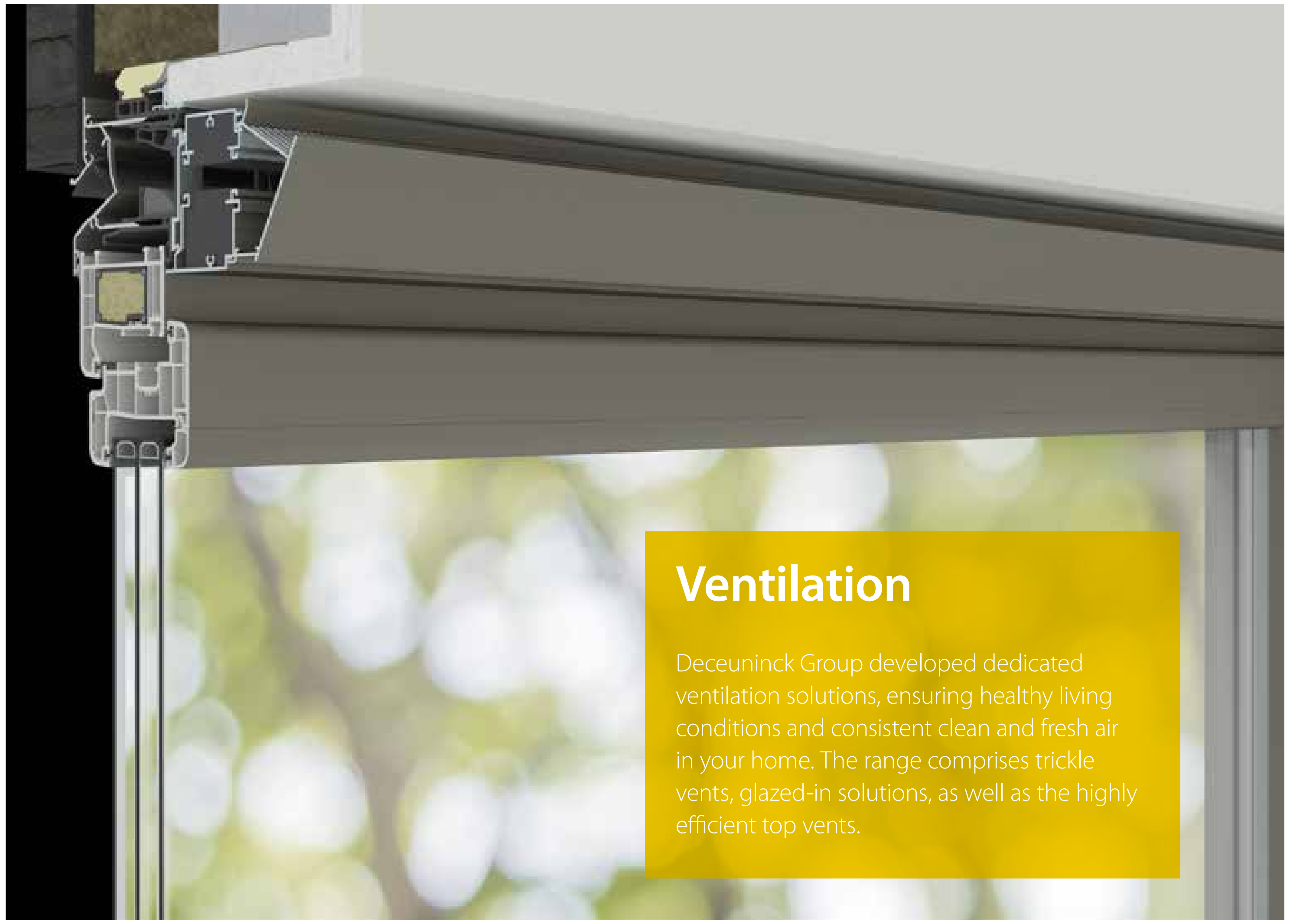
Shutters

The group's new roller shutter platform is now fully deployed, which will serve as a strong basis for further development and personalized solutions to our customers. Both the roller shutter and louvre shutter systems are available in a wide range of colors to meet regional market requirements.

"To answer to market trends and needs, Deceuninck Group is further developing and expanding its Aluminum range for windows, doors, sliding doors, ventilation and sun shading in selected markets."

Aluminum windows and doors

To complement its traditional PVC-ranges, Deceuninck Group has also started offering aluminum solutions that cover the whole range of openings, including the typical slimline flush designs, as well as the more traditional retro look.

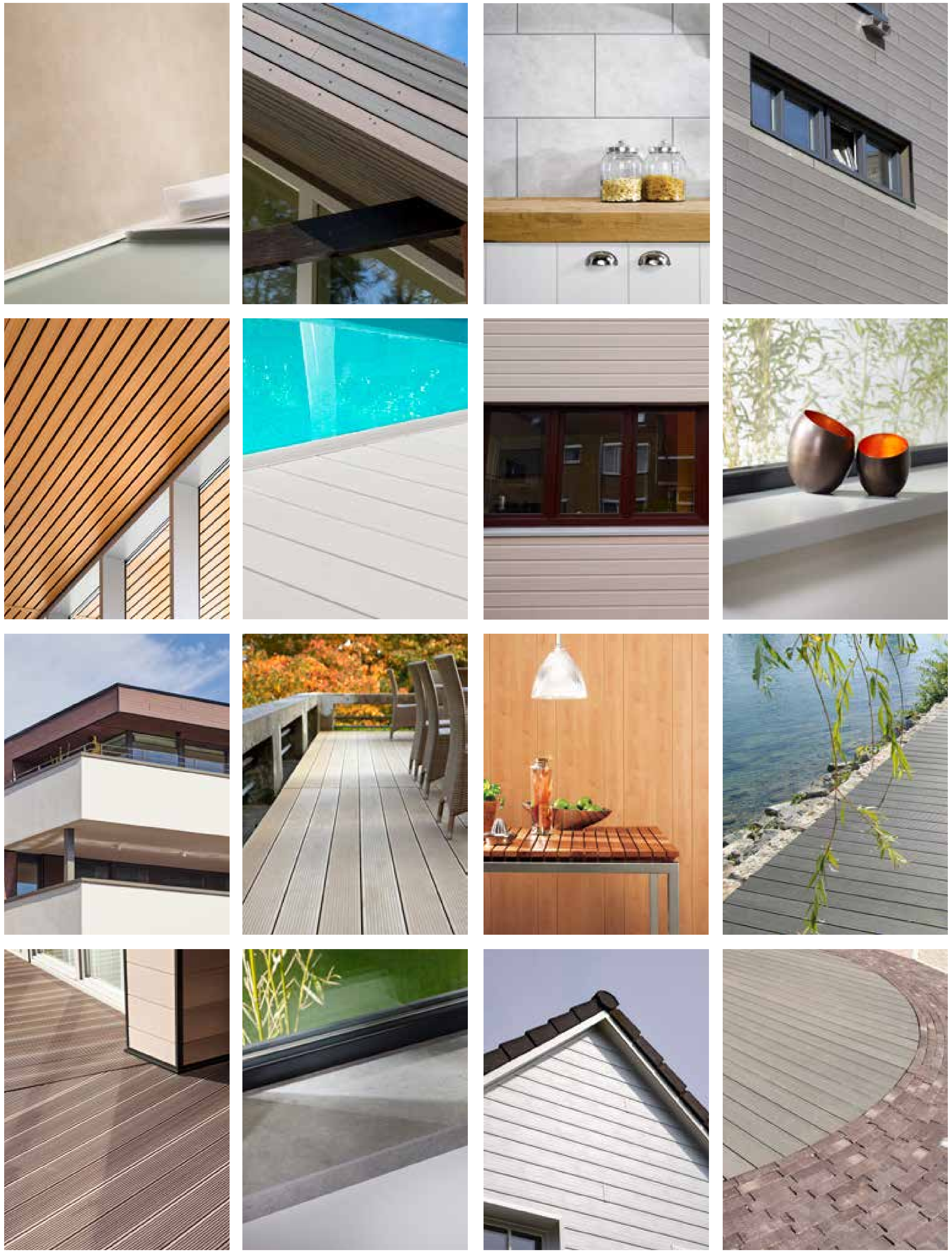


Ventilation

Deceuninck Group developed dedicated ventilation solutions, ensuring healthy living conditions and consistent clean and fresh air in your home. The range comprises trickle vents, glazed-in solutions, as well as the highly efficient top vents.

Shading

To prevent overheating, shading solutions are becoming more and more popular, ensuring a comfortable living environment. Fixed or mobile, a vast variety of horizontal or vertical shading applications complement our cladding solutions for the building façade.



Roofline and cladding

Our cladding range is under continuous development, focusing heavily on integrated solutions, available in a wide range of colors, embossings and other surface textures.

Interior

Apart from the traditional wall & ceiling claddings, the interior range now also offers the Stonosil stone-look window board, offering endless interior decoration possibilities, from the most traditional to the most modern.

Outdoor living – terrace

Deceuninck Group has continued to invest in its highly engineered wood composite material and technology. The Twinson range now provides both hollow and solid decking planks, available in different colors and textures.

Making the difference

Innovation, ecology and design are the key drivers to fulfill our ambition to build a sustainable home.

Innovation

Technology links product innovation and product requirements through new processes and materials into Deceuninck Group's operational activities. The development of value-added products is aligned with cost-efficient manufacturing processes, raw materials and processing equipment. Further investment in the unique composite **Linktrusion technology**, has allowed to further optimize the Zendow#neo and iSlide product ranges.

Continued investment in the **Rovex technology** has opened routes to new products and applications. The pultrusion technology provides a material that is lightweight, yet very strong and stable. It provides an ideal basis for further structural solutions in the building envelope. The Zentrada panel door is one of the latest examples to use this proprietary technology.

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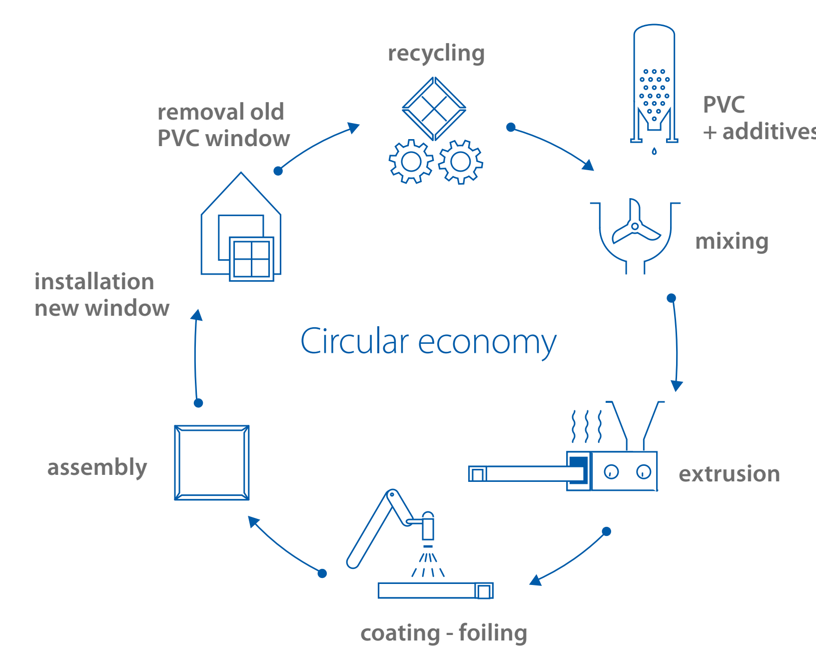
Ecology

R&D activities are highly focused on an increased usage of recycled materials. To maximize on quality requirements, we have adopted a state-of-the-art granulation technology as a standard process step in upgrading our regrind materials.

Deceuninck Group continues to invest in its recycling plant to close the loop of post-industrial and post-consumer material waste, and as such deliver on its sustainable manufacturing promise.

To ensure a maximized usage of recycled material, we continue to heavily invest in optimizing our co-extrusion technology. Dedicated product design and adapted tooling and extrusion technology will allow to maintain a consistent high quality level of the final product.



These high quality requirements of Deceuninck Group's products and processes demand extensive in-house testing. We have therefore heavily invested in top-of-the-range testing equipment. In 2017, the central lab obtained its BELAC and ILAC accreditation certificate as an independent testing laboratory. Services are also available for third parties (www.a-proof.be).

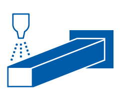
> "Testing is creating new knowledge"

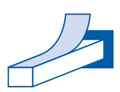
The Applications Test Center invested in a unique, large-scale climate test chamber, allowing to subject newly developed products to perform even in extreme weather conditions. Also closely monitoring the latest developments in window fabrication technology, state-of-the-art machining and welding equipment have been acquired.

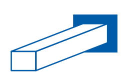
596 - TEST
NBN EN ISO/IEC 17025:2005
EA MLA signatory

Design

Introducing design and color in new product developments have become a definite goal. As such, our finishing processes play a vital role. Numerous new colors and designs have been introduced in both foiling and coating finishes.
The development of the Aluroc coating range for the aluminum window and door range is further proof of that ambition.
Also in creating new solutions, the look and feel of the product has become a critical parameter. The award-winning flush timber-look window is just one of such examples.


Coating


Foil


Mass colour

For the new Majestic terrace plank, a new polymer co-extrusion layer has been developed to reduce maintenance to an absolute minimum. Combined with a dedicated embossing and streaker technology, the new decking plank offers a unique brushed wood-look.
















Some of our recent references

The Netherlands


Peru


United Kingdom


United States


Austria


United States


Belgium


France


Pakistan


Germany


United States


Libanon

Non-Financial information

About this Chapter

Introduction

Deceuninck Group has a clear commitment to act with respect for people, society and environment and to create a safe, healthy and learning workplace for its employees worldwide. We honour our PPQSP principle. That means: when confronted with a choice, we choose in the following order: People (Safety & Health), Planet (Environment & Ecological footprint), Quality, Service and Profit (Cost).

In this chapter, Deceuninck Group reports on its policies, goals and efforts made throughout 2017 with respect to its people, the society and our planet (through performance measures and targets or "KPIs"). The report is inspired by the Global Reporting Initiative standards. We will continue to work throughout 2018 to report our sustainability efforts in accordance with GRI or other international standards.

Risks related to the topics described in this chapter can be found in the "Internal Control and Risk Management Systems" section of the annual report.

Material sustainability topics

During the risk assessment process, Deceuninck Group's Executive Team identified the following material topics with regard to people, society and environment:

OUR PEOPLE	OUR SOCIETY	OUR PLANET
+ Ethical behavior + Attracting and retaining great people + Learning and development + Health and safety + Automation of HR processes	+ Caring for the community through local and global charity projects	+ Recycling + Green Technologies

Our stakeholders

The following stakeholders are key to our business and financial results:

+ Employees (responsible unit: HR)
+ Customers (responsible units: Sales and Marketing)
+ Investors (responsible unit: Investor Relations)
+ Suppliers (responsible unit: Purchasing)
+ Public organisations (responsible units: Executive and Management Team)
+ Neighbours (responsible: local managers)

Deceuninck Group cares about their thoughts and ideas on various topics. Here is how they can raise any concerns with the company or how their engagement is triggered:

+ Employees: Performance Review, Intranet, Deceuninck Group Community, Captain's Table
+ Customers: Customer service, Preferred Partnership, Deceuninck Group trainings
+ Investors: Investor roadshows, various meetings
+ Suppliers: Daily contacts in the field; Deceuninck Group trainings
+ Public organizations: Participation in working groups, global networks, scientific groups
+ Neighbours: Spontaneous contacts in the field; informative meetings

Our Code of Conduct

Mission

Deceuninck employees act ethically and with integrity, in terms of good practice, safety and compliance with laws and regulations. That is fundamental to our long-term future and company reputation.

Efforts made in 2017

In 2017, the HR departments of the Deceuninck Group joined forces with Corporate Legal and collaborated for the review of our former Ethical Code. All principles were reviewed and updated into a new Code of Conduct. The Code was approved by the Board of Directors at Group Level. Deceuninck Group's Code of Conduct highlights the policies and procedures, which are essential for the operation of its business.

The Principles

The following four elements of Deceuninck Group's Code of Conduct provide the ethical framework on which decisions should be based – as individuals and as members of the group:

OUR CORE VALUES	SUSTAINABLE PRINCIPLES
Is the action consistent with our core values?	What do these guiding principles state?
PEOPLE	**LONG LASTING RELATIONSHIPS**
How will my actions impact others?	Does the action protect our reputation?

Deceuninck's core values

Candor

+ We tell the whole truth, open and frank.
+ We tell it like it is.
+ We give straight-between-the-eyes feedback, while respecting our counterpart.
+ We act as one team.
+ We honestly admit mistakes or bring bad news, while taking corrective and preventive measures.
+ We say what we mean, we mean what we say: that is our authenticity.

Top performance

+ Performance is measured by our community, our people, our customers and our shareholders.
+ We preserve our core purpose and values, while striving for continuous improvement.
+ We say what we do, and do what we say: that is our accountability and discipline.

Entrepreneurship

+ We are open to the world, open to other ideas.
+ We strive for innovation, accepting no boundaries.
+ Trust is given, we embrace taking calculated risks and initiatives.
+ We think like an owner. We make decisions and take ownership.

Our sustainable principles

these are the sustainable principles that form the framework in which Deceuninck Group operates:

- We exercise honesty, loyalty, fairness, equity, proper courtesy, consideration, integrity, accountability and sensitivity in dealing with customers, suppliers and employees.
- Any act that involves theft, fraud, embezzlement, or misappropriation of any property is strictly prohibited.
- Our business decisions are made with honesty and integrity based on objective factors: People, Planet, Quality, Service and Profit. We may not accept or offer cash at any time and should never accept or offer any gift, favor, entertainment or other advantage, directly or through an intermediary to any public officials, civil servants, for the purpose (or with the intent) of influencing him/her in the performance of his/her official functions in order to obtain or retain business for Deceuninck Group or gain an unfair advantage over competitors neither to any other person with the intent to induce such person to improperly perform his/her function or improperly influence his/her decisions (anti-bribery, anti-corruption).
- We do not provide financial or other support to political parties/organizations nor to the election campaigns of individual candidates.
- Only gifts up to an amount of 100 EUR are accepted if in line with the above rules. Gifts should not be kept personally but shared with the colleagues (ex. given away through a lottery)
- Invitations to events (ex. football matches, concerts, ...) can only be accepted after approval manager
- We will keep our business records in a manner that accurately reflects the true nature of our business transactions.
- We provide innovative and sustainable building products but also ensure these products are safe. Products must be designed, produced and serviced to Deceuninck Group standards and should comply with applicable regulations and contractual obligations.
- We must comply with all applicable laws, rules and regulations in all countries, and report suspected violations. We are driven to do not only what is expected from an entrepreneur, but also what is required by law. We expect our business partners to do the same.
- As part of the Deceuninck Group policy of fair and honest dealing with customers, suppliers and competitors, we comply with applicable anti-trust or competition laws and regulations in all countries we operate in including the prohibitions on fixing prices or margins with our competitors.
- We comply with the export control laws of the United States and all other countries in which we operate, including restrictions on transactions with parties on the restricted parties list and with certain designated countries.
- We shall not allow ourselves to be used or exploited as a vehicle for money laundering, funding criminal activities, or supporting illegal activities.
- We are not allowed to use or share inside information, neither for our own financial gain nor for a third party's gain.
- We will not knowingly assist any third party to violate any law of any country, by creating false documents or by any other means.
- We perform our duties using authority in a fair and equitable manner.
- Deceuninck Group is committed to do the utmost to protect (y)our data against unauthorized users and requests from you to do likewise.

People

We are committed to safeguard human rights. At Deceuninck Group, we value and respect the unique character and contribution of each person and each employee. Treating each other with dignity, respect and fairness is the foundation of good business. We treat each other the way we would expect to be treated ourselves:

- We respect cultural differences. Diversity of people and ideas will provide the Company with a business advantage.
- Equal opportunities: discriminating against any employee or person with whom we do business on the basis of age, race, color, religion, gender, disability, national origin, sexual orientation is not permitted. The recruitment, remuneration, application of employment conditions, training, promotion and career development of our employees are based on professional qualifications only.
- Workplace Harassment and Violence: harassment and violence in the workplace are strictly prohibited and will not be tolerated. Conduct that creates an unwelcome or uncomfortable situation or hostile work environment such as unwelcome advances, inappropriate comments and jokes, intimidation, bullying or physical contact are designated as harassment.
- Safety and Health: we are committed to providing a safe and healthy workplace and to having a duty of care to each other, the company and environment. Each of us is responsible for observing all of the safety and health rules that apply to our jobs. We are all responsible for taking precautions to protect ourselves and our fellow employees from an accident, injury or unsafe condition. Additionally, each of us must promptly report unsafe or unhealthy conditions and take steps to correct those conditions immediately.

Long Lasting Relationships

- We avoid conflicts of interest. Business decisions and actions on behalf of our Company must never be influenced by personal considerations or personal relationships. We must never use Company property, information or our position to create personal or family benefit. A conflict of interest may occur when family members or close personal friends are involved in business relationships with us, either inside or outside the Company, or when we or a family member have a direct or indirect personal or financial interest in any business issue that is under consideration. It may also occur when outside interests interfere with our ability to do our jobs to the satisfaction of the Company.
- We take responsibility to the environment. Environmental protection is the right thing to do and part of our business strategy. We are committed to having a duty of care to each other, the company and environment. We work to reduce and prevent waste, emissions and releases in all of our operations. We safely use, handle, transport and dispose of all raw materials, products and wastes. We help others understand their environmental responsibilities when using our products. We strive for continuous improvement of our environmental performance, in partnership with government agencies, contractors and communities. Our environmental commitment is a responsibility shared by everyone. No one can assume it is the job of someone else.
- We respect Intellectual Capital. We respect and protect confidential information obtained during employment at Deceuninck Group. We take proactive measures to safeguard our documents, computers and other data devices that contain personal or confidential information. We obtain, develop and protect intellectual property in an appropriate manner. We respect the restrictions on its use and reproduction. Intellectual property includes copyrights, trade secrets and trademarks, innovative ideas and process knowledge. Our values of candor shall not prevent appropriate protection of information that may be of value to the business interests.

E-learning program

To make sure that all of our employees have the same understanding of the Code of Conduct principles, Corporate Legal launched an e-learning program for white collars in 2017. The aim of the e-learning program was to explain the main principles and rules of Deceuninck Group's Code of Conduct. The training is a perfect way to determine whether the employees are sufficiently familiar with the main principles of integrity as envisaged at our company. The topics covered are:

- Confidential Information
- Use of Company Assets
- Bribery and Corruption
- Records and Transactions
- Fraud and Illegal Practices
- Environment, Health and Safety
- Insider Dealing
- Export Restrictions
- Money Laundering
- Internet and E-mail
- Antitrust and Competition Law
- Working Conditions (human rights)
- Conflicts of Interest
- Donations and Sponsorships

The employees receive a certificate after completion of the training.

The e-learning program will remain active and will be rolled out to blue collar workers throughout 2018, the year in which Corporate Legal will analyze and report on the results of the training.

Supplier compliance

Deceuninck Group expects its suppliers to comply with the same ethical standards we do in particular (but not limited to) with regard to non-discrimination, anti-bribery, anti-corruption and human rights in general. It is the intention to set up a formal supplier compliance program in 2018.

Our people

Mission

We are here to build a sustainable 'home' for our people and our customers. We build long-lasting relationships and intimacy, based on our core values: Candor, Top Performance and Entrepreneurship. We believe that great people deliver great results.

Targets

Creating a culture of excellence by:

+ Enabling all of our employees and staff to manage their personal and HR related data through a digital platform. The ultimate goal of the HR Software platform is to enable all HR departments to gain insight into the performance, competence, development and remuneration of the staff members and talent in general within the organization in the future.
+ Creating a healthy, safe and learning environment and providing continuous learning opportunities
+ Establishing a concrete link between learning, performance and compensation, succession planning and knowledge transfer,
+ Arranging for and provide training that broadly supports strategic organizational objectives,
+ Fostering a culture of continuous improvement that values organizational learning.

Efforts made in 2017

Connect

Deceuninck Group's HR Managers agreed that a state-of-the-art cloud-based employee data system was needed in order to have the right data and have the right processes in place to manage our human capital in a better way, and in order to further develop the Human Resources department in a professional and responsible manner.

An investment was made in an integrated solution that covers all HR processes and that, at the same time, is available for both staff members and managers through a self-service portal.

In 2017, the HR Self Service portal went live, providing employees, managers and HR instant access to their personal and team data.

The project provided new collaborations between the international teams, working together to deliver a new culture of working through digital transformation, transparency and data protection. The objective was to deliver one single point of truth by aligning all countries and working towards a multi-function system to empower employees to work more efficiently and effectively.

Internally, the project was branded 'Connect', to reflect the digital cross-border link between employees, teams and managers; creating a level playing field across our group worldwide in the way we manage, protect and report on data.

Currently, employees receive trainings locally, aiming to be fully online across 25 countries by the end of February 2018. The project team will then initiate the planning of the next module within Connect, focusing on Recruitment and enhancing candidate experience, from applying online to joining the company, further enabling Deceuninck to attract and retain talent to the business.

The HR Software platform will allow the HR managers to take faster and better founded support, given the fact that the required data and reports will be available for consultation from wherever and at any moment, taking into account the applicable data protection rules.

Digitalization also implies the use of less paper and, in doing so, ensures that Deceuninck Group contributes to a smaller ecological footprint.

Intermobility

Further to the testimonial of Igor Gorgodts in the Annual Report on 2016, Koen Vergote testifies about the opportunities he was given in his learning and development trajectory within the Deceuninck Group:

Koen Vergote
General Manager Colombia

"The growth dynamics and international dimension of Deceuninck Group have given me the opportunity to develop an international career around the globe that fulfilled both my professional needs and pleased my adventurous and cultural interests.

Indeed, They allowed me to develop a career within the company over a period of 23 year that both met my expectations of personal development and the company's needs at that time.

I started as Activity Based Costing Controller, allowing me to visit and learn all major production and logistic processes of an industrial company. As a starter this is a great opportunity and it resulted in a knowledge base I still use today.
After 2 year I moved to the export department as Financial Controller. Learning about customers needs, their behavior, market dynamics in various countries in Central and Eastern Europe was a new dimension opening up to me. In that same position I got involved in the Due Diligence of the acquisition of Ege Profil in Turkey. Valuating a company in an economic environment characterized by 50% inflation, severe devaluation proved to be a real Challenge. But despite the technical difficulties it became clear that Turkey had the potential to become a star market. After negotiating 2 years the Joint Venture got signed. At that moment, Deceuninck Group was looking for someone who knew the house inside out and could help integrate Ege Profil in the Deceuninck Group. So on a late Friday afternoon I was called to the office of the CEO. He offered me to move to Izmir - Turkey as Business Analyst; I had 1 weekend to think it over. The next Monday I agreed to go for 1 year and ended up staying 17 years. It was a fascinating time in which we grew the company's sales 10 fold through a process of organic growth and 2 acquisitions. We also built 2 state-of-the-art new production sites (Kartepe and Menemen). Part of the growth was also coming from Emerging Markets. I got involved in establishing and following up companies in Australia, India, Chile and Brazil.

In 2017 the decision was made to establish a production plant for Latin and Central America in Colombia. Once again a win/win opportunity presented itself. I was ready to make a next move, this time to a General Management position as Deceuninck Group needed a "Deceuninck person" coordinating people in different subsidiaries like Turkey, Belgium, Chile and US, all involved putting up a integrated production facility. So in August 2017 I moved with my family to Colombia to start up a brown field production site in Cartagena. After 7 months of intense work the plant was officially opened on February 24, 2018. The given opportunity to lead a 45 people strong Colombian team for Deceuninck Group makes me feel proud every day. The future in LATAM belongs to Deceuninck Group, that is what every team member believes in."

Young graduates program

In 2017, Deceuninck Group continued to employ young graduates on various positions within the framework of the international training program for talented young graduates and are now ready for the next challenge on their track. Efforts in the field of diversity were also continued.

This commitment related to its employees remained a major challenge and required a clear focus of each of the regional and local managers.

Health and Safety (employees and customers)

Building a sustainable home can only be done with healthy people and in a safe way. In the Belgian plants, for example, a Safety Barometer was introduced, together with internal trainings, in order to create both awareness and accountability with regard to safety (behavior based safety) on the floor.

We also care about the safety of our customers.

Today, our pvc cladding products are subject to CE marking (compulsory). The CE marking signifies that products sold in the European Economic Area have been assessed to meet high safety, health, and environmental protection requirements.

The CE mark covers the following seven basic requirements:

+ mechanical resistance and stability
+ safety in case of fire
+ hygiene, health and environment (dangerous substances, VOC, ...)
+ safety and accessibility in use
+ protection against noise
+ energy economy and heat retention
+ sustainable use of natural resources (durability)

The safety and performance of pvc cladding products are officially stated in a Declaration of Performance, published on the website of Deceuninck, made directly available to the customers.

Even without compulsory CE marking, Deceuninck safeguards the safety and performance of its products by carrying out voluntary quality tests and achieving technical approvals. Those technical approvals are based on national quality standards, such as ATG (Belgium), KOMO (The Netherlands), NF-CSTB (France), RAL (Germany), etc.

PVC window profiles are not subject to CE marking, unlike the PVC windows and doors. The CE marking of these products is provided by the window manufacturer, among other things based on ITT (initial type testing) reports provided by Deceuninck.

Other local People projects

Turkey

+ An Employee Satisfaction Survey was carried out on Kartepe plant December 18, 2017 and İzmir plant December 21, 2017 for the employees. The survey results are expected in 2018.
+ Our Turkish HR colleagues received the prize 'Respect for Human' organized by Kariyer.net, the biggest employment website of Turkey. The HR Team were awarded this prize because of its high responsiveness to application (out of 22,097 applications received in 2017, 100% were responded in 3 days and 92 persons who applied through Kariyer.net were employed).
+ A "Work Health and Safety Excellence Program" was introduced in the Kartepe plant. This program's main aim is to increase awareness of occupational health and safety at the plant. The same program will be rolled out in the İzmir plant beginning of 2018.
+ In the Kartepe plant, a long-term blue-collar employee leadership program was launched. The program was organized in 3 main trainings: Effective Team Management, Managing Self and Relationships and Stress management. In this program 69 employees trained for approximately 173 hours. Annually, the employees spend around 20 hours on learning and development.
+ All Winsa and Pimapen Group Management employees received an intensive "Performance Management System" training at the beginning of January, 2017.
+ In Kartepe and İzmir, a Suggestion Award System is in place to encourage innovative ideas.


> SAINT NICHOLAS EVENT

> BLOOD DRIVES

USA

HEALTH FAIR
For the second year in a row DNA held a Health Fair for its employees. The event was held on site at the Monroe, Ohio facility and 300 employees attended. The event featured local nurses who assess blood pressure, blood sugar, height, weight and BMI. There also was a Certified Diabetic Educator on hand to help employees with better dietary choices and lifestyle. Representatives from the American Heart Association and United Health Care were on hand to educate and answer employee's questions related to heart health and our health care plan. The Fernley plant also held a similar event for their workforce.

MAMMOGRAM BUS
DNA had a Mammogram Bus on site that provided mammograms to 16 employees.

BLOOD DRIVES
DNA hosted several Blood Drives during the year. Employees donated a total of 60 pints of blood.

HEALTHY EMPLOYEE SNACKS
During the year Monroe and Fernley began offering free fruit (bananas, oranges, apples) as a healthier snack option for employees.

Belgium

HEART MASSAGE COURSE
In 2017, a group of employees volunteered to receive an extensive heart massage course. In 2018, this important training will be rolled out towards all Deceuninck Group employees.

HEALTHY EMPLOYEE SNACKS
The CEO introduced free fruit in 2016. Also in 2017, the employees could pick and choose free fruit at lunch time.

FAMILY EVENT @ THE MOVIES
In December 2017, a Saint Nicholas event was organized at the movies for our employees and their children.

> HEART MASSAGE COURSE

> HEALTHY EMPLOYEE SNACKS

Our Society

Mission

Deceuninck believes it has a role to play in society and therefore supports charity projects worldwide, both big and smaller ones, making a difference for each and everyone involved.

Targets

When the current CEO came on board in 2016, he reduced his salary with 20% compared to the salary of the previous CEO. He committed to donate 10% thereof to charity projects worldwide.

Efforts made in 2017

In 2017, Deceuninck made three major donations to charity projects, amongst other, smaller projects.

Scientific Research

Deceuninck Group supports the "Opening the future" campaign of the Catholic University of Leuven. The campaign supports advanced scientific research with regard to Alzheimer's and Parkinson's disease, ALS, muscular dystrophy and autism.

The Kouter Kids

Kouter Kids in Kortrijk (Belgium) is a charity organization that takes care of children from a problematic education environment, such as poverty, drugs and alcohol abuse.
The Kouter Kids aims at focusing on meaningful and useful leisure activities. With a.o. the financial support of Deceuninck Group the organisation was able to buy a minibus, so that they can more easily be transported to a doctor, hospital or school, but also leisure activities such as soccer training, dancing, music, drawing lessons etc. and to support other project such as the purchase of laptops. They also offered bicycles and a cargo bike.

Studio Hive Five

Studio Hive Five is a charity project in Haiti founded and managed by Philip Deceuninck, grandson of Benari Deceuninck (founder of the company), with the support of the 'Koning Boudewijnstichting'.
This year our contribution primarily went to the Beauséjour project. Beauséjour is the most remote place of Leogane, the epicentre of the devastating earthquake of 2010.
Here "Les Petits Frères de Sainte Thérèse", a local organisation helping the poor, have started several initiatives. After 20 years they have built up a reliable and respected reputation.
Hive Five supports their initiative that provides small loans to families to start their own farming business.

STUDIO HIVE FIVE

THE KOUTER KIDS

Cultural Projects

Together with 6 other companies in the Flemish region, we sponsored the purchase of a very innovative piano by the Concerthall in Bruges (Belgium). The project reflects a strong example of cultural entrepreneurship. In a time where pianos are heavily standardized, the Chris Maene Factory launched a bold new generation of grand pianos that offer an innovative and refreshing alternative. Combining in-depth knowledge of more than 300 years of piano manufacturing with the most modern and state of-the-art techniques, the Chris Maene straight strung pianos are unprecedented and unique.

Based on a completely new straight-strung design and handcrafted to perfection, the instruments have no equal. For the first time in decades musicians can discover a genuinely new world of sound.

We decided to sponsor the straight strung piano because we believe that music connects people, carrying out a message of interconnectivity while demonstrating and supporting the importance of innovation and entrepreneurship.

Charity of the Year 2017

Each year, our employees in Calne, Wiltshire (United Kingdom) nominate their personal choice for the Company Charity of the Year; one is selected and employees are then encouraged to support this charity through cake sales, raffles, office run tuck shop and sponsored walks. Our chosen charity for 2017 was MacMillan Cancer Support who provides specialist health care, information and financial support to people affected by cancer.

Our employees raised an amazing £2,148.19 during 2017 and are now planning fundraising for a new charity in 2018.

Technic for children

This project in Germany combines the interests of business and school. The aim is to get young people interested in technical professions.
The industry is sending people to school to make some practices with a group of pupils. With the help of the tutors, the pupils assembled flashlights, turn signals and electric sirens. At the end of the course, if it is possible, the company invites the young people and shows the inside of a production hall.

We are supporting this project by sending our apprentices to school. They show the pupils special skills and tell about experiences in a profession


TECHNIC FOR CHILDREN


TRAINING EXPOSITION

CHARITY GROUP WALK


Habitat for Humanity

Habitat for Humanity

In 2017, for the 4th consecutive year Deceuninck North America was proud to support Habitat for Humanity of Great Dayton. The windows used in the 2017 house were donated by us and manufactured locally in Cincinnati by our long-time customer Tri-State Building Products.

Sponsorship of Monroe Schools Fire Safety Training Materials

Deceuninck Group, once again this year sponsored the Fire Safety training materials for the Monroe School children in partnership with the Monroe Fire Department. This training is given to young school children in the Monroe school district.


Habitat for Humanity

Our Planet

Mission

Deceuninck Group is here to help you build a home that is more energy efficient to live in. We create long-lasting, low maintenance building products with top insulating properties. Our products are created with the lowest ecological footprint and can be fully recycled at end of life.

Targets

Making the world a "greener" place through the implementation of innovative "Green Technologies" projects on all of our production sites worldwide. The Company wants to contribute to that target on two levels:

+ First, at least 10% of the total raw material used at Deceuninck Group should be recycled products
+ Further, each region has been instructed to invest in renewable energy and in "green" projects

Efforts made in 2017

Our products and activities

Product and process innovation goes beyond energy efficiency

National building codes are gradually introducing stricter insulation and ventilation targets in order to meet European insulation legislation (EPBD – Energy Performance of Buildings Directive). The EPBD is the main legislative instrument at EU level to achieve energy performance in buildings. The Directive requires Member States to set performance standards for buildings; apply energy performance certificates (EPCs) to buildings; and ensure that from the end of the decade only 'nearly zero energy buildings' (NZEBs) are built.

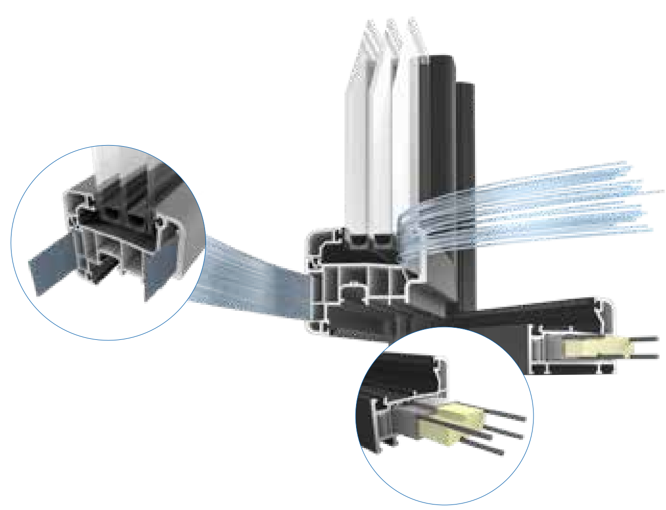
To manufacture PVC (polyvinyl chloride) two main feedstocks are needed, chlorine and ethylene. The ethylene is mainly derived from non-renewable fossil fuels, either crude oil or natural gas (and also shale gas). PVC uses less than 1% of fossil fuels consumed worldwide. 40% of fossil fuels is used for heating buildings. Deceuninck Group's vision is to use this 1% to significantly reduce the 40% for heating or cooling buildings.

Plastic building products are lightweight, require low maintenance and provide superior insulation. Plastic products save energy and reduce CO_2 emissions. In order to preserve natural resources we are continuously developing PVC and composite products that drastically help reduce the energy that escapes from buildings through windows and walls. PVC and PVC composite products are the most economical solution for insulation.

We believe that true sustainability goes beyond energy efficiency.

Deceuninck Group's latest window designs provide an improved energy performance at an ever lower weight. Our latest product developments assure the best insulation at the lowest material consumption.

For Western Europe we launched Zendow#neo®: a new generation energy-efficient window system, meeting tomorrow's energy-efficiency needs.



Zendow#neo uses **Linktrusion** technology. Linktrusion has been developed to substitute badly insulating steel reinforcements in traditional PVC windows.

Linktrusion links continuous glass fibre strips within the main profile extrusion. The Linktrusion approach also led to the development of the Zendow thermal reinforcement, a reinforcement profile with steel wire, embedded in PVC foam extrusion.

> "The greenest raw material is the one that you do not consume"

Reducing the ecological footprint

An LCA (Life Cycle Assessment) or ecological footprint calculation made by Futureproofed (www.futureproofed.com) shows that the latest Zendow#neo premium window frame has a 40.8% lower impact as compared with the traditional Zendow window frame. Lower heat loss of the Zendow#neo window frame during the 50 years use phase accounts for 90% of the improved ecological impact.

As a result major environment gain comes from further improvement of the insulation degree of the framing material. In Zendow#neo premium pultruded glassfibre reinforcements in the PVC window sash and embedded steel wires in cellular foam reinforcement for the outer frame replace the badly insulating steel reinforcements. Zendow#neo premium offers 30% better insulation.

Replacing 60% of the virgin PVC by recycled PVC could result in a further ecological footprint gain of 37%.

Production sites in Belgium (Gits and Diksmuide), Turkey (Izmir & Kartepe) and the United Kingdom (Calne) are ISO 14001 certified.

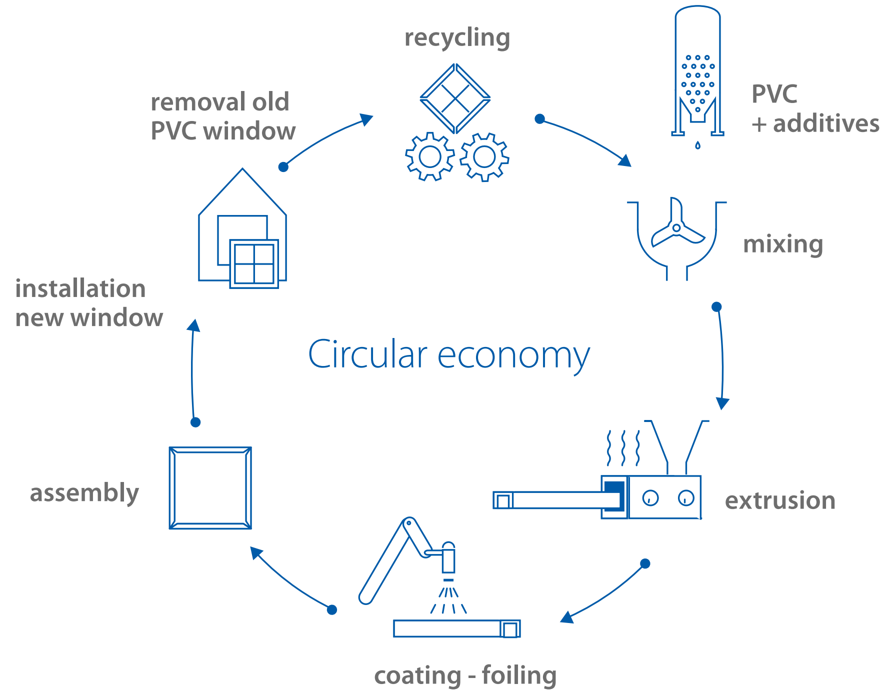
ISO 14001 certification takes into account a number of prevention principles to limit or prevent the impact for people, the environment and the neighborhood. The Plan-Do-Check-Act approach of ISO 14001 results in continuous improvements of the environment performance based on procedures and instructions. All five production sites concluded their ISO 14000 environmental audit successfully in 2016. The Belgian production sites in Gits and Diksmuide are already certified up to the latest standard ISO14001/2015.

On June 22nd 2017, the Belgian production site in Gits succeeded in renewing its 'Charter Duurzaam Ondernemen' (Charter Sustainable Entrepreneurship). By signing the Charter Sustainable Entrepreneurship, Deceuninck commits to realize a concrete and structured action plan for ten themes: Corporate Governance, Social responsibility, Communication and dialogue, People-friendly Entrepreneurship, Risk Management, Sustainable investment, purchases and product & service development, Chain management, Climate change and energy, Quality of the direct environment and Sustainable logistics and mobility.

The Charter Sustainable Entrepreneurship is based on the 'to measure is to know' principle and the implementation of concrete actions.

The results of this action plan are assessed by a team of independent experts who constructively come up with points of interest and options to do better in these fields. Companies that signed the Charter Sustainable Entrepreneurship and that are evaluated positively, receive a certificate that is valid for a year.

Deceuninck Group signed the then called Environment Charter in 1999. It was one of the first companies to support the Charter Sustainable Entrepreneurship in 2007.



Recycling

At the end of 2012, we started recycling postindustrial waste and end-of-life rigid PVC windows and shutters in Diksmuide (Belgium). The factory has a capacity of 20,000 tonnes. PVC is a valuable material and should not end up in a landfill or incinerator. Deceuninck Recycling is EuCertplast certified.

Old dismantled windows can be returned to Deceuninck Group for recycling. For the collection and transport we cooperate with waste management companies, builders, window fabricators and installers within a radius of 500km including Northern France and Western Germany.

50 years ago we started designing 100% recyclable products. This investment guarantees a closed loop for all PVC and composite products that are put on the market.

Deceuninck Recycling focused its efforts in 2017 on the implementation of improved post sorting & pelletizing technologies in combination with further automation. New technologies for processing recycled PVC into new products have been developed in order to increase the volume of recycled PVC in new building products, in line with both European and national trends towards a circular economy model.

Overall, Deceuninck Group recycled 12,000 tonnes of postindustrial and postconsumer rigid PVC waste in 2017. We reuse a part of it and transform it into high added value products, such as new window profiles and thermal reinforcements. Interior wall cladding and internal sills made from recycled PVC are finished with a decorative film. Sound barriers made from recycled PVC are either laminated or coated.

Also in 2017, we continued our support for Vinylplus (www.vinylplus.eu). VinylPlus is the voluntary commitment of the PVC industry in Europe. Among its most significant achievements was the establishment of an infrastructure for the annual collection and recycling of PVC.

The VinylPlus commitment includes an ambitious set of sustainable development targets centered on five commitments:

+ Controlled Loop Management. Achieving a quantum leap in recycling rates of PVC (target 800,000 tons/year by 2020) and the development of innovative recycling technologies;
+ Addressing concerns about organochlorine emissions;
+ Ensuring the sustainable use of additives;
+ Enhancing energy efficiency and the use of renewable energy and raw materials in PVC production;
+ Promoting sustainability throughout the whole PVC value chain.

As a founding member of EPPA (www.eppa-profiles.org), through its contribution to the Vinyl Foundation, Deceuninck Group endorses the VinylPlus commitment.

Our infrastructure

Inoutic in Bogen is ISO 50001 certified. The energy management system ISO 50001 specifies the requirements for establishing, implementing, maintaining and improving an energy management system, whose purpose is to enable an organization to follow a systematic approach in achieving continual improvement of energy performance, including energy efficiency, energy security and energy use. The standard aims to help organizations continually reduce their energy use, and therefore their energy costs and their greenhouse gas emissions.

A systematic energy management system is based on detection of all energy flows in the company and the evaluation of the state of energy efficiency, especially important for the energy-consuming equipment such as: extrusion systems, injection moulding machines, laminating machines, compound mixing, heating, cooling, water and compressed air supply. ISO 50001 certification helps the production site in Bogen to critically review and improve all processes to reduce energy consumption per processed kg.

All worldwide production sites further focused on scrap reduction as well as reduced energy & water consumption.

Other local Planet projects

In an effort to make the world a "greener" place, our CEO called for the implementation of innovative "Green Technologies" projects on all Deceuninck production sites worldwide. Below are a few examples.

Turkey: trigeneration and photovoltaic installation in Kartepe

In 2016 the installation of a trigeneration system in our plant in plant in Kartepe (Turkey) was completed. The system started to generate electricity, cooling and heating at the beginning of 2017.

A trigeneration installation generates simultaneously power, heating and cooling using natural gas. The installation couples a combined heat and power engine with an absorption cooling system.

The combined heat and power unit consists of a gas engine, which runs on natural gas, coupled to an electric generator. This produces electricity and releases heat at the same time. The heat is partially injected in our plant's process heating circuit or the building's CV system, and the rest of the heat is recuperated by the absorption cooling system.
This cooling system consumes heat instead of electricity as its energy source, and uses a thermo chemical compressor to generate cooling.
This reduces energy costs by generating own electricity, by using less electricity for cooling, and by applying excess heat usefully

In a low pressure system an absorption fluid (the refrigerant) is evaporated, removing heat from one place and transferring it to another. The energy from the heat source is used to regenerate the absorption solution. This generates 1580 kW of cooling and is used in our production process to cool PVC materials after the extrusion process.

In addition to the trigeneration installation, in 2014 we installed solar panels on the roof of our plant in Kartepe.

The installation converts sunlight into useful electricity. This photovoltaic installation generates 650 kWp. and consists of photovoltaic panels, a mounting system, solar cables, inverters, and a monitoring unit that measures the amount of electricity produced.

The panels capture the sun's energy using photovoltaic cells that convert sun's radiation into direct current power. The direct current power is transformed into useful alternating current power by inverters. This alternating current is then fed to the main electricity supply of the building or to the grid, using a transformer.

Thanks to the investment in the trigeneration installation our entire cooling energy needs (except in the summer when it only covers about 80%) are covered. And the electricity produced by the photovoltaic panels combined with the trigeneration plant provides for over 50% of our total electricity use.

Russia: Solar batteries

Our plant in Russia (Protvino) has installed solar batteries for its lighting system. The idea of this project is to use renewable energy. The first step was the installation of completely autonomous lighting in the unloading zone of a Production Shop. The autonomous lighting system uses only LED lamps, which is very cost-effective. Besides, autonomous lighting on solar energy is impossible without rechargeable batteries, as the energy that was generated during the day, should accumulate to be consumed at night. Rechargeable batteries were chosen in accordance with module productivity and duration of working time.

The sunlight is caught by solar panels, where it is converted into electrical power and is sent to accumulators. Advantages are that the lights on solar batteries are autonomous, they turn on/off automatically with help of sensors, durability is over 10 years, they are environmentally friendly and absolutely harmless to people, because they work at low voltage.

Spain

In 2017, a plan was rolled out to replace all the warehouse and production lightning, based on Hg technology, by LED technology. The estimated savings amount to 80% of the energy consumption for lighting. This plan will continue during 2018 and 2019.

All outdoor lighting in our Spanish branch is now controlled by solar sensors, turning on the lighting only when the sun is down.

Belgian solar power with SolarDec CVBA

In 2017, SolarDec CVBA was incorporated. SolarDec is a cooperative company that manages the operation of solar panels and in which Deceuninck Group, Decalu and Plastics Deceuninck participate as co-proprietors/partners. SolarDec CVBA is recognized as a cooperative society with the National Cooperations Council ("Nationale Raad voor de Coöperatie"). In 2018, the solar panels will be installed on the roof of our plant in Gits (Belgium) and our employees will be invited to participate in this smart investment in sustainable and renewable energy production and consumption.

Report of the Board of Directors

Corporate Governance Statement

Deceuninck Group's **Corporate Governance Charter,** which can be consulted at www.deceuninck.com, contains the **main aspects of its corporate governance policy**. It is based on the principles of corporate governance and transparency as determined by the Belgian Corporate Governance Code of 12th March 2009 (hereinafter "the Code"). The Code has been adopted as reference code for our corporate governance.

This Corporate Governance Statement contains further information on the application of Deceuninck Group's corporate governance policy during 2017.

The Board of Directors and its Committees

Composition of the Board of Directors

Current composition

The Board of Directors currently consists of seven Directors. One member is Executive Director ("CEO") and four members are Independent Directors in accordance with article 526ter of the Belgian Companies Code. Three Directors were appointed on the recommendation of important shareholders.

These are the functions and memberships of the Directors within the Board of Directors and its Committees per 23 March 2018:

FUNCTION	NAME	MEMBERSHIP COMMITTEES	LATEST RENEWAL MANDATE	MANDATE EXPIRY
EXECUTIVE DIRECTOR				
CEO	Beneconsult BVBA represented by Francis Van Eeckhout		12/05/2015	AGM 2019
NON-EXECUTIVE DIRECTORS				
Chairman Independent Director	Pentacon BVBA represented by Paul Thiers	- Audit Committee (member) - Remuneration and Nomination Committee (Chairman)	12/05/2015	AGM 2019
Vice Chairman Independent Director	Marcel Klepfisch SARL represented by Marcel Klepfisch	- Audit Committee (Chairman) - Remuneration and Nomination Committee (member)	13/05/2014	AGM 2018
Director	Bene Invest BVBA represented by Benedikte Boone	- Remuneration and Nomination Committee (member)	12/05/2015	AGM 2019
Director	Mardec Invest BVBA represented by Evelyn Deceuninck		16/12/2015	AGM 2019
Independent Director	Alchemy Partners BVBA, represented by Anouk Lagae		25/04/2017	AGM 2021
Independent Director	Homeport Investment Management BVBA, represented by Wim Hendrix	- Audit Committee (member)	01/01/2018	AGM 2018

Changes in the composition of the Board of Directors in 2017

+ Pierre-Alain Baron De Smedt resigned from the Board of Directors at the Annual General Meeting of 25 April 2017, as his mandate expired and he exceeded the age limit set for reappointment in the Corporate Governance Charter.
+ Alchemy Partners BVBA, represented by Anouk Lagae was co-opted by the Board of Directors as Independent Director, effective 1 January 2017. At the Annual General Meeting of 2017, Alchemy Partners BVBA was appointed as Independent Director until the Annual General Meeting in 2021.
+ François Gillet resigned from the Board of Directors during the Board of Directors of 21 December 2017, effective 20 December, 2017.
+ In its meeting of 21 December 2017, the Board of Directors decided to co-opt Homeport Investment Management BVBA, represented by Wim Hendrix, as independent member of the Board of Directors, effective 1 January 2018 and until the following Annual General Meeting in 2018.
+ In its meeting of 21 December 2017, the Board of Directors decided to appoint Marcel Klepfisch SARL, represented by Marcel Klepfisch, as Vice Chairman.

Proposed changes in the composition of the Board of Directors in 2018

+ Homeport Investment Management BVBA, represented by Wim Hendrix, was co-opted by the Board of Directors as Independent Director, effective 1 January, 2018. At the Annual General Meeting of 2018, Homeport Investment Management BVBA, represented by Wim Hendrix, will be proposed for appointment as Independent Director for 4 years, i.e. until the Annual General Meeting in 2022.
+ The Board of Directors will propose to the Annual General Meeting to reappoint Marcel Klepfisch SARL, represented by Marcel Klepfisch, as Independent Director for 3 years, i.e. until the Annual General Meeting in 2021.

Other

Deceuninck's honorary Directors are:
+ Arnold Deceuninck, permanent representative of R.A.M. Comm. VA
+ Willy Deceuninck, permanent representative of T.R.D. Comm. VA
+ Pierre-Alain Baron De Smedt (honorary Chairman)

The Secretary of the Board of Directors is Ann Bataillie, Director HR & Legal.

> BOARD OF DIRECTORS FLTR
Top from left to right: Paul Thiers, Anouk Lagae, Marcel Klepfisch , Benedikte Boone, François Gillet
Bottom from left to right: Evelyn Deceunnck, Francis Van Eeckhout

Resumes of the members of the Board of Directors

Pentacon BVBA, represented by Paul Thiers (1957), Chairman and Independent Director

+ Education: Master of Law (1980), Master in Public Notary Law (1981), Vlerick Management School (1982-1983)
+ Professional experience: 1982-2005: co-CEO and member of the Board of Directors of the Belgian Unilin Group
+ Current other mandates: member of the Board of Directors of Pentahold NV, Altior CVBA, Accent NV, ION, Vergokan and Origis NV

Beneconsult BVBA, represented by Francis Van Eeckhout (1968), CEO

+ Education: Master of Commercial Engineering (KUL 1990)
+ Professional experience: 1992- 1993: marketing department of Bahlsen Keksfabrik in Hannover, 1994-2011, managing director of Van Eeckhout NV (concrete), VVM NV (cement), Diamur NV (mortar) and Nivelles Beton NV (concrete)
+ Current other mandates: managing director of Gramo BVBA (holding)

Marcel Klepfisch SARL, represented by Marcel Klepfisch (1951), Independent Director

+ Education: Master of Commercial Engineering (University of Antwerp)
+ Professional experience: 2009: Chief Restructuring Officer at Deceuninck NV, former member of the Board of Directors of Nybron Flooring International Switzerland, Chief Executive Officer at Ilford Imaging, member of the Executive Committee at Vickers Plc, Chief Financial Officer of BTR Power Drives and Chairman of the Board of Directors of Pack2Pack in Belgium and Chairman of the Board of Volution in the UK
+ Current other mandates: Management Advisory Board of Tower Brook in London and Chairman of GSE Group in France

Bene Invest BVBA, represented by Benedikte Boone (1971), Non-Executive Director

- **Education**: Master of Applied Economic Sciences (KUL 1994)
- **Professional experience**: she has held positions at Creyf's Interim and Avasco Industries
- **Current other mandates**: member of the Board of Directors at Lotus Bakeries since 2012, director in various family companies (Bene Invest BVBA, Holve NV and Harpis NV)

Mardec Invest BVBA, represented by Evelyn Deceuninck (1979), Non-Executive Director

- **Education**: Bachelor Physiotherapy (Ghent 2001), Osteopathy for horses (Roosendaal, NL), Certificate of Competence in International Passenger Transport, certificate of Public Coach Company (OBO)
- **Professional experience**: managing director of Deceuninck Auto's NV, a coach company operated by De Lijn (Belgium)
- **Current other mandates**: managing director of family owned business.

Alchemy Partners BVBA, represented by Anouk Lagae (1975), Independent Director

- **Education**: Master in Business and Engineering (Solvay Management School), Kellogg School of Management, Northwestern University in Chicago, USA
- **Professional experience**: Coca Cola (Brussels, London and Sydney), Unilever (Brussels), Business Unit President, Core Europe at Duvel Moortgat
- **Current other mandates**: director at Brasserie D'Achouffe SA

Homeport Investment Management BVBA, represented by Wim Hendrix (1967), Independent Director

- **Education**: Master of Commercial Engineering (KU Leuven 1990), Master of Business Administration (Washington University St. Louis, Missouri, USA 1993), Master Wealth Management (Wharton Business School, Pennsylvania, USA 2011)
- **Professional experience**: Gamma België NV, Siemens NV, Begos, Corelio, Homeport Investment Management
- **Current other mandates**: Chairman of the Board at XIX-Invest NV; Board Member at Capricorn Sustainable Chemistry Fund

François Gillet (1960), Vice-Chairman and Non-Executive Director

- **Education**: Master in Business and Administration (LSM)
- **Professional Experiencie**: current member of the Executive Committee and Chief Investment Officer of Sofina NV, a financial holding company
- **Current other mandates**: Non-Executive Director in various participations of Sofina NV and Emakina Group nv

Composition of the Committees of the Board of Directors

General

The Board of Directors has set up specialized committees to deal with specific matters and to give advice to the Board of Directors. The Committees have an advisory role. The ultimate decision making responsibility lies with the Board of Directors.

Audit Committee

The current Audit Committee consists of three members, all of which are Non-Executive Directors. All members of the Audit Committee are independent as defined in article 526ter of the Belgian Companies Code:

- Marcel Klepfisch SARL, represented by Marcel Klepfisch, Chairman
- Pentacon BVBA, represented by Paul Thiers
- Homeport Investment Management BVBA, represented by Wim Hendrix

The Audit Committee members as a whole have competence relevant to the sector in which Deceuninck is operating and at least one member has competence in accounting and/ or auditing.

François Gillet was member of the Audit Committee until 20th December 2017.

Remuneration and Nomination Committee

The current Remuneration and Nomination Committee consists of three members, all of which are Non-Executive Directors. Two members of the Remuneration and Nomination Committee are independent as defined in article 526ter of the Belgian Companies Code:

- Pentacon BVBA, represented by Paul Thiers, Chairman
- Marcel Klepfisch SARL, represented by Marcel Klepfisch
- Bene Invest BVBA, represented by Benedikte Boone

Taking into account their education and professional experience, the members have the necessary expertise in the field of remuneration policy.

François Gillet was member of the Remuneration and Nomination Committee until 20th December 2017.
Bene Invest BVBA, represented by Benedikte Boone was appointed as member of the Remuneration and Nomination Committee on 21 December 2017, effective January 1st, 2018.

Activity Report of the Board and Committee meetings in 2017

	BOARD OF DIRECTORS	AUDIT COMMITTEE	REMUNERATION AND NOMINATION COMMITTEE
TOTAL MEETINGS HELD IN 2017	**6**	**7**	**5**
Beneconsult BVBA, represented by Francis Van Eeckhout	6	/	/
Pierre-Alain Baron De Smedt	2 (until 25/04/2017)	/	1 (until 25/04/2017)
François Gillet	3	5	3
Marcel Klepfisch SARL, represented by Marcel Klepfisch	6	7	5
Bene Invest BVBA, represented by Benedikte Boone	6	/	/
Mardec Invest BVBA, represented by Evelyn Deceuninck	6	/	/
Pentacon BVBA, represented by Paul Thiers	6	7	5
Alchemy Partners BVBA, represented by Anouk Lagae	6	/	/

Board of Directors

The Board of Directors convened six times, mainly dealing with the following topics:

+ long-term strategy,
+ monitoring innovation projects and the technology strategy,
+ monitoring and deciding on investment and divestment opportunities,
+ approval of investment files,
+ monitoring of the business plans of the various regions,
+ financial reporting,
+ continuous monitoring of the debt and liquidity situation of the Group,
+ monitoring the organizational structure of the Group and the management succession planning,
+ preparation of the statutory and consolidated financial statements and annual report,
+ monitoring of KPIs,
+ preparation of the (Extraordinary) Annual General Meeting.

Furthermore, the Board also took note of the reports and proposed resolutions of the Audit Committee and the Remuneration and Nomination Committee and, when necessary, took decisions based on the recommendations of these Committees.

Audit Committee

The Audit Committee convened seven times. It assisted the Board of Directors in the execution of its responsibilities in the broadest sense and it mainly dealt with the following topics:

+ providing advice with respect to the nomination of the internal auditor and making recommendations with regard to the selection, appointment and reappointment of the statutory auditor;
+ monitoring of audit activities, along with the systematic verification of signed missions by the statutory auditor;
+ assessing the reliability of financial information;
+ supervising the internal audit system;
+ assessing the internal control and the risk management systems, and
+ controlling of the accounts and monitoring the budget

Remuneration and Nomination Committee

The Remuneration and Nomination Committee convened five times, mainly dealing with the following topics:

+ the remuneration policy and the remuneration of the Directors and the Executive Team;
+ the policy with regard to the appointment of Directors and members of the Executive Team;
+ the structure and composition of the Committees;
+ the resignation and appointment of members of the Board of Directors;
+ the issuance of a new warrant plan and grant of warrants;
+ the issuance of a Share Purchase Plan.

The CEO attended all meetings of the Remuneration and Nomination Committee except when the appointment and remuneration of Bene Invest BVBA, represented by Benedikte Boone, and of himself were discussed.

Composition of the Executive Team

The Executive Team is a Management Committee in accordance with article 524bis of the Belgian Companies Code. The Executive Team supports the CEO in the day-to-day operational management of the Group and the execution of its responsibilities in accordance with the values, strategies, policies, plans and budgets that are determined by the Board of Directors.

In 2017, Wim Clappaert resigned as member of the Executive Team.

The regions Northwest Europe and Southwest Europe were merged into Western Europe as of 1 April 2017. The region is led by Dilec BVBA, represented by Didier Leclercq.

EXECUTIVE TEAM (AS PER 23 MARCH 2018)

Francis Van Eeckhout
Representative of
Beneconsult BVBA
CEO
Chairman of the Executive Team

Wim Van Acker
Representative of Fienes BVBA
CFO

Ann Bataillie
Director HR & Legal
Secretary of the Board of
Directors and the Executive Team

Ergün Cicekci
Director Turkey &
Emerging Markets

Didier Leclercq
Representative of
Dilec BVBA
Director Western Europe

Artur Pazdzior
Director Central &
Eastern Europe

Filip Geeraert
Director United States
of America

Bernard Vanderper
Sales Manager Benelux
General Manager Decalu

Diversity policy

Criteria

Deceuninck Group aims for both diversity and complementarity in the composition of the Board of Directors and the Executive Team. The diversity criteria relate to gender, age, educational/professional background, geographical provenance, international experience and expertise/know-how, taking into account the rules and generally accepted principles of non-discrimination.

Implementation

The Remuneration and Nomination Committee nominates one or more candidates for appointment as member of the Board of Directors, taking into account the needs of Deceuninck Group, the appointment procedures and selection criteria drawn up by the Board of Directors. Board members are appointed by the General Meeting of shareholders, to whom the relevant resumes are disclosed. Other than that, Deceuninck Group does not provide detailed information about diversity criteria and objectives to its shareholders.

The members of the Executive Team are appointed by the Board of Directors on the proposal of and after consultation with the CEO and the Remuneration and Nomination Committee.

Results

+ Gender:
  Deceuninck Group complies with the rules on gender diversity in the composition of the Board of Directors. In accordance with the Law of 28 July 2011, at least one-third of the Board's members must be of a different gender than the other members, by no later than 1 January 2019. On 31 December 2017, three women and four men sat on the Board. On 23 March 2018, the Board also consists of three women and four men.
  The Executive Team currently contains only one female member. In case of vacancies, there will be at least two candidates of a different gender, upon which the most competent member will be chosen.

+ Age:
  The age of the Board members ranges between 38 and 66 years of age. The youngest Executive Team member is 45 years old and the oldest member is 64 years of age.

+ Educational/professional background:
  The members of the Board of Directors and the Executive Team have various backgrounds, in (a.o.) economics, law, engineering, marketing, finance, IT, physiotherapy.

+ Geographical provenance:
  Currently, one member of the Board of Directors has the Dutch nationality; the other members are Belgian citizens. The Executive Team consists of members of three different nationalities.

+ International experience:
  Most of the Board and Executive Team members have studied and/or worked abroad.

+ Expertise/know-how:
  Given their educational and/or professional backgrounds, the expertise and know-how of the Board and Executive Team members fulfils Deceuninck Group's aim for diversity and complementarity.

Transactions between the Company and its Directors, not covered by the legal provisions governing conflicts of interest

Deceuninck Group's policy regarding transactions and other contractual relations between the Company (including its affiliated companies) and its Directors, not covered by the conflict of interest rules set out in Articles 523, 524 or 524ter of the Belgian Companies Code is incorporated in the Corporate Governance Charter.

The Charter provides that every transaction between the Company (or any of its subsidiaries) and any Director must be approved in advance by the Board of Directors, whether or not such a transaction is subject to applicable legal rules. Such a transaction can only take place based on terms in accordance with market practices.

Policy for the prevention of market abuse

The Board has drawn up a dealing code regulating transactions and the disclosure of such transactions in shares of Deceuninck Group or in derivatives or other financial instruments linked to them carried out for their own account by persons discharging managerial responsibilities and certain key employees.

In 2017, the Board has extended the closed period before publication of the half year and the year results. This means that an insider and any person closely associated with him/her, shall neither directly nor indirectly buy or sell shares from January 1st of each year until the first business day following the day of publication of the Company's annual results and from July 1st of each year until the first business day following the day of publication of the Company's half year results.

The principles of our Dealing Code have been annexed to the Corporate Governance Charter.

Main features of the evaluation process of the Board, its Committees and the Directors

The Board of Directors is responsible for a regular evaluation of its own performance with a view to constantly improving the management of the group. To this end, the Board of Directors, led by its Chairman, carries out an evaluation of its scope, composition, activities and interaction with the Executive Team, preferably every three years.

The Board of Directors also assesses the functioning of the Committees and the individual Directors.

The evaluation process has four objectives:

+ to assess the activities of the Board of Directors and of the relevant Committees;
+ to check whether important issues are thoroughly prepared and discussed;
+ to evaluate the actual contribution of the Board of Directors; and
+ to assess the current composition of the Board of Directors or the Committees in light of the desired composition of the Board of Directors or the Committees.

On the basis of the results of the evaluation, the Chairman provides the Board of Directors with a report describing the weaknesses and strengths and, if necessary, proposes the appointment of a new Director or the non-renewal of a Director's mandate to the Remuneration and Nomination Committee.

A new performance evaluation process will start early 2018, the results of which will be available by the end of the year.

Remuneration Report

Procedure for developing the remuneration policy and for determining the remuneration granted to individual Directors and members of the Executive Team

Non-Executive Directors

The General Meeting of the Company fixes the remuneration of Directors following the proposal of the Board of Directors which is based on the recommendations of the Remuneration and Nomination Committee.

In line with the overall remuneration strategy of the Company, the Remuneration and Nomination Committee regularly establishes a benchmark for the remuneration of Non-Executive Directors with comparable Belgian listed companies. This is done in order to ensure that the remuneration is still appropriate, and in conformity with market practices, taking into account the size of the Company, its financial situation, its position within the Belgian economic environment, and the responsibilities that the Directors bear.

Members of the Executive Team

The remuneration of the members of the Executive Team, including the CEO, is determined by the Board of Directors based on the recommendations of the Remuneration and Nomination Committee. The aim of the general remuneration policy of the Group is to attract, retain and motivate competent and professional employees. For this reason, the amount of the remuneration is determined in proportion to the individual tasks and responsibilities. The Remuneration and Nomination Committee annually reviews and fixes the total compensation based on the strategic positioning of each of the functions versus the benchmark in the market and the expected market trends. Every two years, a thorough benchmark is conducted with comparable international companies of similar size and structure. The contribution made by members of the Executive Team to the development of the activities and the results of the Group constitutes an important part of the remuneration policy.

Declaration regarding the remuneration policy used for members of the Board and the Executive Team during 2017

Non-Executive Directors

Non-Executive Directors receive a fixed amount as remuneration for the execution of their mandate and a fixed amount for each Board meeting attended, limited to a maximum amount. Performance-based remuneration such as bonuses, stock-related incentive programs and fringe benefits are excluded. The amount of remuneration is different for the Chairman, the Vice-Chairman and the other Non-Executive Directors. If the Non-Executive Directors are also members of a Committee, their remuneration will be increased by a fixed amount per meeting of the relevant Committee.

The fixed remuneration remained unchanged in 2017.

(IN EUR)	MIN/YEAR (FIX)	ALLOWANCE PER BOARD OF DIRECTORS	ALLOWANCE PER COMMITTEE	MAX/YEAR
Chairman	40,000	3,000	1,000	80,000
Vice-Chairman	30,000	1,500	1,000	60,000
Director	20,000	1,500	1,000	40,000

The Group does not issue any personal loans, guarantees, etc. to the members of the Board of Directors or the Executive Team.

If Directors are assigned special tasks and projects, they may receive an appropriate remuneration for this. No termination compensation is provided for Non-Executive Directors.

The Annual General Meeting of 2017 approved the possibility to grant warrants to non-executive directors. The Annual General Meeting of 2018 shall be requested to approve the granting of warrants to the non-executive directors as follows: 30,000 to the Chairman and 15,000 to each of the non-executive directors.

It is not the intention to make changes to the remuneration policy for non-executive directors in the two financial years to come.

Members of the Executive Team

The total remuneration of the Executive Team members consists of the following elements: the fixed remuneration, the short term variable remuneration, options and/or warrants.

FIXED REMUNERATION

The fixed remuneration of the members of the Executive Team is determined according to their individual responsibilities and skills. It is awarded independently of any result.
Part of this fixed remuneration may be used, at the discretion of the Executive Team member, for pension and insurance contributions like:

+ the payment of a life endowment in favour of the insured person on the date of his retirement;
+ the payment of a death benefit in case of death of the member prior to retirement, for the benefit of its beneficiaries (plus an additional benefit in case of accidental death);
+ the payment of a disability annuity in case of accident or sickness (other than occupational), and;
+ the exemption from insurance premiums in case of illness or accident.
+ health insurance.

SHORT-TERM VARIABLE REMUNERATION

In order to align the interests of the Company and its shareholders with the interests of Executive Team members, part of the remuneration package is linked to Company performance and another part to individual performance. By weighing both factors against each other in a responsible manner (70% corporate results / 30% individual results) a balance can be achieved between a result-oriented approach (Top Performance) and the manner in which these results are obtained (taking into account the core values, i.e. Candor, Top Performance and Entrepreneurship). If the manner in which results were obtained is not totally in line with the core values, the Remuneration and Nomination Committee reserves the right to decide not to pay any bonus.

For the members of the Executive Team, the performance of the Company (70%) is based on the Adjusted EBITDA and on the Adjusted Free Cash Flow of the past financial year. The Board of Directors reviews these criteria annually on the proposal of the Remuneration and Nomination Committee, and may revise them if necessary. For 2017, the evaluation criteria for the performance of the CEO and the other members of the Executive Team were: Adjusted EBITDA Group (35%) and Adjusted Free Cash Flow Group (35%). For members of the Executive Team who bear an ultimate responsibility at a regional level, the Adjusted EBITDA of the Group (10%), the Adjusted EBITDA of the region (25%), and the Adjusted Free Cash Flow Group (5%) the Adjusted Free Cash Flow Region (30%) are taken into account to consider the Company performance.

The individual performance (30%) is based on a clearly defined evaluation system that is built around the achievement of specific measurable individual targets, the realization of important key figures and compliance with core values which are important to the Company. All the targets must always be in line with the group strategy, the business plan, the core values and the guidelines. The individual targets are set annually during individual interviews at the start of the financial year. The Remuneration and Nomination Committee evaluated the achievement of the 2017 objectives for the members of the Executive Team and proposed to the Board of Directors to pay a short-term variable remuneration based on the 2017 performance criteria to a member of the Executive Team.

The short-term variable remuneration is in principle 35% of the fixed annual remuneration for the members of the Executive Team and 75% of the annual fixed remuneration of the CEO. This percentage may be exceeded as far as the Company results are concerned, but should never exceed 37.65% (for the members of the Executive Team) or 97.5% (for the CEO). The variable remuneration related to the Company objectives are only granted if 90% or more of the pre-established financial targets have been achieved.

The basis for the variable remuneration is the remuneration earned during the financial year. The payment takes place end of February of the following year.

The variable remuneration is not spread over time.
The Extraordinary General Meeting of the Company of 16 December 2011 decided that the Company is not bound by the limitations of the rules of article 520ter paragraph 2 of the Belgian Companies Code concerning the spreading of the variable remuneration of the Directors, the CEO and members of the Executive Team, over time.

STOCK OPTIONS AND WARRANTS

The Company also offers options and/or warrants on shares of the Company. The purpose of this kind of remuneration is to motivate and retain employees who (can) have a significant

impact on the Company results in the medium-term.
When granting options and/or warrants, due account is taken of the strategic impact of the function that the employee performs and his/her future (growth) potential. The underlying philosophy of this form of remuneration is to raise Deceuninck Group's value to the maximum extent in the long term, by linking the interests of the warrant holders to those of shareholders, and to strengthen the long-term vision of the management. In this context, the exercise period of an option and warrant is max. 10 years. The stock options and warrants can only be exercised the 3rd year following the year in which the options and warrants were offered. If they are not exercised at the end of the exercise period, they are, ipso facto, reduced to zero, and lose all value.

One third of the warrants/options are each time released for exercise in the fourth, in the fifth and in the sixth calendar year after the year in which the offer has been made up to the end of the term.

In the event of voluntary or involuntary dismissal (except in case of termination of contract for cause), the accepted and acquired stock options/ warrants can only be exercised during the first exercise period following the date of the termination of contract. The options/warrants that are not acquired shall be cancelled. In the event of involuntary dismissal for cause, the unexercised, accepted stock options and warrants are cancelled, whether or not they were acquired. These terms and conditions relating to the acquisition and exercise of options and warrants in the event of voluntary or involuntary dismissal can be applied without prejudice to the competence of the Board of Directors to make changes to these stipulations to the advantage of the beneficiary, based on objective and relevant criteria. If the employment agreement ends due to legal retirement or end of career, the warrants/options shall remain exercisable. The shares that may be acquired in connection with the exercise of the options/warrants are listed on Euronext Brussels; they are of the same type and have the same rights as the existing ordinary Deceuninck Group shares.

NEW: PERFORMANCE SHARE PLAN (AS OF 2018)

In its meeting of 21 December 2017, the Board of Directors, upon recommendation of the Remuneration and Nomination Committee, approved a Performance Share Plan for the members of the Executive Team. The members are granted Performance Share Rights, which can be converted into "matching" or Performance Shares of Deceuninck NV at the vesting date (i.e. the 3rd calendar year following the year of the grant), provided the beneficiaries invested in Deceuninck Group Shares before 30 June 2018, at the Investment Price (i.e. the average share price of the 30 trading days preceding 31 December 2017). For each invested Share, the Executive Team member will be entitled to one or more matching Deceuninck Group Shares pursuant to the fulfillment of the Performance Condition, defined as a cumulative annual average increase of the Total Shareholder Return as determined in the Plan, the realization of which determines the fraction or the multiple (if any) of Performance Shares a vested Performance Share Right effectively entitles to.

Other than that, it is not the intention to make any changes to the remuneration policy for the members of the Executive Team in the two financial years to come.

Remuneration of the Non-Executive Directors in 2017

The total remuneration (gross) paid to the non-executive members of the Board of Directors in the financial year 2017 amounted to € 263,500. The amount includes an additional remuneration for the attendance at Committee meetings.

In 2017, the Company or any affiliated Company of the Group did not grant any loans to any of the Directors, nor are there any outstanding repayments owed by the Directors to the Company or any affiliated Company of the Group.

	BOARD	AUDIT COMMITTEE	REMUNERATION AND NOMINATION COMMITTEE	FIXED REMUNERATION	TOTAL GROSS REMUNERATION
Pierre-Alain Baron De Smedt	€ 3,000	-	€ 1,000	€ 20,000	€ 24,000
François Gillet	€ 4,500	€ 5,000	€ 3,000	€ 30,000	€ 42,500
Marcel Klepfisch SARL, represented by Marcel Klepfisch	€ 9,000	€ 7,000	€ 5,000	€ 20,000	€ 40,000
Bene Invest BVBA, represented by Benedikte Boone	€ 9,000	-	-	€ 20,000	€ 29,000
Mardec Invest BVBA, represented by Evelyn Deceuninck	€ 9,000	-	-	€ 20,000	€ 29,000
Pentacon BVBA, represented by Paul Thiers	€ 18,000	€ 7,000	€ 5,000	€ 40,000	€ 70,000
Alchemy Partners BVBA, represented by Anouk Lagae	€ 9,000	-	-	€ 20,000	€ 29,000
Beneconsult BVBA, represented by Francis Van Eeckhout	-	-	-	-	-

The member of the Executive Team who also sits on the Board as executive director, Beneconsult BVBA, represented by Francis Van Eeckhout, did not receive a fixed remuneration nor any attendance fees.

Remuneration of the CEO and the members of the Executive Team in 2017

CEO

In 2017, the CEO received a fixed remuneration in the amount of 460,080 EUR. This amount also includes a pension allowance of 34,080 EUR, which can be contributed for pension plans or for insurance, at the sole discretion of the CEO. No variable remuneration was acquired in 2017.

The CEO does not have a company car.

Members of the Executive Team

The members of the Executive Team (including 1 member that left the Company in July 2017 and excluding the CEO) received a remuneration of 2,046,940 EUR, including a variable remuneration of 81,640 EUR based on the performance criteria for 2017 for the Executive Team member responsible for Turkey & Emerging Markets. This variable remuneration was paid in February 2018. The remuneration package awarded to members of the Executive Team does not include a long-term cash bonus. This amount also includes a pension allowance of 48,124 EUR, which can be contributed for pension plans or for insurance, at the sole discretion of the members of the Executive Team.

Deceuninck Group provides a company car to the members of the Executive Team, except for the members acting through a management company. In this context, the Company tries to achieve a maximum balance between the representative attributes of the car and the personal needs of the members of the Executive Team. Under the Environments charter, the environmental impact, including consumption and CO_2 emissions, plays a substantial role during the selection of these types of cars.

Shares, stock options and other rights to acquire Deceuninck Group shares that were granted, exercised or that have lapsed during 2017

Stock options

The Extraordinary General Meeting of October 2006 approved a stock option plan on existing shares under which the Board of Directors is authorized to allocate 75,000 options on existing shares each year.

In 2017, no stock options were granted to the members of the Executive Team, no stock options were exercised by the members of the Executive Team and no stock options lapsed.

Warrants

The Extraordinary General Meeting of 16 December 2015 approved a warrant plan for 2015 for the issue of 3,000,000 warrants ("Warrant Plan 2015"), 1,255,000 warrants of which were offered by the Board of Directors on 21 December 2016. In 2017, the members of the Executive Team accepted all 710,000 warrants of this Warrant Plan 2015 (500,000 by the CEO and 30,000 by each other member of the Executive Team).

On 21 December 2017, the Board of Directors approved a new warrant plan ("Warrant Plan 2017") of 4,500,000 warrants. The members of the Executive Team were offered 770,000 warrants, granted as follows:

+ The CEO was offered 350,000 warrants
+ Each other member of the Executive Team was offered 60,000 warrants. The members accepted the offered warrants, Bernard Vanderper accepted 20,000 warrants.

The warrants offered in 2017 have an exercise price of € 3.06 (for the members of the Executive Team and the CEO).

During the same meeting, the following warrants and warrant plans were cancelled:

+ 30,436 outstanding warrants and Warrant Plan 2009
+ 1,380,000 outstanding warrants and Warrant Plan 2011 (II)
+ 1,205,000 outstanding warrants and Warrant Plan 2013

In 2017, the following members of the Executive Team exercised warrants:

+ Filip Geeraert exercised 36,666 warrants and sold the corresponding shares
+ Bernard Vanderper exercised 77,500 warrants and sold the corresponding shares
+ Ergün Cicekci exercised 54,167 warrants and sold the corresponding shares
+ Ann Bataillie exercised 41,154 warrants

No warrants of the members of the Executive Team lapsed during 2017.

Right of recovery

The stipulations of the agreements between the Company and the CEO and the members of the Executive Team do not contain recovery clauses.

Severance Pay

For the members of the Executive Team and the CEO, special severance pay conditions of 12 months base salary have been agreed in the management agreements. No special agreements that could deviate from the applicable current employment laws and practice were made with the regional managers in France, North America and Turkey.

Internal control and risk management systems

Deceuninck Group's core values are Candor, Top Performance and Entrepreneurship. Taking calculated risks is an integral part of operational management. The purpose of risk management is to identify and to manage the risks.

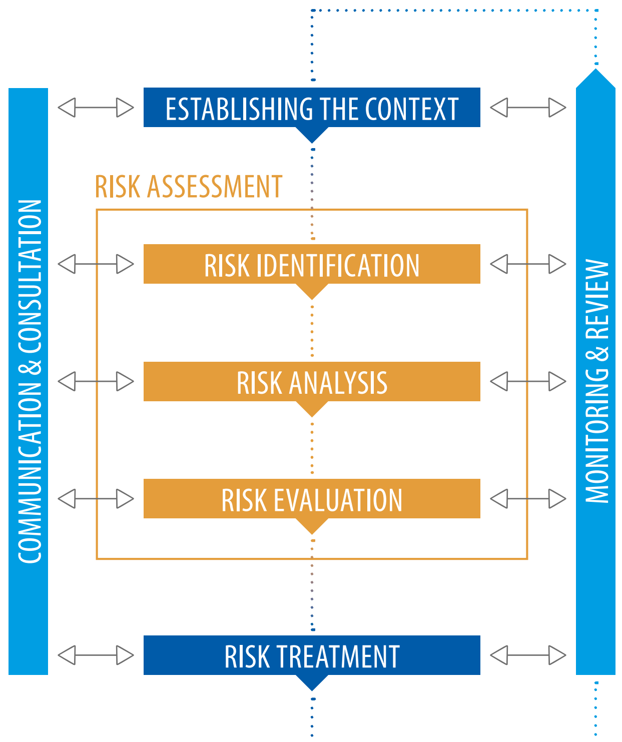
Main features

The most important features of the internal control and risk management systems, including the financial reporting, can be summarized as follows:

+ Defining targets for permanent follow-up of operating priorities as well as operational and financial performance of the Group and the individual companies;
+ Continuous analysis of historical financial results and regular update of mid-term financial forecasts;
+ Follow up of exchange rate risks and mitigating actions;
+ Defining the company's policies and procedures for compliance with applicable laws and regulations;
+ Defining procedures clarifying authorization levels and segregation of duties, reviewed for compliance by the internal audit department;
+ Ensuring business continuity and access control of IT systems;
+ Discussion of internal audit reports with the internal auditor and, if required, further consultation for additional information and clarification as well as taking measures in order to implement and be compliant with the recommendations;
+ Constant monitoring of raw material prices and any changes in prices;
+ Requesting confirmation from local management teams to ensure that they comply with the applicable laws and regulations and internal procedures of the company;
+ Monitoring and regular discussion with the legal department of litigations that could be of material significance.

Risk framework

The ISO 31000 standard has been selected as a framework for the risk management system. The following steps can be distinguished within this process:



Establishing the context

In order to detect the risks, it is important to have a clear understanding of the context in which Deceuninck Group operates. On the one hand, there is the ever changing external context which includes our social, cultural, political, legal, legislative, financial, technological, economical, natural and competitive environment. On the other hand, there is the internal context in which the objectives of Deceuninck as a Group, as well as the objectives of each individual entity, need to be defined.

Risk identification

Risk identification is the first step within the risk assessment process. The risks that might have an impact on the achievement of targets are identified in various brainstorming sessions, and subsequently summarized in a Risk Register.

Risk analysis

Risk analysis is the process that seeks to identify the possibility that the risk will occur and what the possible impact will be on achieving the objectives. For this, we take into account the impact on the core objectives i.e. people, planet, quality, service and cost.

Risk management

Risks are evaluated and ranked on the basis of the probability that they will occur and the impact they will have.
The outcome of this is summarized in a Risk Matrix.

Risk treatment

Risks can be treated in four possible ways:

+ Completely avoid the risk by changing or stopping the activity;
+ Take action to reduce the probability (prevention) or to lower the impact (protection).
+ Transfer the risk through insurance or through other contracts with third parties;
+ Accept the risk without further action;

The risk process is a continuous effort and the different phases continuously have to be reviewed and monitored. At Deceuninck Group this is organized as follows:

+ Group Finance maintains the Risk Register and Risk Matrix for all risks which are relevant at Group level, as well as a list of actions which have been agreed to treat these Risks. Actions are assigned to cross regional teams and overseen by an Executive Team member.
+ These are reviewed twice a year by the Executive Team, to ensure completeness of the Risk Register and to ensure that agreed actions are implemented.
+ Twice a year there is a similar review with the Audit Committee of the Board, typically during a dedicated risk management session or as separate agenda item during the scheduled meetings of the Audit Committee
+ Internal Audit applies a risk based internal audit approach which aims to identify potential new risks during their audits at legal entity level. This helps to ensure completeness.

Risk structure

Deceuninck Group structures its risks along following dimensions:

Risks specifically related to Deceuninck Group's operations and industry

- Risks relating to innovative processes, products and business models
- Risks related to the availability and price of raw materials
- Operational risks, including safety of our people and breakdown of critical infrastructure
- Risks of disruptions of our supply chain
- Risks related to our sales processes
- People related risks, including difficulties to recruit the right people and fraud
- ICT related risks
- Financial risks, including liquidity and exchange rate related risks
- Legal risks, including non compliance with rules and regulations and IP infringements

Generic risks affecting other industries as well

- Economic risks, like for instance an immediate and material deterioration of the economic sentiment
- Political risks, like expropriation and political violence
- Natural disasters, like earthquake and flooding

The most relevant risks are highlighted below:

Financial risks

The exchange rate risks, interest risks, credit risks and liquidity risks are further discussed in this report under Note 24.

Economic risks

As most companies, Deceuninck Group is exposed to the risks of an economic recession, the volatility on the credit and capital market and the economic and financial situation in general. These factors have a negative influence on product demand.

Deceuninck Group primarily manufactures window profiles destined for the residential construction sector and related products. Consequently, our future results will mainly depend on the evolution of these markets. Against this background the current financial and economic situation has a considerable impact on the economy in general and influences all markets in which we operate.

Deceuninck Group cannot predict how the markets will evolve in short term. Although the authorities of some geographical markets in which we operate have taken policy measures to stimulate economic growth, Deceuninck Group cannot guarantee that these measures will suffice in order to achieve this effect. Furthermore, the measures that were taken can be withdrawn or adjusted. The markets in which Deceuninck Group operates are subject to strong competition. We compete with other companies based on different factors, such as (i) knowledge of and access to new technologies and new production processes, (ii) the ability to launch new products that offer improved functionality or that are less expensive than the existing range, (iii) completeness of the solutions that are offered, (iv) reputation and vision, (v) geographical presence, (vi) distribution network and (vii) prices. Furthermore, competition can increase by consolidation or by new competitors offering similar products that enter the market. Strong competition can cause market overcapacity and price pressure.

In addition, contracting parties, customers or other parties that operate in Deceuninck Group's market can change their operational model in a matter that influences our activities.

In other words, Deceuninck Group's success depends on its capacity to maintain competitiveness as the market structure changes. Although Deceuninck Group was able to do so by adjusting to the market structure changes, future changes could have a considerable impact on its activities, operating profit or financial position.

The activities, operating profit and financial position of Deceuninck Group fluctuate according to the general economic climate. The decision whether or not to buy capital goods, which would enable Deceuninck Group's customers to integrate its products, concerns relatively high amounts of money.

Such a decision on investment can among other things be associated with the general economic climate. The decision by end users of our products to invest in real estate can also be associated with the general economic climate and credit access. The renovation market is less sensitive to economic fluctuations than new construction.

Availability and price of raw materials

Future profitability of Deceuninck Group is partly determined by changes regarding the purchase prices of raw materials (especially PVC resins and additives), components, capital goods, salaries and other corporate services, as well as by sales prices Deceuninck Group can charge for its products and services. For most of these components there are no hedging possibilities.

If the increase of raw material prices is substantial and long-lasting, and if market conditions allow it, experience shows that charging higher raw material prices to the market takes about 3 – 6 months' time, with large differences between markets.

Operational risks

Deceuninck Group's compound factories are considered to be a critical infrastructure that deliver compound to most of the Group's extrusion factories. They are situated in a limited number of countries (Germany, Belgium, the United States, Russia and Turkey). Although no considerable problems arose in the past, an activity interruption at one of the compound factories could substantially interrupt the production process of the extrusion facilities, as it is difficult to ship compounds under commercially attractive conditions. Such unavailability could substantially influence our activities, operating profit and financial position.

People risks

The success of Deceuninck Group will depend to a large extent on its ability to attract and retain skilled staff and managers who have a thorough knowledge of and are familiar with its markets, technology and products. Deceuninck Group is active in a competitive labor market and therefore no assurance can be given that it will be able to retain its key personnel. If we fail to attract or retain skilled persons, this could have a material adverse effect on Deceuninck Group's business or results of operations.

Legal risks

Deceuninck Group relies on a combination of trademarks, trade names, trade secrets, patents and knowhow to define and protect its intellectual property rights of its products and operational processes. So it is of the utmost importance that Deceuninck Group is able to continue to use its intellectual properties and to sufficiently protect all valuable intellectual properties by acting against violations of its intellectual property rights, by maintaining trade secrets and by using the available legal means such as trademarks, patents and design registrations. Although there are no important disputes, the Company cannot exclude judicial procedures in order to protect its rights.

In case the above-mentioned methods cannot sufficiently protect Deceuninck Group's intellectual property rights in its most important markets or in case the protection is no longer

valid, third parties (competitors included) could commercialize its innovations or products or use its knowhow, which could affect our activities and/or operating results.
We cannot guarantee that all trademarks and patents that are applied for will be approved in the future. Deceuninck Group cannot exclude the risk that certain trademark and patent registrations of Deceuninck Group will expire should we not succeed in extending such trademark and patent registrations. In certain geographical markets it might be more difficult for Deceuninck Group to obtain property rights.

Deceuninck Group's success will partially depend on its ability to exercise its activities without infringing on third parties' property rights, or without unlawfully appropriating those rights. Although there are currently no important claims against Deceuninck Group regarding the violation of intellectual property rights, Deceuninck Group cannot guarantee that it will not (unintentionally) infringe on third parties' patents from time to time. Deceuninck Group might be obliged to spend a lot of time and efforts or might incur judicial costs should the Company have to deal with legal claims on intellectual property rights, irrespective of their justifiability.

If Deceuninck Group indeed infringes or has infringed on patents or other intellectual property rights of third parties, it can be subject to substantial insurance claims that could impact the Group's cash flow, activities, financial situation or operating results. The Group might also be required to put a halt to the development, use or sales of the product or process concerned. It might also need to obtain a license in order to be able to use the disputed rights, which is not available at commercially reasonable conditions or not available at all.
To reduce probability of such a violation, the management has implemented a process to continuously examine possible infringements of patents and intellectual property rights.

Deceuninck Group's activities are subject to possible product liability risks that are characteristic to the production and distribution of its products. Product liability can also apply to new products that will be manufactured or distributed in the future. A possible insufficiency of the product liability insurance to cover product liability claims could substantially influence the Company's activities, financial situation and operating results. Furthermore, defense against such claims can exert considerable pressure on the management, considerable damages can be claimed or Deceuninck Group's reputation can be influenced negatively, even if the Company's defense against such claims regarding the products they put on the market is successful.

Violations by employees of the Group of applicable laws and regulations as well as Deceuninck Group's Code of Conduct can have a material adverse effect on the Group's business, results of operations or financial position.
Within an international company, individual employee actions can lead to an infringement in the area of compliance. This can have a negative impact on the image of the company, on the activities and on the value of the share.
Despite internal training and Deceuninck Group's Code of Conduct (dealing with a.o. human rights, anti-bribery, anti-corruption), the Group cannot avoid that some employees would commit individual breaches of applicable laws and regulations or Deceuninck Group's Code of Conduct.

Deceuninck Group operates in markets with different strict and evolving environmental requirements.
Compounding and storage of hazardous industrial products always involves an environmental risk. Although Deceuninck Group has taken all necessary measures to mitigate this risk and no significant problems have occurred in the past, environmental liability can not be excluded, especially as environmental legislation and regulations can provide for a system of strict liability by which Deceuninck Group becomes liable, regardless of whether Deceuninck Group has been negligent or has committed any other offense. Failure to comply with existing or future environmental legislation and regulations may result in criminal or administrative penalties, which could have a material adverse effect on Deceuninck Group's business, results of operations or financial position.
Deceuninck Group may be liable to third parties for any agreement, guarantee, declaration, compensation or similar provision that is contained in agreements with which Deceuninck Group has disposed of production facilities.

External audit

2017

Ernst & Young Bedrijfsrevisoren BCVBA, represented by Marnix Van Dooren was re-appointed as Deceuninck Group's statutory auditor for a period of three years at the Annual General Meeting of 2017, which means until the closing of the Annual General Meeting of 2020.

Transactions between related parties

General

Each Director and each member of the Executive Team are encouraged to arrange their personal and business interests so that there is no direct or indirect conflict of interest with the Company. Deceuninck Group has no knowledge of any potential conflict of interest affecting the members of the Board of Directors and the Executive Team between any of their duties to the Company and their private and/or other duties.

Directors' conflicts of interest

The conflict of interest settlement procedure of article 523 of the Belgian Companies Code was applied once in 2017: On 21 December 2017, the Board of Directors convened to approve a new warrant plan ("Warrant Plan 2017"). Before the meeting, Beneconsult BVBA, represented by Francis Van Eeckhout, informed the Board of his potential patrimonial interest as an executive director conflicting with the agenda of the Board of Directors, as he would be a beneficiary of the new Warrant Plan 2017. The executive director left the meeting and did not deliberate nor decide on the approval of the new Warrant Plan 2017. Also the statutory auditor was informed of this potential patrimonial conflict of interest. In accordance with the legal provisions, this annual report contains an extract of the board minutes (in Dutch):

"Before the discussion with regard to this matter commenced, the private company with limited liability 'BENECONSULT', with Mr. Francis VAN EECKHOUT as its permanent representative, being the Executive Director of the Company, stated that there may occur a conflict of interest of a property-related nature with regard to the decisions that the Board of Directors will take regarding the approval of the warrant plan, since it is also beneficiary to it.

The Board of Directors has taken note of this conflict of interest and also the fact that this was reported by the director involved to the statutory auditor of the company.

In accordance with the provisions of article 523 of the Companies Code – and taking into account the fact that the Company makes public use of the savings system – the director concerned was asked to leave the room during the discussion of those items on the agenda. Consequently, the director concerned did not take part in the deliberations or the vote. The grounds for justification for the conflict of interest named above are:
The initiative taken by the Board of Directors regarding the proposal of the Remuneration Committee to launch the 'Warrant Plan 2017', which aims to motivate certain members of staff, executives of the Company and its subsidiaries, certains consultants who provide services through a management company to the Company and/or its subsidiaries, to take part in this Plan, in order to contribute to the growth of Deceuninck Group and to ensure continued loyalty. It is important for the Company to approve a new warrant plan. The Company strongly believes that the work, the initiative and the entrepreneurship of each of the beneficiaries of the warrant plan will make an important contribution to the development of our activities and the results of the Company.

It therefore wishes to give the beneficiaries the opportunity to acquire (additional) shares at a predetermined issue price so that they can participate financially in the creation of added value and the growth of the Company. The experience of the past years has shown that stock options, warrants and share ownership by employees and executive members is an important element of motivation and commitment to the Company. After all, such a plan aims to increase the long-term commitment and motivation of employees, executive members and directors. Doing so, their efforts will contribute to the realization of the implemented restructurings. The Company intends to grant further annual warrants on shares. The offer of these new warrants will not constitute a renunciation on the part of the beneficiaries on previous options and/or warrants on shares that they accepted. As such, this initiative matches the interests of the Company, and consequently, the Board of Directors deems the cancellation of the right of pre-emption of the existing shareholders justifiable.

The property consequences are the following:
The property consequences for the Company that arise from the fact that warrants are granted to the Executive Director are minimal, taking into account on the one hand the total number of securities to which this transaction relates to and on the other hand the fact that the strike price of the warrants is based on the current share price. The Board of Directors declares that, on behalf of the other directors of the Company, being the non-executive directors, no conflict of interest is present, given that the 'Warrant Plan 2017' provides that the possible grant of the created warrants will be the result of a decision by the Annual General Meeting of the Company."

Transactions with affiliated companies

The conflict of interest settlement procedure of article 524 of the Belgian Companies Code was not applied in 2017.

Article 34 of the Belgian Royal Decree of 14 November 2007 concerning the obligations of issuers of financial instruments admitted to trading on a regulated market

Capital structure on 31 December 2017

The share capital was fully paid up and was represented by 136,383,256 shares without nominal value.

Restrictions on transferring securities as laid down by law or the Articles of Association

The Company offers stock options and warrants on shares of the Company. Stock options and warrants are assigned personally and are not transferable, except in case of decease of the holder.

Holders of any securities with special control rights

None

Systems of control of any employee share scheme where the control rights are not exercised directly by the employees

None

Restrictions on exercising voting rights as laid down by law or the Articles of Association

The voting rights attached to the shares held by Deceuninck Group and its direct and indirect subsidiaries are suspended. At 31 December 2017, these rights were suspended for 97,871 shares (0.07% of the shares in circulation at that time).

Shareholder agreements known to Deceuninck NV that could restrict the transfer of securities and/or the exercise of voting rights

None

Rules governing the appointment and replacement of Board members and the amendment of the Articles of Association of Deceuninck NV

The members of the Board of Directors are appointed by the General Meeting of Shareholders. Their initial term of office lasts maximum 4 years (based on the Company's Corporate Governance Charter) but can be renewed. The Remuneration and Nomination Committee presents one or more candidates, considering the needs of the Company and taking into account the nomination and selection criteria established by the Board of Directors. In the composition of the Board of Directors an appropriate balance is sought, based on (a.o.) gender, skills, experience and knowledge (see above "Diversity Policy").

The age limit for Directors is set at 70 years at the time of the (re)appointment. In principle, a Director's term ends after the Annual General Meeting, at which moment his or her mandate can be considered ended.

The amendment of Deceuninck Group's Articles of Association is to be executed in accordance with legal provisions of the Belgian Companies Code.

Powers of the Board with regard to the issue and repurchase of treasury shares

At the Extraordinary General Meeting of 21 December 2016, it was decided to grant the Board of Directors the authority to acquire treasury shares, by purchase or exchange, directly or by intervention of a person who acts in his own name but at the expense of the Company at a minimum price of 1.00 EUR and at a maximum price of 10.00 EUR, provided that by doing so, not for a moment the Company possesses treasury shares whose nominal value is higher than 20% of the Company's subscribed capital. No preceding decision by the General Meeting is necessary in case the acquisition of stocks occurs in order to offer them to the Company's staff.

Furthermore, the Board of Directors is authorized to sell these shares without being bound to above-mentioned price and time limitations.
This authorization is valid for a period of five years starting on 21 December 2016 and can be renewed in accordance with article 620 of the Belgian Companies Code.

During the financial year 2017, no treasury shares were purchased.

At the Extraordinary General Meeting of 21 December 2016, it was decided to grant the Board of Directors the authority to acquire or sell treasury shares, profit-sharing bonds or certificates which relate to these bonds, according to articles 620 and the following of the Companies Code, when the acquisition or alienation is necessary to avoid threatening serious damages to the Company. This authorization is valid for a period of three years as from its publication in the Annexes to the Belgian Official Gazette and can be renewed in accordance with article 620 of the Companies Code.

Authorized capital

The Board of Directors is authorized, for a period of 5 years as from the date of publication of the deed concerning the modification of the articles of association dated 21 December 2016, to increase the Company's issued capital on one or several occasions to a maximum amount of 53,324,946.55 EUR. This capital increase can take place in conformity with the conditions determined by the Board of Directors by a cash contribution, a contribution in kind, an incorporation of the reserves or share premiums, with or without the issuance of new shares, as well as by issuing debt securities that can be converted to shares on one or several occasions, debt securities with warrants or warrants that whether or not are linked to other stocks. However, the capital increase as decided by the Board of Directors cannot be reimbursed by shares without indication of nominal value issued below accountable par value of the old shares.

The Extraordinary General Meeting of 21 December 2016 authorized the Board of Directors, for a period of 3 years, under the conditions and within the limitations of article 607 of the Belgian Companies Code, to use the authorized capital in case of notification by the Financial Services and Markets Authority (FSMA) of a public takeover bid on the Company's shares. The Board of Directors determines the data and conditions of the instructed capital increases in application of the foregoing, including the possible payment of issue premiums.

If the foregoing occurs (including for the issuance of convertible debt securities or warrants), the Board of Directors determines, in accordance with articles 592 and following of the Belgian Companies Code, the term and other conditions concerning the exercise of the shareholder's preferential rights as assigned by the law.

Furthermore, it can, in accordance with articles 592 and following, in the Company's interest and under the conditions determined by law, limit or cancel the shareholder's preferential rights in favour of one person or several people that are selected, no matter whether or not these people are part of the Company's or its subsidiaries' staff.

If an issue premium is paid as a consequence of a capital increase, then it is transferred by right to an unavailable account named "issue premiums" which can only be used under the conditions required for the capital decrease.
It can, however, always be added to the instructed capital; this decision can be taken by the Board of Directors as stated above. Furthermore, said extraordinary general meeting of the Company authorized the Board of Directors, considering the coordination of the articles of association, as soon as the authorized capital or a part of it is converted into instructed capital, to amend the relevant article of the articles of association.

In 2017, there were no capital increases within the authorized capital, other than the three confirmatory capital increases within the framework of authorized capital as a result of the exercise of warrants (on 21 June, 25 September and 21 December 2017).

Significant agreements to which Deceuninck NV is a party and which take effect, alter or terminate upon a change of control of Deceuninck NV following a public takeover bid

None

Agreements between Deceuninck NV and its Directors or employees providing for compensation if the directors resign or are made redundant, or if employees are made redundant, without valid reason following a public takeover bid

None

Shareholder structure

Every shareholder holding a minimum of 3% of the voting rights needs to comply with the Law of 2 May 2007 in respect of the notification of significant investments, the Royal Decree of 14 February 2008 and the Belgian Companies Code.

The involved parties need to submit a notification to the Financials Services and Markets Authority (FSMA) and to the Company.

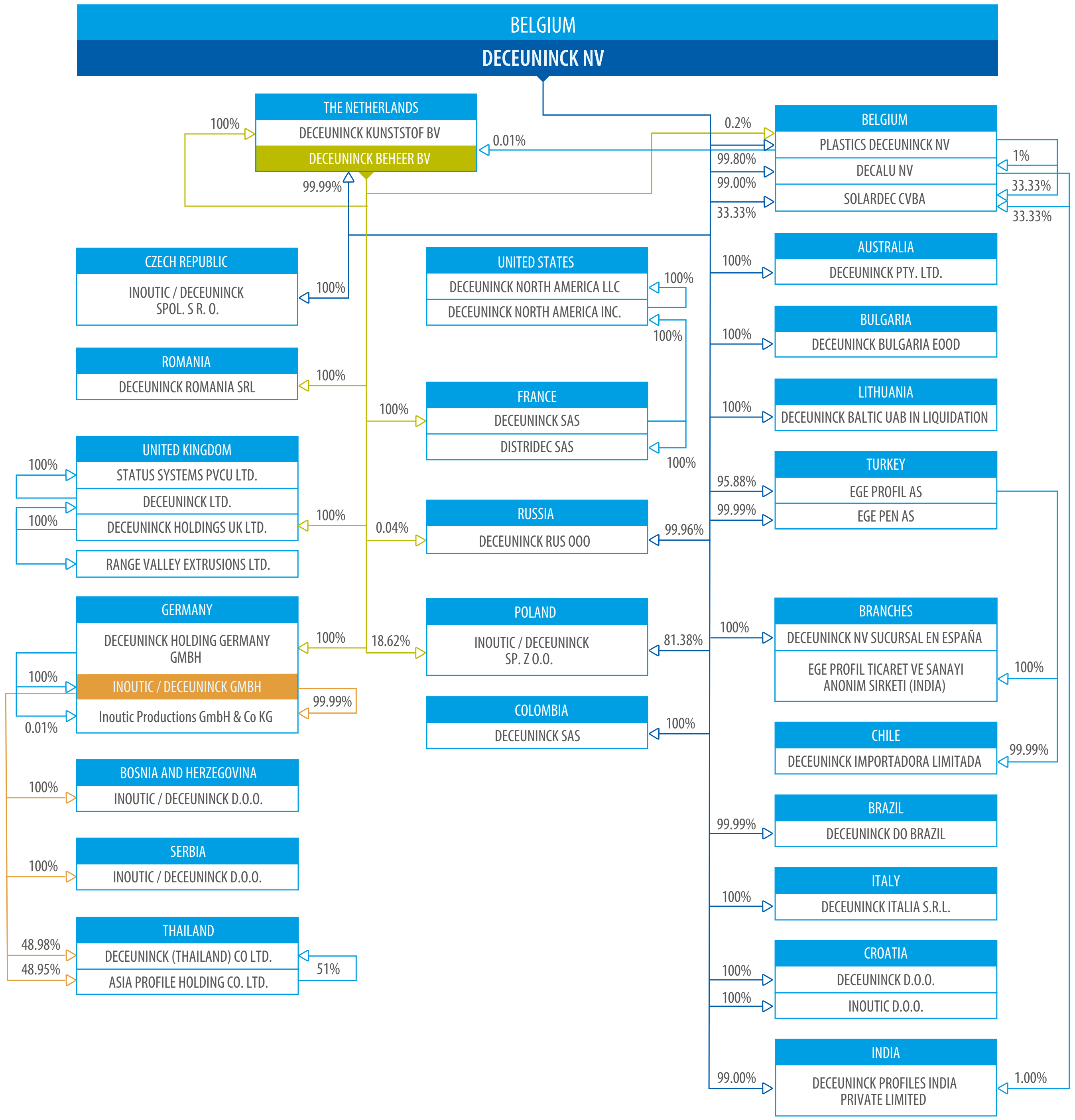
In application of the Law of 2 May 2007, the latest report of participations that have been received shows the following breakdown of shareholders on 31 December 2017:

Gramo BVBA [1]	38,915,739	28.53%
H.P. Participaties Comm.V.	10,000,000	7.33%
Sofina NV	9,461,513	6.94%
Fidec NV [2]	6,881,869	5.05%
Lazard Frères Gestion SAS	6,695,000	4.91%
Allacha (Burgerlijke maatschap) [3]	5,379,317	3.94%
Evalli (Burgerlijke maatschap) [4]	4,258,171	3.12%
Treasury shares	97,871	0.07%
Others	54,693,776	40.10%
TOTAL	**136,383,256**	**100.00%**

(1) Holding controlled by Francis Van Eeckhout
(2) Holding controlled by Frank Deceuninck
(3) Civil company represented by its statutory manager Willy Deceuninck and partners Alain, Laurenz and Charlotte Deceuninck
(4) Civil company represented by its statutory manager Arnold Deceuninck and partners Evelyn, Alexander and Lieselot Deceuninck

In January of this year, Deceuninck Group won the Euronext award of BEL Small Company of the year 2017 thanks to the highest relative increase in terms of market capitalization. Market capitalization of Deceuninck Group ('DECB') increased over 2017 from € 306.2 million to € 410.2 million thanks to the increase of the share price.

Legal structure



The Deceuninck Group Share

Number and types of shares

The Company capital amounts to € 53,787,565.92 and is represented by 136,383,256 shares. Deceuninck Group holds 97,871 treasury shares as at 31 December 2017. There are 115,737,750 dematerialized shares and 20,645,506 registered shares.

Quotation on the stock exchange

Deceuninck Group shares are listed under the code DECB and are traded on the Continuous segment of Euronext Brussels. DECB is part of the BELSMALL index.

ICB sectorial classification: 2353 Building materials & fixtures.

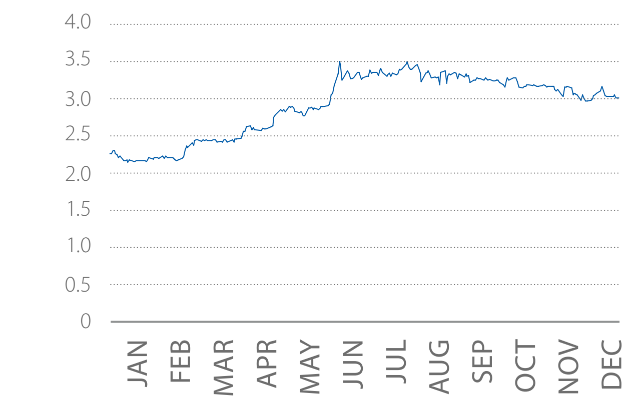
Evolution of the Deceuninck Group share price

The closing price of the Deceuninck Group share increased from € 2.26 on 31 December 2016 to € 3.01 on 31 December 2017. The Volume Weighted Average Price (VWAP) for 2017 was € 2.91. The lowest closing price was € 2.10 on 10 January 2017 and the highest closing price was € 3.60 on 13 June 2017.

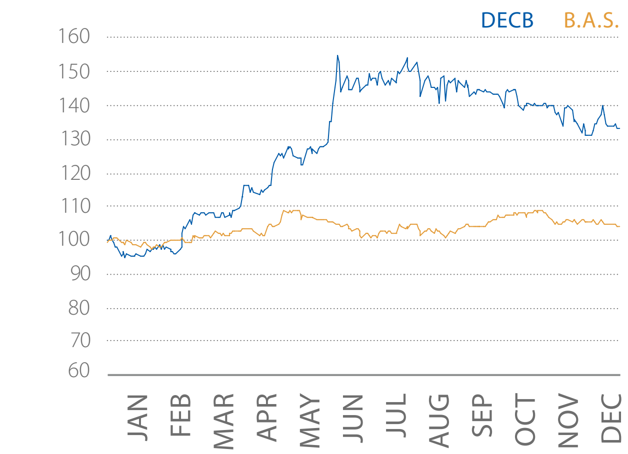
Dividends

At the Annual General Meeting scheduled on 24 April 2018, the Board of Directors will propose to pay a dividend of € 0.03 per share for the financial year 2017.

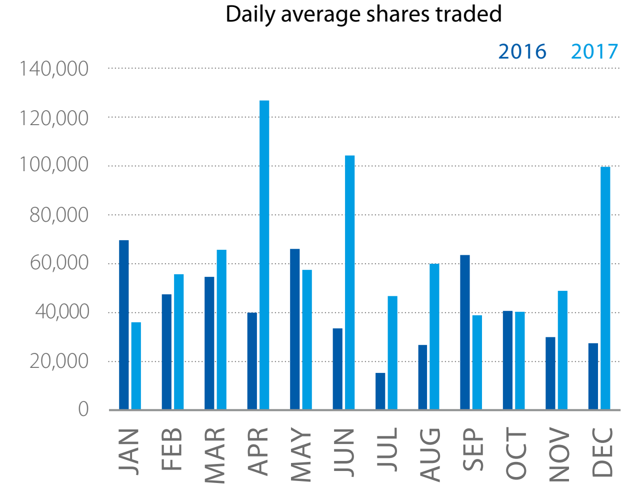
Deceuninck Group Share price 2017



Deceuninck Group vs. BEL All-Share



Daily average shares traded



Institutional investors and financial analysts

Deceuninck Group has continuously and consistently informed the financial community about the evolution of the Company. Press releases with the annual and half year results were issued at scheduled intervals before stock exchange opening and published on the Investors page on our website (www.deceuninck.com) and on the website of the FSMA.

Institutional investors at home and abroad were informed by Deceuninck Group during one-to-one meetings, as well as in group meetings during roadshows and investor events. Opportunities were offered to institutional investors to meet or set up conference calls with the CEO and CFO at the head offices in Hooglede-Gits. Deceuninck Group participated in investor conferences and/or roadshows in Brussels, Paris and London.

Retail investors had the opportunity to inform themselves during the retail investor events of the VFB (Flemish Federation of Investors and Investor Clubs), which took place in Antwerp on March 25th.

Financial analysts covering Deceuninck Group:
Nathalie Debruyne (Degroof Petercam), Giel-Jan Triest (ING), Wim Hoste (KBC Securities), Gert De Mesure (VFB).

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On the Investors page of the Deceuninck Group corporate website (http://www.deceuninck.com/investors) you can register to receive financial news and financial press releases per e-mail.

Financial calendar 2018

FEBRUARY 2018	APRIL 2018	AUGUST 2018
22	24	23
FY 2017 results	Annual General Meeting at 4 pm	H1 2018 results

Financial statements

Deceuninck consolidated

This annual report needs to be read together with the **audited consolidated financial statements** of Deceuninck Group, referred to as the Group, and the notes to the financial statements. These audited consolidated financial statements were determined by the Board of Directors on **21 February 2018**.

2017 Results

Sales

FY 2017 sales increased 2.4% to € 687.2 million mainly driven by double-digit volume growth in the US. Price increases have been offset by unfavourable FX.

Deceuninck activities are divided into 4 regions, namely Western Europe, Central and Eastern Europe, Turkey & Emerging Markets and North America.

Western Europe

Sales in Western Europe decreased 3.1% to € 171.1 million (2016: € 176.5 million). This is primarily explained by the absence of one-off project sales (€ 5.0 million in 2016 of which € 3.1 million related to a TGV sound wall project) and lower volumes in the Benelux and France, which is partially compensated by growth in Italy and Spain and revenues from the new aluminium and ventilation business. Price increases necessary to compensate for the higher raw material costs, increasing inflation and the weakening of the GBP have been implemented in all Western European countries.

Central and Eastern Europe

In Central and Eastern Europe sales increased 3.7% to € 167.8 million (2016: € 161.8 million). Higher volumes in Czech Republic, Poland and the Balkan have partially been offset by lower volumes in Russia following a further decline of this market. The positive FX impact is explained by the stronger RUB (+11% vs 2016).

Turkey & Emerging Markets

Sales in Turkey & Emerging Markets increased 2.4% to € 219.1 million (2016: € 214.0 million) despite challenging market conditions in Turkey. Price increases to compensate for the higher raw material prices and inflation have been offset by the weakening of the TRY (-23% vs 2016). Australia, Brazil and India continued to grow, while sales in Chile have declined following an unfavourable tax reform.

North America

In North America sales increased 8.9% to € 129.1 million (2016: € 118.6 million). Volumes increased by 10.4% (+13.5% if corrected for the sale of the decking business in 2016) thanks to strong business development, our customers taking market share and market growth. Sales are positively impacted by price increases driven by the automatic indexing of higher PVC resin prices and by a more favourable product mix. The 2.2% negative FX effect is explained by the weakening of the USD in the second half of 2017.

% OF SALES	TOTAL	WESTERN EUROPE	CENTRAL & EASTERN EUROPE	TURKEY & EMERGING MARKETS	NORTH AMERICA
SALES 2016 (in € million)	**670.9**	**176.5**	**161.8**	**214.0**	**118.6**
Volume	1.1%	(4.3%)	0.5%	1.9%	10.4%
Exchange rate	(6.9%)	(1.0%)	2.7%	(21.8%)	(2.2%)
Other (price & mix)	8.3%	2.3%	0.5%	22.2%	0.7%
TOTAL	**2.4%**	**(3.1%)**	**3.7%**	**2.4%**	**8.9%**
SALES 2017 (in € million)	**687.2**	**171.1**	**167.8**	**219.1**	**129.1**

Results

Gross margin

The Gross Margin decreased from 30.5% in 2016 to 28.6% in 2017, as higher raw material prices, negative FX and inflation have not yet been entirely compensated by higher sales prices and efficiency gains resulting from strategic investments. In addition operational inefficiencies incurred in the US (due to difficulties to recruit qualified people in a tight labour market) and in Western Europe (following the launch of a new ERP-system) put further pressure on margins.

Adjusted EBITDA

Adjusted EBITDA increased to € 66.7 million (2016: € 65.1 million) while the Adjusted EBITDA-margin remained stable at 9.7%. This is explained by the fact that the decrease in Gross Margin has been compensated by higher volumes and lower fixed costs. The decrease in fixed costs is mainly explained by the depreciation of the Turkish Lira and lower bad debt expenses incurred in 2017.

EBITDA

EBITDA remained stable at € 67.2 million (2016: € 67.0 million).

Operating result (EBIT)

Operating result (EBIT) amounted to € 36.7 million (2016: € 36.1 million). Depreciation and amortization expenses decreased slightly from € 30.9 million in 2016 to € 30.5 million in 2017 as the one-off costs incurred in 2016 have been entirely offset by the negative impact from higher investments.

Financial result

The Financial result amounted to € -14.7 million (2016: € -13.9 million). The increase versus 2016 is mainly explained by FX losses resulting from the weakening of the TRY and higher interest rates in Turkey. A one-off positive impact related to the liquidation of the inactive Enwin subsidiary has been largely offset by one-off costs resulting from the merger of Pimas and Ege.

Income tax expenses

Income tax expenses increased to € -8.2 million (2016: € -1.3 million) which is mainly explained by one-off tax benefits in 2016 and € -4.7 million one-off tax expenses booked in 2017 resulting from the revaluation of previously recognized deferred tax assets to the lower tax rates that will apply starting 2018 as a result of the 2017 US and Belgian tax reforms.

Net profit

Net profit in 2017 decreased to € 13.8 million which is completely attributable to the higher income tax expenses given the stable EBT.

Trade working capital

Trade working capital on 31 December 2017 increased to 19.8% of LTM sales compared to 16.6% on 31 December 2016, which is mainly explained by higher raw material prices (est. €10m) and the decision to shorten payment terms to suppliers in Turkey (est. € 14 million). Factoring at the end of December 2017 amounted to € 24.3 million (vs € 27.9 million end of December 2016).

Capital expenditures

Capital expenditures in 2017 amounted to € 54.2 million compared to € 79.4 million in 2016.

Net financial debt

Net financial debt on 31 December 2017 amounted to € 118.3 million compared to € 88.4 million on 31 December 2016, resulting in a net financial debt / LTM Adjusted EBITDA ratio of 1.8x.

Headcount

On 31 December 2017 Deceuninck employed worldwide 3,927 full time equivalents (FTEs) (including temporary workers and external staff) (31 December 2016: 3,682).

Risk management

For an analysis of the Group risk management, see Note 24 of the consolidated financial statements.

Non-financial information

The non-financial information of the Group is described on pages 44 to 63.

Research & Development (R&D)

The research and development activities of the Group are described in the report of the board of directors on pages 24 to 33

Events after the balance sheet date

Please refer to Note 24 of the consolidated financial statements.

Other circumstances

Besides the circumstances included in the paragraph on risk management, no other circumstances should be disclosed that had a significant influence on the Group's situation.

Deceuninck Group: key figures[1]

CONSOLIDATED INCOME STATEMENT (in € million)	2015	2016	2017	VARIANCE %
Sales	644.5	670.9	687.2	2.4%
Adjusted EBITDA	55.9	65.1	66.7	2.4%
EBIT	26.9	36.1	36.7	1.5%
Net profit	13.3	21.0	13.8	(34.1%)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in € million)	2015	2016	2017	VARIANCE %
Equity	269.3	275.0	257.6	(6.3%)
Net debt	92.1	88.4	118.3	33.8%
Total assets	562.6	601.1	558.6	(7.1%)
Capital expenditure	38.7	79.4	54.2	(31.8%)
Working capital	142.9	111.1	135.9	22.3%
Capital employed	397.9	402.6	418.2	3.9%

RATIOS	2015	2016	2017
Net profit on sales	2.1%	3.1%	2.0%
Adjusted EBITDA/sales	8.7%	9.7%	9.7%
Net debt/Adjusted EBITDA	1.65	1.36	1.78
EBIT/Capital employed	6.7%	9.0%	8.8%

HEADCOUNT	2015	2016	2017
Total Full Time Equivalents (FTE)	3,593	3,682	3,927

(1) Definitions: see Glossary p. 173.

Consolidated financial statements and notes

Deceuninck consolidated income statement

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	NOTES	2016	2017
SALES	2	**670,880**	**687,157**
Cost of goods sold	3	(466,150)	(490,453)
GROSS PROFIT		**204,730**	**196,704**
Marketing, sales and distribution expenses		(113,122)	(107,365)
Research and development expenses		(8,034)	(8,267)
Administrative and general expenses		(45,875)	(44,771)
Other net operating result	3	(1,576)	380
Impairment on goodwill		(96)	0
OPERATING PROFIT (EBIT)		**36,123**	**36,681**
Financial charges	3	(25,551)	(21,663)
Financial income	3	11,655	6,996
PROFIT BEFORE TAXES (EBT)		**22,226**	**22,014**
Income taxes	4	(1,272)	(8,199)
NET PROFIT		**20,954**	**13,815**

THE NET PROFIT IS ATTRIBUTABLE TO	2016	2017
Shareholders of the parent company	20,795	12,453
Non-controlling interests	159	1,362

EARNINGS PER SHARE DISTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY (in €)	2016	2017
Normal earnings per share	0.15	0.09
Diluted earnings per share	0.15	0.09

Deceuninck consolidated statement of comprehensive income

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	2016	2017
NET PROFIT	**20,954**	**13,815**
Currency translation adjustments	(8,662)	(28,431)
Income tax impact	(510)	872
Net other comprehensive income potentially to be reclassified to profit or loss in subsequent periods	(9,172)	(27,559)
Actuarial gains (+) / losses (-) on defined benefit plans	(4,833)	198
Income tax impact	1,294	(317)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	(3,538)	(119)
OTHER COMPREHENSIVE INCOME (+) / LOSS (-) AFTER TAX IMPACT	**(12,710)**	**(27,678)**
TOTAL COMPREHENSIVE INCOME (+) / LOSS (-)	**8,243**	**(13,863)**

THE TOTAL COMPREHENSIVE INCOME (+) / LOSS (-) IS ATTRIBUTABLE TO (in € thousand)	2016	2017
Shareholders of the parent company	8,847	(14,527)
Non-controlling interests	(604)	664

Deceuninck consolidated statement of financial position

ASSETS (in € thousand)	NOTES	2016	2017
Intangible fixed assets	6	4,420	6,119
Goodwill	7	10,710	10,677
Tangible fixed assets	8	253,998	252,945
Financial fixed assets		65	65
Deferred tax assets	4	19,406	10,707
Long-term receivables	9	2,882	1,765
NON-CURRENT ASSETS		**291,481**	**282,278**
Inventories	10	98,963	114,342
Trade receivables	11	113,773	109,036
Other receivables	11	20,580	9,422
Cash and cash equivalents	12	72,425	41,993
Fixed assets held for sale	13	3,829	1,529
CURRENT ASSETS		**309,570**	**276,322**
TOTAL ASSETS		**601,051**	**558,600**

EQUITY AND LIABILITIES (in € thousand)	NOTES	2016	2017
Issued capital	14	53,393	53,788
Share premiums	14	87,056	87,887
Consolidated reserves		198,954	207,712
Cash flow hedge reserve		(91)	0
Actuarial gains / losses		(6,173)	(6,291)
Treasury shares	14	(320)	(115)
Currency translation adjustments	14	(61,176)	(87,957)
EQUITY EXCLUDING NON-CONTROLLING INTEREST		**271,644**	**255,024**
Non-controlling interest		3,395	2,601
EQUITY INCLUDING NON-CONTROLLING INTEREST		**275,039**	**257,625**
Interest-bearing loans	17	129,206	129,599
Long-term provisions	15,16	28,439	27,811
Deferred tax liabilities	4	2,277	1,684
NON-CURRENT LIABILITIES		**159,922**	**159,094**
Interest-bearing loans	17	31,640	30,720
Trade payables	18	101,593	87,488
Tax liabilities		9,721	5,048
Employee related liabilities		15,456	13,114
Short term provisions	15,16	1,321	1,616
Other liabilities	18	6,359	3,895
CURRENT LIABILITIES		**166,090**	**141,881**
TOTAL EQUITY AND LIABILITIES		**601,051**	**558,600**

Deceuninck consolidated statement of changes in equity

(in € thousand)	ISSUED CAPITAL	SHARE PREMIUMS	CONSOLIDATED RESERVES	CASH FLOW HEDGE RESERVE		ACTUARIAL GAINS / LOSSES	TREASURY SHARES	CURRENCY TRANSLATION ADJUSTMENTS	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	NON-CONTROLLING INTEREST	TOTAL
AS PER 31 DECEMBER 2015	**53,257**	**86,777**	**180,969**	**(91)**		**(2,634)**	**(261)**	**(52,765)**	**265,253**	**3,999**	**269,252**
Net profit			20,797						20,797	159	20,956
Other comprehensive income (+) / loss (-)						(3,539)		(8,411)	(11,950)	(763)	(12,713)
TOTAL COMPREHENSIVE INCOME (+) / LOSS (-)	**0**	**0**	**20,797**	**0**		**(3,539)**	**0**	**(8,411)**	**8,847**	**(604)**	**8,243**
Capital increase	135	280	0						415		415
Own shares purchased							(238)		(238)		(238)
Exercise of options							179		179		179
Share based payments			559						559		559
Dividends paid			(3,371)						(3,371)		(3,371)
AS PER 31 DECEMBER 2016	**53,393**	**87,056**	**198,954**	**(91)**		**(6,173)**	**(320)**	**(61,176)**	**271,644**	**3,395**	**275,039**

(in € thousand)	ISSUED CAPITAL	SHARE PREMIUMS	CONSOLIDATED RESERVES	CASH FLOW HEDGE RESERVE		ACTUARIAL GAINS / LOSSES	TREASURY SHARES	CURRENCY TRANSLATION ADJUSTMENTS	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	NON-CONTROLLING INTEREST	TOTAL
AS PER 31 DECEMBER 2016	**53,393**	**87,056**	**198,954**	**(91)**		**(6,173)**	**(320)**	**(61,176)**	**271,644**	**3,395**	**275,039**
Net income (loss) for the current period			12,373						12,373	1,442	13,815
Other comprehensive income (+) / loss (-)						(119)		(26,781)	(26,900)	(778)	(27,678)
TOTAL COMPREHENSIVE INCOME (+) / LOSS (-)	**0**	**0**	**12,373**	**0**		**(119)**	**0**	**(26,781)**	**(14,527)**	**664**	**(13,863)**
Capital increase	395	831	0						1,225	0	1,225
Own shares purchased									0		0
Exercise of options							206		206		206
Non-controlling interest due to business combinations									0	(1,323)	(1,323)
Share based payments			534						534		534
Dividends paid			(4,058)						(4,058)	(135)	(4,193)
Transfer			(91)	91					0		0
AS PER 31 DECEMBER 2017	**53,788**	**87,887**	**207,712**	**0**		**(6,291)**	**(115)**	**(87,957)**	**255,024**	**2,601**	**257,625**

The minorities are mainly related to the minority shareholders of Ege Profil. The legal structure of the group is included in the first part of the annual report.

Deceuninck consolidated statement of cash flows

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	NOTES	2016	2017
OPERATING ACTIVITIES			
Net profit		20,954	13,815
Depreciations of (in)tangible fixed assets	6, 8, 14	26,455	29,283
Impairments on (in)tangible fixed assets	6, 8, 14	4,396	1,246
Provisions for pensions and other risks & charges		(783)	507
Impairments on current assets		5,137	(988)
Net financial charges	3	13,897	14,667
Profit on sale of tangible fixed assets	3	(2,117)	(739)
Loss on sale of tangible fixed assets	3	1,123	686
Income taxes	4	1,272	8,199
Share-based payment transactions settled in equity		559	534
Cash flow from operating activities before movements in working capital and provisions		70,892	67,210
Decrease / (increase) in trade and other receivables		(7,523)	(8,381)
Decrease / (increase) in inventories		(7,507)	(21,865)
Increase / (decrease) in trade payables		36,310	(2,141)
Decrease / (increase) in other non-current assets		(1,677)	842
Decrease / (increase) in other current assets/liabilities		(4,183)	(3,937)
Increase / (decrease) in other non-current liabilities		406	(176)
Cash flow generated from operating activities		86,718	31,552
Interest received		1,294	1,527
Income taxes paid (-) / received (+)		(1,142)	(1,537)
CASH FLOW FROM OPERATING ACTIVITIES		**86,870**	**31,542**
INVESTING ACTIVITIES			
Cash receipts on sale of tangible fixed assets		6,647	4,531
Purchases of tangible fixed assets	8, 13	(78,791)	(52,949)
Purchases of intangible fixed assets	6	(639)	(1,207)
CASH FLOW FROM INVESTING ACTIVITIES		**(72,783)**	**(49,625)**

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	NOTES	2016	2017
FINANCING ACTIVITIES			
Capital increase		415	(640)
New (+) / repayments (-) of long-term debts	17	(8,571)	9,229
New (+) / repayments (-) of short-term debts	17	11,955	992
Interests paid		(8,873)	(9,950)
Dividends paid		(3,371)	(4,193)
Net financial result, excl interests		(474)	(1,889)
CASH FLOW FROM FINANCING ACTIVITIES		**(8,917)**	**(6,452)**
Net increase (+) / decrease (-) in cash and cash equivalents		5,170	(24,535)
Cash and cash equivalents as per beginning of period	12	70,720	72,425
Impact of exchange rate fluctuations		(3,464)	(5,897)
Cash and cash equivalents as per end of period	12	72,425	41,993

Notes

1. Significant accounting principles

The consolidated financial statements have been prepared in accordance with the 'International Financial Reporting Standards' (IFRS), as endorsed by the European Union.
The consolidated financial statements were determined by the Board of Directors on 21 February 2018. They can still be modified until the General Meeting of Deceuninck NV takes place, which is scheduled to be held on 24 April 2018.

Basis of presentation

The consolidated financial statements are presented in € thousand, unless noted otherwise. These statements have been prepared on the basis of the historic cost price method, except for the valuation of the fair value of derivatives.
The consolidated financial statements present the financial position on 31 December 2017. They have been prepared prior to the distribution of profits proposed by the parent company at the Annual General Meeting of Shareholders.

Please note that numbers in certain tables in the financial statements may not add up due to rounding.

Consolidation principles

The consolidated financial statements include the individual financial statements of Deceuninck NV and its subsidiaries ('the Group').

The Group controls a subsidiary if, and only if, the Group has:
+ Power over the subsidiary (i.e., existing rights that give it the current ability to direct the relevant activities of the subsidiary);
+ Exposure, or rights, to variable returns from its involvement with the subsidiary;
+ The ability to use its power over the subsidiary to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control.

The acquisition of subsidiaries is accounted for under the acquisition method. The annual reporting date of subsidiaries is identical to that of the parent company. The same valuation principles apply to their financial statements.

Associated companies are companies in which Deceuninck NV exercises, either directly or indirectly significant influence, without controlling them. This is generally the case if the Group holds between 20% and 50% of the shares with voting rights. Associated companies are consolidated using the equity method, from the date the significant influence begins until the date it ends. If the Group's share in the losses exceeds the carrying value of the associated company, then this value is reduced to zero and the losses exceeding this amount are not recognized, except when the Group has contractual obligations relating to this company. On 31 December 2016 and 31 December 2017, the Group does not own any associated companies. A list of the subsidiaries of Deceuninck NV is disclosed in Note 26 of these financial statements.

Use of estimates and assumptions

In order to produce the annual financial statements in accordance with the IFRS standards, management has to use a number of estimates and assumptions, that have an impact on the amounts disclosed in the financial statements. The estimates made on the reporting date reflect the existing conditions on this date, such as market prices, interest rates and foreign exchange rates.

Even though management makes these assumptions and estimates based on its best possible knowledge of current business transactions, and of the transactions the Group may undertake, the actual results can vary in relation to these estimates.

USE OF ASSUMPTIONS

In accordance with the Group's accounting principles, the following assumption has been made:

Provision for early retirement
The Company considers it has a constructive obligation in Belgium, and that the existing collective labour agreement will be renewed on an ongoing basis.

USE OF ESTIMATES

The most important estimates that are likely to have a significant influence on the net carrying value of assets and liabilities for the coming year relate to:

Impairment of goodwill
Goodwill relating to business combinations is assessed on an annual basis by means of an impairment test. This test requires an estimate of the value in use of cash generating units, to which the goodwill is attributed. The estimation of the value in use requires an estimate of expected future cash flows of the cash generating units and the choice of an appropriate discount rate in order to determine the present value of these cash flows. For more details on this subject, please see Note 7.

Employee benefits – Pension schemes
The costs of the granted pension schemes and the current value of the pension obligations are determined on the basis of an actuarial calculation. The actuarial calculation uses assumptions with regard to the discount rate, future increases in compensation, mortality tables and future increases in pensions. All the assumptions are reassessed on the reporting date. Further details with regard to these assumptions are documented in Note 15.

Employee benefits – Share-based payments
The Group values the cost of the stock option plans granted to employees on the basis of the actual value of the instruments, on the date they are granted. The estimation of the fair value of compensations in shares requires an adapted valuation model, which depends on the condition under which the grant is made. The valuation model also requires adapted input data, such as the expected life of the option, the volatility of the share price and the dividend yield. The assumptions and the valuation model used for the estimation of the actual value of compensations in shares are explained in Note 19.

Deferred tax assets
Deferred tax assets related to tax losses carry forward are only recognized if it is probable that sufficient taxable profits will be generated in the future. Significant estimates are required from management in order to determine the amount of the deferred tax assets, based on the time period and the level of future taxable profits. More details on this subject are provided in section Income Taxes and in Note 4.

Bad debt allowance
Open trade receivables are evaluated on a regular basis, and bad debt allowances are recorded on an individual client-per-client basis if there is a deterioration in payment behaviour and indicators of going concern.
In estimating the bad debt allowance, credit insurance limits and guarantees received are considered in the calculation of the allowance.

Foreign currencies

TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are accounted for using the end of month exchange rate (exchange rate on the last working day of the preceeding month) or the exchange rate on the date the transaction occurs. Monetary assets and liabilities in foreign currencies are converted using the exchange rate on the balance sheet date. Profits and losses resulting from conversion of monetary assets and liabilities in foreign currencies into the local currency of the entity are recognized in the consolidated income statement as operating or financial exchange result, depending on the nature of the transaction. Non-monetary assets and liabilities are converted into the local currency of the entity using the historic exchange rate. The Group's reporting currency is the euro. Assets and liabilities from subsidiaries outside the eurozone are converted to euro on balance sheet date, using the exchange rates applicable on that date. The income statements of these subsidiaries are converted into euro at the annual average exchange rate, which approximates the exchange rates applicable on the transaction date. The components of equity are converted at their historic exchange rate. Exchange rate differences, caused by the conversion of equity into euro at the closing rate applicable on the balance sheet date, are disclosed as 'currency translation adjustments' under the heading 'Equity'.

Exchange rate differences resulting from the translation of foreign currency intra-group current accounts, loans or trade receivables and payables are recognized in the consolidated income statement as operating or financial exchange result, depending on the nature of the transaction. Exception to this accounting treatment is when the intra-group loans are considered as part of an entity's net investment in a foreign operation. Then the exchange difference is recognized in other comprehensive income and accumulated in a separate component of equity until the disposal of the foreign operation.

EXCHANGE RATES

The following exchange rates were used when preparing the financial statements:

1 EUR IS EQUAL TO	CLOSING RATE 2016	CLOSING RATE 2017	AVERAGE RATE 2016	AVERAGE RATE 2017
AUD	1.4596	1.5346	1.4886	1.4729
BAM	1.9558	1.9558	1.9558	1.9558
BGN	1.9558	1.9558	1.9558	1.9558
BRL	3.4305	3.9729	3.8616	3.6041
CLP	698.5100	735.2100	749.0014	732.3850
COP	3,163.0484	3,578.7112	3,378.9937	3,334.4159
CZK	27.0210	25.5350	27.0343	26.3272
GBP	0.8562	0.8872	0.8189	0.8761
HRK	7.5597	7.4400	7.5345	7.4644
INR	71.5935	76.6055	74.3553	73.4980
LTL	3.4528	3.4528	3.4528	3.4528
PLN	4.4103	4.1770	4.3636	4.2563
RON	4.5390	4.6585	4.4908	4.5687
RSD	123.4723	118.4727	123.1912	121.2221
SEK	9.5525	9.8438	9.4673	9.6369
RUB	63.8111	68.8668	74.2224	65.8877
THB	37.7260	39.1210	39.0423	38.2785
TRY	3.7099	4.5155	3.3427	4.1214
UAH	28.4226	33.4954	28.3050	27.4927
USD	1.0541	1.1993	1.1066	1.1293

Intangible fixed assets other than goodwill

PATENTS AND LICENSES

Expenditure for acquired patents and licenses are capitalized at their cost price and are subsequently amortized over their estimated useful life using the straight line method, or over the term of the contract, if this should be shorter. The useful life is usually estimated at 3 years. The useful life of patents recognized in North America is estimated at 15 years.

RESEARCH AND DEVELOPMENT

Research expenditure, incurred with the purpose of acquiring new scientific or technological knowledge, is included in the income statement. The cost of development activities, for which the results are applied in a plan or a design for the production of new or substantially improved products and processes, are capitalized if and only if all the criteria defined in IAS 38 are met. Such capitalized costs include directly attributable costs of creating, producing or making ready for use assets (such as raw materials and direct labour costs) less the accumulated amortization and impairment. These costs are currently amortized on a straight line basis over their estimated useful life of 5 years.

SUBSEQUENT EXPENDITURES

Expenditures relating to intangible fixed assets, subsequent to their purchase or completion are only capitalized if they increase the future economic benefits specific to the asset they relate to. All other expenditures are considered as costs.

Business combinations

The Group applies the purchase method of accounting to account for acquisitions of businesses. The cost of an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred and equity instruments issued. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date.

The allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions requiring management judgment.
Acquisition-related costs are expensed as incurred.

Goodwill

Goodwill is the positive difference between the cost of the business combination and the share of the Group in the fair value of the acquired identifiable net assets of a subsidiary or associated company at the moment of acquisition. Goodwill is not amortized, but is subject to an annual impairment test. Goodwill is expressed in the currency of the related company and is converted into euro at the closing exchange rate on the balance sheet date.

Bargain Purchase

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Tangible fixed assets

Tangible fixed assets are recognized at historic cost price, less accumulated depreciation and impairment. Historic cost is the initial purchase price plus any other directly attributable acquisition costs (such as non-recoverable taxes and transportation costs). The cost price of fixed assets produced by the company itself (such as tool sets) includes the cost price of materials, direct labour costs and a proportion of production related overhead costs. Subsequent expenditure is only capitalized, if it increases the future economic benefits of the fixed assets it relates to. Repair and maintenance costs, which do not increase future economic benefits, are expensed as incurred.

Depreciation is calculated using the straight line method, starting from the first date of use over the entire duration of their expected useful life.

The expected economic useful life is determined as follows:

ASSETS	
Buildings	40 years
Building fixtures and furniture	10-20 years
External infrastructure	20-40 years
Machinery and equipment	8-20 years
Small equipment	5 years
Screws and cylinders	6 years
Dies and calibrators (tool sets)	5 years
Installations	10-25 years
Office equipment	4-10 years
Logistics equipment	8 years
Furniture	10 years
Vehicles	4-5 years

Land, which is deemed to have an infinite useful life, is not depreciated.

Fixed assets held for sale

Assets held for sale relate to assets or groups of assets that are available for immediate sale in its present condition and the sale is highly probable. These assets are valued at the lower of carrying value or fair value less costs to sell. The same valuation principle applies for business units held for sale.

Leasing

Financial lease contracts, for which the Group bears the majority of the risks and benefits inherent to the ownership of the leased property, are recognized as tangible fixed assets at the present value of their minimum lease payments, at the moment when the lease contract was entered into, or at market value if lower. Lease payments are partly considered as financial costs and partly as reimbursement of the lease debt. The finance charge is allocated to periods during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease contracts, for which the lessor retains the majority of the risks and benefits of the assets, are considered as operational leases. Payments made under an operational lease are expensed, on a straight line basis over the entire term of the contract.

Financial instruments

CRITERIA RELATING TO THE INITIAL RECOGNITION OR DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments are recognized initially when the Group subscribes to the related contractual provisions. Purchases and sales of financial assets are recognized on the transaction date. Financial assets (or parts thereof) are derecognized, when the Group exercises their contractual rights, when these rights mature, when the Group renounces them, or when the Group loses control of the contractual rights associated with the financial assets. Financial liabilities (or parts thereof) are derecognized, if the obligation stipulated in the contract is withdrawn, cancelled or expired.

CRITERIA FOR OFFSETTING FINANCIAL ASSETS AND LIABILITIES

A financial asset and a financial liability are offset and the net amount is recorded in the balance sheet, if there is a legally enforceable right to offset the recognized amounts, and if there is an intention to settle the liability and simultaneously realize the asset or to settle the liability on a net basis.

Financial fixed assets

All financial assets are initially recognized at their cost price plus the cost of acquisition of such an investment. Unrealized profits or losses, resulting from changes in the fair value of financial assets available for sale, are directly recognized in other comprehensive income within the equity until the asset is sold, cashed in or disposed of, or when the financial asset is subject to an impairment. At that time, the accumulated profits and losses previously booked in equity are recognized in the income statement of the related period. Reversals of impairments booked in relation to shares will not be recorded in the income statement.

Financial assets valued at fair value through the income statement

Financial assets valued at fair value through the income statement consist of financial assets that are held for trading purposes or financial assets that are initially recognized at fair value through the income statement. Financial assets held for trading purposes are those acquired with the objective of selling them in a short-term notice. This category also contains derivative financial instruments, which do not fulfil the criteria of IAS 39 for 'hedge accounting'. Unrealized profits or losses, resulting from the changes in the fair value of financial assets held for trading, are directly booked in the income statement.

Trade receivables

Trade receivables are booked at their nominal value less possible provisions for bad debt. When recovery of the full amount becomes improbable an estimate is made of the provisions for bad debt. Provisions for bad debts are recognized in the income statement of the period during which they are identified.

Cash and cash equivalents

Cash and cash equivalents consist mainly of cash in hand, short-term deposits and short-term investments (maturing within three months after their acquisition date) which are readily convertible into cash and which are subject to a limited risk of changes in value. Within the cash flow statement, cash and cash equivalents include bank balances (current and deposit accounts). Any negative cash position is presented net of short-term debts with financial institutions ('bank overdrafts').

Interest bearing loans

Interest bearing loans are initially valued at the fair value of the amounts received minus any costs related to the transaction. After the initial recognition interest-bearing financial debts are valued at their amortized cost. The difference between the amortized cost and the repayment value is expensed over the duration of the loan based on the effective interest rate method or until the debt is no longer held.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments (mainly interest rate swaps and FX forward contracts) in order to limit the risks associated with interest and exchange rate fluctuations. The Group's policy prohibits the use of these instruments for speculative purposes.

Derivative financial instruments are classified as either 'fair value' hedges, if these instruments hedge changes in the fair value of recognized assets and liabilities, or as 'cash flow' hedges, if they cover cash flow variations associated with a specific risk in relation to a recognized asset or liability or an expected transaction.

For 'fair value' hedges, profits or losses resulting from the revaluation of 'fair value' hedging instruments are directly recorded through profit or loss. Gains or losses on the hedged position lead to an adjustment of the book value of the hedged position and should be recorded through profit or loss. If the adjustment is associated with the book value of an interest bearing financial debt, it is amortized through profit or loss until it is entirely amortized upon maturity.

Financial instruments, not meeting the special requirements for recognition as a hedging transaction are valued at their fair value, and any profit or loss resulting from a change in the fair value of the instrument is directly expensed.

Inventories

Inventories are valued at the lower of cost price or net realizable value. The net realizable value is defined as the estimated selling price under normal operating conditions net of any estimated costs for handling and selling the product. Costs incurred in bringing each product to its current location and conditions are recorded as follows:

- Raw materials and consumables – purchase price, based on the FIFO principle;
- Finished goods and work in process – direct material and labour costs, plus a part of the general production costs, based on normal production capacity and on the FIFO principle;
- Trade goods – purchase price, based on the FIFO principle.

Treasury shares

The amount paid, including any directly attributable expenses, for treasury shares acquired by the Company is deducted from equity.

Impairments

The Group's assets, excluding inventories and deferred tax assets, are assessed for impairment indicators at each balance sheet date. If impairment indicators are present, the recoverable amount of the asset is estimated. An impairment is recognized, if the carrying value of an asset, or that of the cash-generating unit to which it belongs, is higher than its recoverable amount. Impairments are recorded in the income statement.

FINANCIAL ASSETS

The realizable value of held-to-maturity financial assets and of receivables is calculated as the net present value of expected, future cash flows, discounted at the initial effective interest rate inherent to these assets.

Impairments on held-to-maturity investments or receivables are reversed if a subsequent increase in their realizable value can be objectively associated with an event arising after the recognition of an impairment loss.

NON-FINANCIAL FIXED ASSETS

The recoverable amount of other assets is the higher of their fair value less cost to sell or its value in use of the corresponding assets. In order to determine the value in use, the net present value of expected future cash flows is calculated using a pre-tax discount rate, which reflects both current market rates and the asset's specific inherent risks. When an asset does not generate cash flows, that are largely independent of the other assets, the recoverable amount of the cash generating unit to which this asset belongs, is determined.

Impairments relating to goodwill are not reversed. Impairments of other assets are reversed, if a change takes place in the estimates used to determine the recoverable amount. An increase in the carrying value of an asset, resulting from the reversal of an impairment, cannot be higher than the carrying value (after depreciation) that would have been obtained, if no impairments had been recorded for this asset in previous years.

Provisions

Provisions are accounted for whenever the Group has to settle a legal or constructive obligation resulting from a past event, when it is probable that a cash outflow will be required to settle these obligations, and to the extent that these can be reliably estimated.

When the Group expects that all or part of the expenditure, which is required to settle legal obligations, will be reimbursed by another party, the amount to be reimbursed will only be recognized as an asset if it is practically certain that they will be effectively collected. A warranty provision is established for all products under warranty, based on historical data relating to repairs and returns of goods.

Employee benefits

PENSIONS

The Group participates primarily in defined contribution plans, and has defined benefit plans in Belgium, Germany and Turkey. The funds of these plans consist of employer contributions. The Group treats the employer and employee contributions for the defined contribution plans as expenses for the year in which they were made, except for Belgian defined contribution plans which are accounted for as defined benefit plans. For defined benefit plans, the pension obligation is estimated by using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit through other comprehensive income (OCI) in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

+ the date of the plan amendment or curtailment, and
+ the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'other net operating result' in the consolidated income statement (by function):

+ service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
+ net interest expense or income

SHARE-BASED PAYMENTS

Various stock option and warrant programs enable the staff members, senior management members and members of the Executive Team to acquire company shares. The exercise price for options or warrants is equal to the average market price of the underlying shares in the 30 days period preceding the grant date. Equity is increased respectively by the amounts received or the exercise price, when such options or warrants are exercised. The cost of share-based payment transactions is valued at fair value on the grant date. The fair value is determined by an expert, using a binominal tree structure. The cost of share-based payment transactions and at the same time as the corresponding increase in equity, is recognized over the vesting period.

If the conditions of equity settled share-based payment transactions are modified, the minimal cost equals the cost as if the conditions had not been changed. An additional cost is recognized for any modification which increases the fair value of share-based payment transaction or includes a benefit for the employee as of the date of modification (IFRS 2.28).

When a share-based payment is cancelled, then this is considered as a compensation that was granted on the date of cancellation and the relating unamortized cost is immediately recognized. However, if a new share-based payment is granted as a replacement for the cancelled compensation and if this is recorded as a replacement compensation on the grant date, then the cancelled and the new compensations are treated as a modification of the original share-based payment transaction, as described in the preceding paragraph.

BONUSES

Contractual bonuses are granted based on planned key financial objectives and personal performances. The estimated amount of the bonus is recognized as a cost, based on an estimate as of the balance sheet date.

Sales

Sales (which consists primarily of the sales of goods) are considered to be earned when it is probable that the economic benefits associated with the transaction will be received by the Group, if the amount of revenue can be reliably determined, when the risks and rewards of the sale are entirely transferred to the purchaser, and when there is no longer uncertainty in terms of the collection of the consideration, the transaction costs and any possible return of the goods.

Government grants

Government grants are recognized at their fair value, when there is reasonable assurance that they will be received and that the Group will fulfil all of the conditions attached to them. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income.

Borrowing costs

Borrowing costs are capitalized when they are directly attributable to the acquisition, construction or production of a qualifying asset.

Income taxes

Income taxes include current and deferred taxes. Taxes are recognized in the income statement, unless they are associated with items that are booked immediately to equity. In that case, the corresponding tax is recognized directly against equity. Current taxes include the expected amount payable on taxable earnings for the period, along with adjustments of fiscal liabilities for previous years. A taxable earnings calculation for the year is based on the tax rates applicable on the reporting date. Deferred taxes are calculated in accordance with the liability method, for all temporary differences between the tax base of assets and liabilities and their carrying amount for financial reporting purposes. The calculation is based on rates of taxation for which the legislative process has been considered as enacted on the reporting date. Under this method, the Group also has to calculate deferred taxes on the difference between the fair value of the net assets acquired and their tax base as a result of a new acquisition. Deferred tax assets are only recognized if it is probable that sufficient taxable profits will be generated in the future in order to use the tax benefit or the tax losses. Two elements are considered to assess the likelihood of future taxable profits: 1/ the profitability in the past, at least two consecutive years of profitability is needed and 2/ the expected profitability of the next three years according to the detailed budget of next year and the higher level business plan of the two following years. The carrying amount of a deferred tax asset is reduced, when it becomes unlikely that the relating tax benefit will be realized.

Financial income/charges

Interest income includes interest earned on bank deposits or received from customers as compensation for extended payment terms, and interest charges include interest due on loans contracted by the Group. Recorded interest is based on the 'effective interest' method. Financial income or charges, next to realized and unrealized exchange rate gains or losses related to interest-bearing loans and deposits, also include recorded gains or losses due to a revaluation of the fair value of financial derivatives, which are considered as 'fair value' hedging instruments if the hedged risks are of a financial nature, or if financial instruments do not meet the special 'hedge accounting' requirements.

Changes in accounting policies and disclosures

The entity applied the same IFRSs as those adopted in the previous years, except for the new IFRSs and interpretations the entity adopted as of 1st January 2017.

New and amended standards and interpretations
The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the impact of each of the following new standards, amendments and/or interpretations are described below:

+ Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative, effective 1 January 2017
+ Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses, effective 1 January 2017
+ Annual Improvements Cycle - 2014-2016, effective 1 January 2017

The improvements become effective for annual periods beginning on or after 1 January 2017.

The Group has applied these changes and concluded that these changes did not result in a material impact on the IFRS financial statements. We refer to Note 12 and 17 regarding the net debt reconciliation.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

+ Amendments to IFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions2, effective 1 January 2018
+ Amendments to IFRS 4 Insurance Contracts – Applying IFRS 9 Financial instruments with IFRS 4 Insurance Contracts, effective 1 January 2018
+ IFRS 9 Financial Instruments, effective 1 January 2018
+ Amendments to IFRS 9 Financial Instruments - Prepayment Features with Negative Compensation2, effective 1 January 2019
+ IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15 and Clarifications to IFRS 15 Revenue from Contracts with Customers, effective 1 January 2018
+ IFRS 16 Leases, effective 1 January 2019
+ IFRS 17 Insurance Contracts, effective 1 January 2021
+ Amendments to IAS 28 Investments in Associates and Joint Ventures - Long-term Interests on Associates and Joint Ventures, effective 1 January 2019
+ Amendments to IAS 40 Investment Property – Transfers of Investment Property, effective 1 January 2018
+ IFRIC 22 Foreign Currency Transactions and Advance Consideration, effective 1 January 2018
+ IFRIC 23 Uncertainty over Income Tax Treatments, effective 1 January 2019
+ Annual Improvements Cycle - 2014-2016, effective 1 January 2018
+ Annual Improvements Cycle – 2015-2017, effective 1 January 2019

The Group has examined these changes and is currently assessing the results. In the course of 2017 the Group started with the assessment on the impact of IFRS 9 and IFRS 16 and completed the assessment on IFRS 15.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group will apply the standard as from the data on which it becomes effective. The Group has investigated the impact on the financial statements. Application of the standard will not have a material impact on the financial position and the equity of the Group.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018.
The Group will adopt the new standard on the required effective date using the full retrospective method. During 2017, the Group performed an assessment of IFRS 15. Based on the assessment made the impact on the Group financial statements will not be material.

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).
At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2018, the Group will continue to assess the potential effect of IFRS 16 on its financial statements, which is expected to be material.

The Group anticipates that the other changes will have no material effect on the financial statements.

2. Segment information

An operating segment is a separate business unit in the Group, which produces goods or provides specific services within a defined economic environment, whose risks and profitability differ from those of the other operating segments.

Four segments have been defined based on the location of legal entities. They include the following entities:

1. Western Europe: Benelux, France, Italy, Spain, Croatia and the United Kingdom;
2. Central & Eastern Europe: Bosnia, Bulgaria, Croatia, Czech Republic, Germany, Lithuania, Poland, Romania, Russia and Serbia;
3. North America, United States & Canada;
4. Turkey & Emerging Markets: Australia, Brazil, Chile, India, Thailand, Colombia and Turkey.

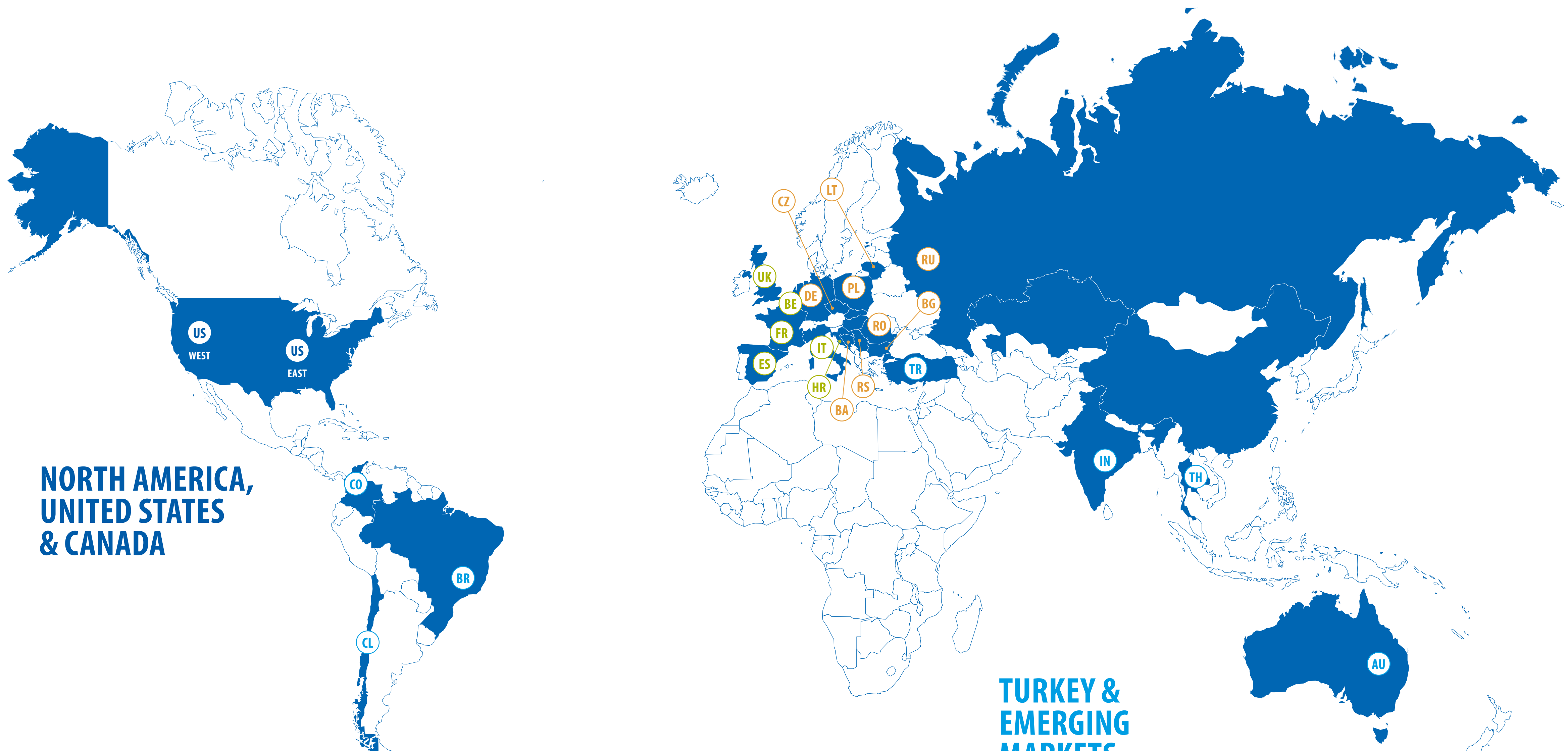
There are no segments aggregated in order to establish the above segments.

Transfer prices between the operational segments are based on an 'at arm's length basis' equal to transactions with third parties.

The accounting policies for the operational segments are equal to these of the consolidated financial statements.

The Group identified the Executive Team as its Chief Operating Decision Maker. The segments have been defined based on the information provided to the Executive Team.

The Executive Team monitors the performance of its operational segments based on sales and adjusted EBITDA per segment.



NORTH AMERICA, UNITED STATES & CANADA

WESTERN EUROPE

Benelux, France, Italy, Spain, Croatia and the United Kingdom

CENTRAL & EASTERN EUROPE

Bosnia, Bulgaria, Croatia, Czech Republic, Germany, Lithuania, Poland, Romania, Russia and Serbia

TURKEY & EMERGING MARKETS

Australia, Brazil, Chile, Colombia, India, Thailand and Turkey.

Segment information includes results, assets and liabilities that can be attributed directly to a segment.

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	WESTERN EUROPE		CENTRAL & EASTERN EUROPE		NORTH AMERICA		TURKEY & EMERGING MARKETS		INTERSEGMENT ELIMINATIONS		CONSOLIDATED	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
External sales	176,484	171,087	161,817	167,832	118,567	129,090	214,012	219,147	0	0	670,880	687,157
Intersegment sales	14,737	9,725	15,443	4,549	377	790	7,341	6,200	(37,899)	(21,264)	(0)	0
Total sales	191,221	180,813	177,260	172,381	118,944	129,880	221,354	225,347	(37,899)	(21,264)	670,880	687,157
Adjusted EBITDA	17,504	11,805	5,775	6,284	14,088	15,913	28,306	32,365	(591)	290	65,082	66,657
Financial result											(13,897)	(14,667)
Income taxes											(1,272)	(8,199)
Depreciations of (in)tangible fixed assets	(9,522)	(10,884)	(6,371)	(6,257)	(5,368)	(6,259)	(5,013)	(5,401)	464	(482)	(25,810)	(29,283)
Impairments on (in)tangible fixed assets	(206)	(1,234)	(3,632)	(0)	(295)	(8)	(908)	(4)	0	0	(5,041)	(1,246)
Capital expenditures (capex)	24,162	17,434	5,107	9,526	12,249	16,075	39,645	12,685	(1,734)	(1,564)	79,430	54,156

Assets:

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	CONSOLIDATED	
	2016	2017
Western Europe	176,471	199,434
Central & Eastern Europe	115,123	114,344
North America	78,844	81,161
Turkey and Emerging Markets	199,751	178,467
SEGMENT ASSETS	**570,190**	**573,406**
Cash and Cash Equivalents	72,425	41,993
Intersegment Eliminations	(41,564)	(56,799)
TOTAL GROUP ASSETS	**601,051**	**558,600**

All assets that are attributable to the regions are included in the segment assets. These include intangible fixed assets, goodwill, tangible fixed assets, financial fixed assets, deferred tax assets, long-term receivables, inventories, trade receivables, other receivables and fixed assets held for sale.

Liabilities:

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	CONSOLIDATED	
	2016	2017
Western Europe	59,449	59,898
Central & Eastern Europe	48,648	51,551
North America	18,638	14,801
Turkey and Emerging Markets	91,518	80,480
INTERSEGMENT LIABILITIES	**218,254**	**206,729**
Equity including non-controlling interest	275,039	257,625
Long-term interest-bearing loans	129,206	129,599
Current portion of interest-bearing loans	16,056	16,947
Intersegment eliminations	(37,504)	(52,301)
TOTAL GROUP LIABILITIES	**601,051**	**558,600**

All liabilities that are attributable to the regions are included in the segment liabilities. These include long-term provisions, deferred tax liabilities, trade payables, tax liabilities, employee related liabilities, short term provisions and other liabilities.

Sales by product group is presented in the table below (in %):

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in %)	WESTERN EUROPE		CENTRAL & EASTERN EUROPE		NORTH AMERICA		TURKEY & EMERGING MARKETS		CONSOLIDATED	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Window and door systems	72.8%	78.0%	80.2%	83.4%	97.0%	100.0%	93.9%	95.9%	85.6%	89.2%
Outdoor living	7.1%	16.6%	8.2%	5.3%	1.9%	0.0%	0.0%	0.1%	4.2%	5.4%
Home protection	20.1%	5.4%	11.6%	11.3%	1.1%	0.0%	6.1%	4.0%	10.2%	5.4%
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

There is no significant concentration of sales (>10%) with one or a limited number of customers.

3. Revenues and costs

INCOME STATEMENT BY NATURE (in € thousand)	2016	2017
SALES	**670,880**	**687,157**
Material costs	(328,449)	(343,283)
Operating costs	(130,473)	(125,011)
Personnel costs	(148,450)	(153,280)
Depreciation on (in)tangible fixed assets	(25,810)	(29,282)
Other net operating result	(1,576)	380
OPERATING PROFIT BEFORE IMPAIRMENT ON GOODWILL	**36,123**	**36,681**
Impairment on goodwill	(96)	0
OPERATING PROFIT (EBIT)	**36,123**	**36,681**
Financial charges	(25,551)	(21,663)
Financial income	11,655	6,996
PROFIT BEFORE TAXES (EBT)	**22,226**	**22,014**
Income taxes	(1,272)	(8,199)
NET PROFIT	**20,954**	**13,815**

For a high level analysis of revenue and costs we refer to the "2017 results" on page 103.

OPERATING COSTS (in € thousand)	2016	2017
Transport	(30,475)	(32,769)
Maintenance	(21,600)	(21,203)
Services	(21,027)	(21,122)
Energy	(17,299)	(16,892)
Rent	(8,484)	(9,594)
Communication	(8,771)	(9,493)
Local taxes and fines	(4,008)	(4,562)
Travel	(4,247)	(4,512)
Manufacturing support	(3,774)	(2,862)
Insurances	(2,726)	(2,485)
Loss on the realization of trade debtors	(3,502)	(209)
Increase / (decrease) of provisions	(5,137)	988
Other	578	(312)
TOTAL	**(130,473)**	**(125,028)**

The operating costs decreased compared to 2016 due to a decrease in provision for doubtful debtors and write-off on inventory and a decrease in losses on the realization of trade debts which have been partly offset by an increase in transport costs and rent.

PAYROLL COSTS AND OTHER SOCIAL BENEFITS (in € thousand)	2016	2017
Wages and salaries	(112,384)	(114,423)
Social security contributions	(28,819)	(32,205)
Contributions to defined contribution plans	(1,883)	(1,348)
Other	(5,363)	(5,304)
TOTAL	**(148,450)**	**(153,280)**

The increase of the payroll costs is mainly explained by higher direct labour costs, as a result of higher production volumes.

HEADCOUNT (Total Full Time Equivalents (FTE) by category)	2016	2017
Blue collars	2,726	2,920
White collars	956	1,007
TOTAL	**3,682**	**3,927**

OTHER OPERATING INCOME (in € thousand)	2016	2017
Grants received	89	288
Exchange rate gains*	6,420	7,258
Decrease of provisions	783	0
Gains on disposal of (in)tangible fixed assets	2,117	739
Other	3,378	4,410
TOTAL	**12,787**	**12,695**

The other operating income remained stable as higher exchange rate gains have been offset by a one-off gain on the disposal of the assets of the US building products division in 2016.

OTHER OPERATING COSTS* (in € thousand)	2016	2017
Non-recurring costs	(171)	450
Exchange rate losses*	(5,310)	(8,695)
Increase of provisions	0	(507)
Impairments	(5,041)	(1,247)
Loss on disposal of tangible fixed assets	(1,123)	(686)
Other	(2,718)	(1,629)
TOTAL	**(14,363)**	**(12,315)**

The decrease in other operating costs compared to 2016 is primarily due to a decrease in impairments partly offset by higher exchange rate losses.

The 2016 impairment mainly include the impairment of the building and infrastructure costs in Czech Republic (€ 3,604 thousand). The Czech building was reclassified to assets held for sale in 2016 and sold in 2017. The remainder of the impairment cost relate to machinery components and tools sets.

* As of 2017 exchange rate gains and losses originating from the same currency have been netted. In order to allow for comparison 2016 figures have been adjusted accordingly.

FINANCIAL INCOME (in € thousand)	2016	2017
Interest income	1,300	1,526
Financial discounts - Suppliers	870	894
Exchange rate gains*	9,018	1,156
Other	466	3,421
TOTAL	**11,655**	**6,996**

FINANCIAL COSTS (in € thousand)	2016	2017
Interest costs	(8,736)	(10,165)
Financial discounts - Customers	(1,113)	(1,346)
Exchange rate losses	(13,113)	(7,172)
Bank costs	(826)	(1,084)
Other	(1,763)	(1,897)
TOTAL	**(25,551)**	**(21,663)**

Financial results were negatively influenced by FX losses resulting from the weakening of the TRY and higher interest rates in Turkey.

* As of 2017 exchange rate gains and losses originating from the same currency have been netted. In order to allow for comparison 2016 figures have been adjusted accordingly.

4. Income taxes

The breakdown of the income tax charge for the financial year 2017 is presented as follows:

INCOME TAXES RECOGNIZED IN THE INCOME STATEMENT (in € thousand)	2016	2017
Current income taxes	(2,907)	(514)
Relating to current year	(2,090)	(525)
Relating to previous years	(645)	713
Other	(172)	(702)
Deferred income taxes	1,635	(7,684)
Relating to temporary differences - current year	(1,009)	(1,412)
Relating to temporary differences - adjustment previous years	1,013	(232)
Recognition of deferred income tax asset on tax losses of current year	352	157
Utilization of deferred income tax asset on tax losses of previous years	(4,599)	(1,162)
Recognition (+) and derecognition (-) of deferred income tax asset on tax losses of previous years	1,614	(4,671)
Relating to tax incentives	3,851	123
Other	412	(488)
INCOME TAXES RECOGNIZED IN THE INCOME STATEMENT	**(1,272)**	**(8,199)**

RECONCILIATION BETWEEN EARNINGS BEFORE TAX (EBT) – IFRS AND INCOME TAXES (in € thousand)	2016	2017
EARNINGS BEFORE TAX - IFRS	**22,226**	**22,014**
Statutory tax rate of the parent company	33.99%	33.99%
INCOME TAXES CALCULATED AT THE STATUTORY TAX RATE OF THE PARENT COMPANY	**(7,555)**	**(7,482)**
Tax effect of:		
Difference between local tax rate and statutory tax rate of the parent company	164	4,251
Non-deductible items	(46)	5,955
Government grants and other excempted income	5,919	2,129
Use of tax losses carried forward for which no deferred income tax asset has been recognized	114	20
Current income taxes relating to previous years	(645)	713
Non-recognition of deferred income taxes on current years losses	(1,004)	(8,434)
Recognition (+) and derecognition (-) of deferred income tax asset on tax losses of previous years	1,614	(4,671)
Other	167	(680)
INCOME TAXES RECOGNIZED IN THE INCOME STATEMENT	**(1,272)**	**(8,199)**
Effective rate rate	5.72%	37.24%

The following table gives an overview of the deferred income taxes, after net presentation by legal entity as per 31 December 2016 and 2017:

(in € thousand)	2016	CHARGED / CREDITED TO PL	CHARGED / CREDITED TO EQUITY	TRANSFERS	TRANSLATION ADJUSTMENTS TOTAL	2017
DEFERRED INCOME TAX ASSETS BY TYPE OF TEMPORARY DIFFERENCE:						
Tax losses carried forward	24,987	(4,781)	237	(325)	(842)	19,276
Tangible fixed assets	(10,762)	(5,036)		293	74	(15,431)
Provisions	3,773	924	(674)	(41)	(186)	3,796
Inventories	1,119	117		(254)	(89)	893
Other assets	289	846	1,002	41	(53)	2,125
DEFERRED INCOME TAX ASSETS	**19,407**	**(7,879)**	**565**	**(287)**	**(1,098)**	**10,707**
DEFERRED INCOME TAX LIABILITIES BY TYPE OF TEMPORARY DIFFERENCE:						
Tax losses carried forward	(1,794)					(1,794)
Tangible fixed assets	4,502	(305)		(287)	(165)	3,745
Provisions	(928)	(29)			176	(781)
Inventories	(75)	71			(4)	(9)
Interest bearing borrowings	7				0	7
Other liabilities	565	70			(119)	515
DEFERRED INCOME TAX LIABILITIES	**2,277**	**(194)**	**0**	**(287)**	**(112)**	**1,684**
NET DEFERRED INCOME TAXES	**17,130**	**(7,685)**	**565**	**0**	**(986)**	**9,023**

In 2017, the Group recognized deferred income tax assets for tax losses carried forward, for which utilization depends on future taxable profits. The total amount of this deferred income tax asset amounted to € 21,070 thousand at the end of 2017 (end 2016: € 26,781 thousand).

The outlook provides adequate assurance that the company will generate sufficient taxable profits in the near future in order to utilize the deferred income tax assets recognized.

As per 31 December 2017, the Group did not recognize deferred income tax assets on a total amount of tax credits of € 79,198 thousand (2016: € 70,243 thousand), in Belgium, Germany, Turkey, France, the United Kingdom, Poland, Russia and Bosnia in current and previous financial years.

5. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year, attributable to ordinary shareholders by the weighted average number of ordinary shares, excluding ordinary shares purchased by the Group and held as treasury shares. This results in a net profit per share of € 0.09.

(in € thousand)	2016	2017
Earnings attributable to ordinary shareholders	20,795	12,453
Weighted average number of ordinary shares (in thousands)	135,026	135,869
EARNINGS PER SHARE (IN €)	**0.15**	**0.09**

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year increased with the weighted average number of ordinary shares which would be issued upon conversion into ordinary shares of all potential shares leading to dilution. The potential dilution arises from warrants granted to staff members, senior management members and members of the Executive Team. For 2017, 1,234,000 shares attributable to the exercise of outstanding warrants were excluded from the calculation of diluted earnings per share as their effect was accretive (for 2016: 607,500). It concerns exercisable warrants that are 'out of the money'. This means that the exercise price of the warrants is higher than the share price Deceuninck at balance sheet date.
The calculation for 2017 leads to a net profit per share of € 0.09.

(in € thousand)	2016	2017
Earnings attributable to ordinary shareholders	20,795	12,453
Weighted average number of ordinary shares (in thousands)	135,026	135,869
Dilution effect of non-exercised warrants (in thousands)	3,360	3,225
Weighted average number of shares after dilution (in thousands)	138,386	139.094
DILUTED EARNINGS PER SHARE (IN €)	**0.15**	**0.09**

6. Intangible fixed assets, other than goodwill

Amortization of intangible assets other than goodwill is included in cost of goods sold.

As per 31 December 2017, the intangible assets with indefinite useful lives were tested for impairment, based on the same methodology and assumptions as described in Note 7 – Goodwill. The intangible assets with indefinite useful lives mainly relate to the trade names Winsa and Pimapen. For these kind of assets there is no foreseeable end of the cash generating period. The net carrying value of these assets is € 3,197 thousand. The impairment test of this asset is included in the goodwill impairment test for Turkey (see Note 7 – Goodwill) and did not result in the recognition of an impairment on 31 December 2017.

PATENTS, LICENSES AND SIMILAR RIGHTS, DEVELOPMENT COSTS (in € thousand)	2016	2017
COST		
At the beginning of current year	25,222	25,508
Additions	639	1,207
Disposals	(2)	(5,563)
Transfers	30	2,723
Translation adjustments	(381)	(1,585)
At the end of	25,508	22,288
AMORTIZATIONS AND IMPAIRMENTS		
At the beginning of current year	(19,829)	(21,088)
Additions to amortizations	(1,082)	(1,673)
Additions to impairments	(11)	0
Disposals	2	5,561
Transfers	(1)	0
Translation adjustments	(166)	1,029
At the end of	(21,088)	(16,170)
INTANGIBLE FIXED ASSETS		
Cost	25,508	22,288
Accumulated amortizations and impairments	(21,088)	(16,170)
NET CARRYING VALUE	4,420	6,119

7. Goodwill

(in € thousand)	2016	2017
COST		
At the beginning of	67,754	66,593
Translation adjustments	(1,161)	(4,572)
At the end of	66,593	61,950
IMPAIRMENTS		
At the beginning of	(57,013)	(55,883)
Translation adjustments	1,130	4,539
At the end of	(55,883)	(51,273)
GOODWILL		
Cost	66,593	61,950
Accumulated impairments	(55,883)	(51,273)
NET CARRYING VALUE	10,710	10,677

The application of IFRS 3 'Business combinations' stipulates that all identifiable assets and liabilities should be recognized at their fair value at the moment of acquisition. All differences between the cost of the business combination and the fair value defined at the time of the acquisition should be attributed to goodwill and any potential remaining differences in equity.
The net carrying value of goodwill is allocated as follows:

CASH-GENERATING UNIT (in € thousand)	2016	2017
Turkey	9,494	9,463
Belgium	1,247	1,247
NET CARRYING VALUE	10,741	10,710

At 31 December 2017, the net carrying value of goodwill amounts to € 9.5 million for Turkey and € 1.2 million for Belgium.

In accordance with IAS 36, goodwill is not amortized but is subject to an annual impairment test. This test is always performed at year end whenever there is an indication of a possible impairment.

The test consists in comparing the recoverable amount of each cash-generating unit with its carrying amount.
An impairment loss is recognized whenever the recoverable amount is lower than the net book value. The Group carried out the impairment test at 31 December 2017, consistent with previous years.

Impairment test goodwill Turkey

CASH GENERATING UNIT
The cash generating unit is Ege Profil, which holds the brands Ege Pen Deceuninck, Winsa and Pimas, following the merger of Ege Profil and Pimas in 2017.

DISCOUNT RATE
The discount rate is based on the risk free rate based on the currency region zone where the activities are deployed and current market assessment of the risks specific to the Deceuninck Group. The discount rate was estimated based on the weighted average cost of capital (WACC) and is 10.3% for 2017 (2016: 10.9%).

ASSUMPTIONS FOR 2018-2020
For EBITDA of 2018, management has worked out a target based on detailed plans and actions. For the period 2019 - 2020 the EBITDA estimate is based on longer term plans, taking into account reasonable growth levels in line with country specific evolutions of the building industry. For subsequent years a terminal growth rate of 2% is assumed.

SENSITIVITY ANALYSIS
One scenario with reasonable growth expectations has been worked out. Given the available headroom under the base case assumptions there is no need for a detailed sensitivity analysis.

CONCLUSION
No need for impairment of goodwill.

Impairment test goodwill Belgium

CASH GENERATING UNIT
The cash generating unit is Western Europe, composed of legal entities Deceuninck NV (Belgium), Deceuninck Ltd (UK), Deceuninck SAS (France), Inoutic d.o.o. (Croatia) and Deceuninck Sucursal en España (Spain).

This is the lowest level at which EBITDA can be measured without being influenced by transfer prices. It is also the level of our segment reporting. The discount rate is 4.0% in 2017 (2016: 5.1%)

DISCOUNT RATE
The discount rate is based on the WACC of the currency region zone where the activities are deployed and current market assessment of the risks specific to Deceuninck Group.

ASSUMPTIONS FOR 2018-2020
For EBITDA of 2018, the management has worked out a target based on detailed plans and actions. For the period 2019-2020 the EBITDA estimate is based on longer term plans, taking into account reasonable growth levels in line with country specific evolutions of the building industry.
For subsequent years a terminal growth rate of 0% is assumed.

SENSITIVITY ANALYSIS
One scenario with reasonable growth expectations has been worked out. Taking into account the cautious assumptions, there is no need to include more scenario's.

CONCLUSION
No need for impairment of goodwill.

8. Tangible fixed assets

2016 (in € thousand)	LAND & BUILDINGS	MACHINES & EQUIPMENT	FURNITURE & VEHICLES	LEASED FIXED ASSETS	OTHER TANGIBLE FIXED ASSETS	ASSETS UNDER CONSTRUCTION	TOTAL
COST							
At the beginning of previous year	168,879	465,930	15,949	222	136	27,487	678,604
Additions	34,727	30,723	1,438	0	2	11,670	78,559
Disposals	(491)	(14,612)	(1,027)	(20)	0	(464)	(16,614)
Transfers	2,953	11,010	300	0	0	(23,162)	(8,899)
Translation adjustments	(7,552)	1,764	(178)	1	0	(832)	(6,796)
At the end of previous year	198,516	494,815	16,482	203	138	14,699	724,854
DEPRECIATIONS AND IMPAIRMENTS							
At the beginning of previous year	(69,045)	(376,390)	(14,132)	(211)	(25)	0	(459,802)
Additions to depreciations	(4,609)	(19,685)	(417)	(6)	(11)	0	(24,728)
Additions to impairments	(3,111)	(1,199)	(3)	0	0	0	(4,313)
Disposals	975	12,337	632	20	0	0	13,964
Transfers	4,895	87	(1)	0	0	0	4,981
Translation adjustments	165	(1,316)	194	(1)	0	0	(959)
At the end of previous year	(70,730)	(386,165)	(13,727)	(197)	(36)	0	(470,856)
TANGIBLE FIXED ASSETS							
Cost	198,516	494,815	16,482	203	138	14,699	724,854
Accumulated depreciations and impairments	(70,730)	(386,165)	(13,727)	(197)	(36)	0	(470,856)
NET CARRYING VALUE	127,786	108,650	2,755	6	102	14,699	253,998

2017 (in € thousand)	LAND & BUILDINGS	MACHINES & EQUIPMENT	FURNITURE & VEHICLES	LEASED FIXED ASSETS	OTHER TANGIBLE FIXED ASSETS	ASSETS UNDER CONSTRUCTION	TOTAL
COST							
At the beginning of current year	198,516	494,815	16,482	203	138	14,699	724,854
Additions	4,454	22,865	2,100	37	0	21,478	50,934
Disposals	(6,581)	(68,547)	(1,369)	(0)	0	(978)	(77,475)
Transfers	460	6,923	409	0	0	(10,515)	(2,723)
Translation adjustments	(11,854)	(26,482)	(482)	(13)	0	(1,394)	(40,226)
At the end of current year	184,995	429,575	17,140	227	138	23,291	655,365
DEPRECIATIONS AND IMPAIRMENTS							
At the beginning of current year	(70,730)	(386,165)	(13,727)	(197)	(36)	0	(470,856)
Additions to depreciations	(4,711)	(22,158)	(723)	(6)	(11)	0	(27,610)
Additions to impairments	0	(1,215)	(4)	0	0	0	(1,218)
Disposals	6,515	69,286	1,364	0	0	0	77,164
Transfers	0	(0)	(4)	0	0	0	(4)
Translation adjustments	2,229	17,463	402	10	0	0	20,104
At the end of current year	(66,698)	(322,790)	(12,692)	(193)	(47)	0	(402,419)
TANGIBLE FIXED ASSETS							
Cost	184,995	429,575	17,140	227	138	23,291	655,365
Accumulated depreciations and impairments	(66,698)	(322,790)	(12,692)	(193)	(47)	0	(402,419)
NET CARRYING VALUE	**118,297**	**108,785**	**4,448**	**34**	**91**	**23,291**	**252,945**

The Group has € 4.2 million fixed asset related commitments spread over the next year which are mainly related to machinery and tools .

Tangible fixed assets under construction can be explained as follows:

(in € thousand)	2016	2017
Land and buildings	2,096	2,860
Machines and equipment	9,360	16,053
Other	3,243	4,377
TOTAL	**14,699**	**23,291**

In 2017 the Group has recognized impairments on tangible fixed assets for € 1.2 million (2016: € 4.3 million). These impairments mainly relate to machinery components and tool sets. These impairments have been included in other operating costs.

9. Long-term receivables

(in € thousand)	2016	2017
Trade receivables	409	325
Other receivables	2,473	1,440
TOTAL	**2,882**	**1,765**

The maturity of such trade receivables ranges from 1 to 3 years.

10. Inventories

(in € thousand)	2016	2017
Raw materials and consumables	32,697	37,684
Work in progress	0	110
Finished products	40,422	46,958
Trade goods	25,844	29,590
TOTAL	**98,963**	**114,342**

During 2017 a net amount of € 91 thousand was posted as an increase in the provision related to the write-down on inventory (in 2016: € 2.0 million). These costs are shown as Marketing, sales and distribution expenses. The cost of inventories recognized as an expense during 2017 amounted to € 4.9 million (2016: € 4.7 million).
No inventories were pledged as security for liabilities (2016: idem).

11. Trade receivables and other receivables

(in € thousand)	2016	2017
Gross trade receivables	135,743	127,413
Impairments	(21,970)	(18,376)
TRADE RECEIVABLES	**113,773**	**109,036**
VAT and other taxes	11,748	4,265
Derivative financial instruments	1,947	255
Prepaid charges	2,833	2,358
Accrued revenues	1	7
Short-term warranties	247	104
Other	3,804	2,433
OTHER RECEIVABLES	**20,580**	**9,422**

Net trade receivables decreased € 4.7 million as the impact of higher sales volumes, higher selling prices and less factoring has been compensated by FX (mainly TRY devaluation) and shorter payment terms in Turkey. Total factoring amounted to € 24.3 million at 31 December 2017 (2016 € 27.8 million).

Days sales outstanding (DSO) remained stable year-on-year at 60 days in 2016 versus 59 days in 2017.

The factoring cost for 2017 amounts to € 792 thousand (2016 € 660 thousand). The effect of the factoring agreement is shown as a decrease in trade receivables, as substantially all risks and rewards relating to the trade receivables are transferred to the factor company (non-recourse factoring).

The gross trade receivables consist of invoiced sales, an accrual for invoices to be issued, an accrual for credit notes to be received, exchange rate differences and advance payments made.

An analysis is provided below, which shows the ageing of gross outstanding trade receivables granted to customers, after deduction of impairments on those amounts:

AGEING ANALYSIS OF TRADE RECEIVABLES (in € thousand)	NET CARRYING VALUE	NOT DUE NOR IMPAIRED	OVERDUE BUT NOT IMPAIRED				
			<30 DAYS	31-60 DAYS	61-90 DAYS	91-120 DAYS	>120 DAYS
As per 31 December 2016	113,773	104,022	6,222	1,474	555	503	998
As per 31 December 2017	109,036	95,870	6,775	1,601	635	1,852	2,304

As per 31 December 2017 an amount of € 18,376 thousand (2016 € 21,970 thousand) was recognized as an impairment on trade receivables to customers.

The movements during the last 2 financial years are presented in the following table:

IMPAIRMENT ALLOWANCE (in € thousand)	2016	2017
AT THE BEGINNING OF	**(18,791)**	**(21,970)**
Additions	(7,383)	(196)
Reversals	201	1,246
Utilizations	3,623	185
Transfers	(1,428)	(1,268)
Translation adjustments	1,809	3,627
AT THE END OF	**(21,970)**	**(18,376)**

12. Cash and cash equivalents

(in € thousand)	2016	2017
Cash and current bank accounts	46,439	34,247
Short term deposits	25,986	7,746
TOTAL	**72,425**	**41,993**

13. Fixed assets held for sale

(in € thousand)	2016	2017
COST		
At the beginning	4,828	10,091
Additions	232	2,120
Disposals	(3,684)	(10,688)
Transfers	8,831	0
Translation adjustments	(116)	123
At the end of	10,091	1,646
DEPRECIATIONS AND IMPAIRMENTS		
At the beginning	(1,355)	(6,262)
Additions to impairments	(717)	(104)
Disposals	645	6,386
Transfers	(4,943)	0
Translation adjustments	108	(137)
At the end of	(6,262)	(117)
FIXED ASSETS HELD FOR SALE		
Cost	10,091	1,646
Accumulated depreciations and impairments	(6,262)	(117)
NET CARRYING VALUE	**3,829**	**1,529**

The fixed assets held for sale relate to land in Poland and apartments in Turkey. All assets are available for immediate sale in its present condition and the sale is highly probable. Necessary actions have been taken in order to place these assets on the market and sales are expected during 2018.

Following the reclassification to 'held-for-sale', assets held for sale are no longer depreciated.

14. Issued capital and reserves

Issued capital

ISSUED CAPITAL	2016	2017
Amount (in € thousand)	53,393	53,788
Number of shares (without nominal value)	135,382,446	136,383,256

Share premiums

SHARE PREMIUMS	2016	2017
Amount (in € thousand)	87,056	87,887

As per 31 December 2017, issued capital is set at € 53,788 thousand and is composed of 136,383 thousand shares without a nominal value.

Treasury shares

TREASURY SHARES	2016	2017
Amount (in € thousand)	(320)	(115)
Number of shares (without nominal value)	102,121	97,871

On 31 December 2017, the Group held 97,871 treasury shares to fulfil its commitments with respect to stock option plans.

Currency translation adjustments

Currency translation adjustments include all exchange rate differences resulting from the conversion of the financial statements of subsidiaries into euro. The total currency translation adjustments amount to € -87,957 thousand at 31 December 2017.

An overview of the currency translation adjustments by currency is given below, the increase in currency translation adjustment in TRY is related to the strong devaluation of the currency in 2017:

CURRENCY TRANSLATION ADJUSTMENTS (in € thousand)	2016	2017
USD	(4,440)	(12,495)
TRY	(42,299)	(60,379)
RUB	(8,434)	(8,896)
PLN	(3,016)	(2,297)
GBP	(1,803)	(2,865)
CZK	(248)	307
Other	(936)	(1,330)
TOTAL	**(61,176)**	**(87,957)**

15. Provisions for post-employment employee benefits

NET LIABILITY (ASSET) RECONCILIATION (in € thousands)	INOUTIC / DECEUNINCK GMBH (GERMANY)	DECEUNINCK NV (BELGIUM)	EGE PROFIL AS (TURKEY)	OTHER	TOTAL
AS PER 31 DECEMBER 2016	**14,906**	**6,596**	**1,350**	**444**	**23,297**
Pension cost recognized in income statement	(82)	131	170	50	270
Remeasurements recognized in OCI	(412)	(924)	1.184	0	(152)
Transfers	0	0	268	(231)	37
Translation adjustments	0	0	(382)	(30)	(412)
AS PER 31 DECEMBER 2017	**14,413**	**5,804**	**2,590**	**219**	**23,025**
Non-current	13,888	2,590	2,590	2,504	21,571
Current	525	0	0	928	1,453

Defined benefit plans and other post employment benefits

DECEUNINCK NV (BELGIUM)

For Deceuninck NV, the provisions for post-employment benefits relate to the early retirement obligation and Belgian pension plans previously accounted for as defined contribution plans. According to IAS19, Belgian defined contribution plans that guarantee a specified return are defined benefit plans, as the employer has to cover the investment risk until the legal minimum rates applicable. The returns guaranteed by the insurance company are in most cases lower, as a result the Group has not fully hedged its risk and a provision needs to be accounted for.

The early retirement plan is available for all early-retired employees when in conformity with the current collective labour agreement (CLA).

In accordance with IFRS, the actuarial present value of the defined pension benefits must be calculated, as that value represents the total of the amounts that can currently be allocated to each participant in the plan. The early retirement obligation is not financed and is considered to be a constructive obligation. The actuarial present value was calculated based on the mortality tables MR:FR (age correction -3 years) and the following actuarial assumptions:

DECEUNINCK NV (BELGIUM) – PRINCIPAL ACTUARIAL ASSUMPTIONS	2016	2017
Discount rate	1.75%	1.50%
Increase in compensations - white collar	2.45%	2.45%
Increase in compensations - blue collar	2.20%	2.20%
Increase in social security	1.70%	1.70%
Increase in pensions	1.95%	1.80%
Inflation	1.70%	1.70%

The main risks for Deceuninck NV relate to future salary increases, inflation and mortality notes.

Inoutic/Deceuninck GmbH and Inoutic / Deceuninck Productions GmbH & Co. KG (Germany)

For Inoutic/Deceuninck GmbH and Inoutic / Deceuninck Productions GmbH & Co. KR, the provisions for employee benefits refer to the provision for pensions. This plan is available for all employees and is unfunded. There is no legal obligation to offer such a plan to the employees. The actuarial present value was calculated based on the following assumptions:

INOUTIC/DECEUNINCK GMBH AND INOUTIC / DECEUNINCK PRODUCTIONS GMBH & CO. KG (GERMANY) – PRINCIPAL ACTUARIAL ASSUMPTIONS	2016	2017
Discount rate	1.50%	1.60%
Increase in compensations - white collar	3.00%	3.00%
Increase in compensations - blue collar	3.00%	3.00%
Increase in social security	3.00%	3.00%
Increase in pensions	1.75%	1.75%
Inflation	1.75%	1.75%

Ege Profil AS (Turkey)

For Ege Profil AS, the provisions for employee benefits refer to the provision for pensions. This plan is available for all employees. The actuarial present value was calculated based on the following assumptions:

EGE PROFIL AS (TURKEY) – PRINCIPAL ACTUARIAL ASSUMPTIONS	2016	2017
Discount rate	10.50%	9.80%
Increase in compensations - white collar	6.00%	6.00%
Increase in compensations - blue collar	6.00%	6.00%
Increase in social security	6.00%	6.00%
Increase in pensions	N/A	N/A
Inflation	6.50%	6.50%

Other

These provisions for employee benefits refer to local pension regulations. The tables below provide an overview of the pension costs included in the consolidated income statement, and the amounts recognized in the statement of financial position for the defined pension plan of Inoutic/Deceuninck GmbH, Deceuninck Productions GmbH & Co. KG, Ege Profil AS and the Belgian subsidiaries of the last 2 years:

COMPONENTS OF PENSION COST (in € thousand)	2016				2017			
	INOUTIC / DECEUNINCK GMBH (GERMANY)	EGE PROFIL (TURKEY)	DECEUNINCK NV (BELGIUM)	TOTAL	INOUTIC / DECEUNINCK GMBH (GERMANY)	EGE PROFIL (TURKEY)	DECEUNINCK NV (BELGIUM)	TOTAL
Current service cost	211	104	753	1,068	234	256	972	1,462
Interest cost	310	101	312	723	220	122	278	620
RECOGNIZED IN INCOME STATEMENT	**521**	**205**	**1,065**	**1,791**	**454**	**378**	**1,250**	**2,082**

AMOUNTS RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION (in € thousand)	2016				2017			
	INOUTIC / DECEUNINCK GMBH (GERMANY)	EGE PROFIL (TURKEY)	DECEUNINCK NV (BELGIUM)	TOTAL	INOUTIC / DECEUNINCK GMBH (GERMANY)	EGE PROFIL (TURKEY)	DECEUNINCK NV (BELGIUM)	TOTAL
Present value of defined benefit obligation	14,905	1,350	6,596	22,851	14,412	2,589	5,803	22,805
NET LIABILITY (ASSET)	**14,905**	**1,350**	**6,596**	**22,851**	**14,412**	**2,589**	**5,803**	**22,805**

CHANGE IN PENSION OBLIGATIONS (in € thousand)	2016				2017			
	INOUTIC / DECEUNINCK GMBH (GERMANY)	EGE PROFIL (TURKEY)	DECEUNINCK NV (BELGIUM)	TOTAL	INOUTIC / DECEUNINCK GMBH (GERMANY)	EGE PROFIL (TURKEY)	DECEUNINCK NV (BELGIUM)	TOTAL
AT THE BEGINNING OF	**13,178**	**1,494**	**3,317**	**17,989**	**14,905**	**1,350**	**6,596**	**22,851**
Current service cost	211	104	753	1,068	234	256	972	1,462
Interest cost	310	101	312	723	220	122	278	620
Plan participants' contributions			172	172			189	189
Actuarial (gain) / loss	1,739	35	1,164	2,938	(411)	1,187	(815)	(40)
Benefits paid directly	(532)	(162)	(418)	(1,112)	(536)	(221)	(2,166)	(2,923)
Initial recognition of present value of funded obligations			10,008	10,008		278		278
Change in fair value of plan assets			(8,712)	(8,712)			749	749
Exchange rate differences		(222)		(222)		(382)		(382)
AT THE END OF	**14,905**	**1,350**	**6,596**	**22,851**	**14,412**	**2,589**	**5,803**	**22,805**

5 Year evolution of the pension assets and liabilities is ass follows:

AS PER 31 DECEMBER (in € thousand)	2013	2014	2015	2016	2017
Present value of defined benefit obligation	14,394	17,636	16,495	31,563	30,768
Fair value of plan assets	0	0	0	(8,712)	(7,963)
DEFICIT (SURPLUS) IN THE PLAN	**14,394**	**17,636**	**16,495**	**22,851**	**22,805**

Sensitivity analysis on discount rate shows the following impacts:

AS PER 31 DECEMBER 2017	INOUTIC / DECEUNINCK GMBH (GERMANY)		DECEUNINCK NV (BELGIUM)	
Change in discount rate	(0.20%)	0.20%	(0.25%)	(0.25%)
IMPACT ON PRESENT VALUE OF DEFINED BENEFIT OBLIGATION (IN € THOUSAND)	**(447)**	**424**	**89**	**(85)**

16. Provisions

(in € thousand)	WARRANTIES	CLAIMS	OTHER	TOTAL
AS PER 31 DECEMBER 2016	**1,753**	**1,199**	**3,511**	**6,463**
Additions	400	81	2,125	2,607
Utilizations	(424)	(125)	(161)	(710)
Reversals	(354)	0	(1,307)	(1,660)
Translation adjustments	(138)	0	(343)	(481)
AS PER 31 DECEMBER 2017	**1,238**	**1,155**	**4,008**	**6,402**
Non-current	1,238	1,155	3,846	6,239
Current	0	0	162	162

Provisions are recognized for indemnities related to warranties on products sold during the past 10 years, on the basis of experience with repairs and returns. The Group expects that most of the provisions intended to cover warranty obligations will be utilized within a period of 2 to 3 years.

The provisions for claims mainly relate to claims for quality issues of products sold. It is currently not clear when the legal procedures will be concluded and what the outcome will be.

The other provisions include a large number of items such as provisions for legal disputes.

17. Interest bearing debts

The following tables provide an overview of the interest bearing debts of the Group at year end:

Long-term interest bearing debts mainly consist of the € 100 million retail bond issued by Deceuninck NV in December 2015 with maturity date 8 December 2022 and a fixed interest rate of 3.75%. A second component of the long-term interest bearing loans is a term loan (initially € 25 million with a fixed interest rate ot 3.17%) with the European Bank for Reconstruction and Development ('EBRD loan') to finance the construction of the new factory in Menemen (TR).

LONG-TERM INTEREST BEARING LOANS (in € thousand)	2016	2017
Loans from financial institutions	29,479	29,826
Retail Bond 3.75% - 08 Dec 2022	99,727	99,773
TOTAL	**129,206**	**129,599**

Short-term interest bearing debts mainly consist of working capital loans received from commercial banks in Turkey.

As of 31 December 2017 Deceuninck had € 50 million committed but undrawn credit lines available.

SHORT-TERM INTEREST BEARING LOANS (in € thousand)	2016	2017
Loans from financial institutions	31,640	30,720
TOTAL	**31,640**	**30,720**

All interest bearing debt of Deceuninck is unsecured following the execution of a release agreement whereby the member-banks of the 2015 syndicated credit facility have agreed to release the securities that were pledged before to guarantee Deceuninck's obligations under this credit facility. Usual financial covenants (Leverage, Interest Cover, ...) are applicable to the syndicated credit facility, the retail bond and the EBRD loan. As per 31 December 2017 and at all preceding testing dates throughout 2017, Deceuninck Group has met all its covenants.

The following table provides a summary of the outstanding financial debt by currency, the average interest rates and maturity profile as per 31 December 2017:

TERMS AND MATURITY PROFILE (in € thousand)	INTEREST %	DUE WITHIN 1 YEAR	DUE BETWEEN 1 AND 5 YEARS	DUE AFTER 5 YEARS	TOTAL
2016		**31,640**	**24,934**	**104,272**	**160,846**
2017		**30,735**	**29,812**	**99,773**	**160,320**
Of which					0
EUR	3.60%	4,381	19,182	99,773	123,336
TRY	10.90%	26,354	10,630	0	36,984

Operational leasing

The Group leases mainly vehicles, office equipment and buildings.
The total amount paid in 2017 for operational leasing amounts to € 8,291 thousand (2016: € 8,390 thousand).

The table below provides an overview of the payments to be made over the coming financial years:

OPERATIONAL LEASING (in € thousands)	2016	2017
<1 year	7,208	8,777
1-5 years	14,245	25,128
>5 years	14,367	12,107
TOTAL	**35,820**	**46,013**

18. Trade payables and other liabilities

(in € thousand)	2016	2017
TRADE DEBTS	**101,593**	**87,488**
Derivative financial instruments	330	1,099
Guarantees from Customers	1,546	882
Accrued interests	1,188	1,039
Accrued charges	1,427	450
Deferred income	1,064	561
Other	803	(136)
OTHER LIABILITIES	**6,359**	**3,895**

The conditions for the above mentioned trade debts and other debts are as follows:

- Trade debts do not bear interest and are usually paid on the basis of payment terms that can vary depending on the market. On average, these payment terms fluctuate between 45 and 65 days from the end of the month in which the debt is incurred. In Turkey this can be up to one year after the invoice date.
- For the conditions with regard to the financial instruments, we refer to Note 23.
- The guarantees from customers do not bear any interest and are immediately payable, as soon as the contractual obligations of the customer have been fulfilled.

Trade debts include, besides the invoiced purchases also a provision for invoices to be received, a provision for credit notes to be issued, foreign currency translation differences and advance payments received.

AGEING ANALYSIS OF TRADE DEBTS (in € thousand)	NET CARRYING VALUE	PAYABLE			
		<90 DAYS	91-180 DAYS	181-365 DAYS	>365 DAYS
As per 31 December 2016	101,593	100,896	145	226	326
As per 31 December 2017	87,488	86,401	781	(25)	331

19. Share-based payments

The Group offers the possibility to staff members, senior management members and the members of the Executive Team to register for stock option and warrant agreements. The purpose for such a decision is to motivate the staff members, senior management and the members of the Executive Team, by enabling them to acquire shares in the company under relatively advantageous terms, thereby increasing and improving their commitment to the company.

Stock option plans

The balance of outstanding options (Plans 2003-2010) at the end of December 2017 is 197,875. One option entitles the holder to buy one Deceuninck share at a fixed exercise price. All options relating to the stock option plans granted in 1999, 2000, 2001 and 2002 have been exercised, forfeited or expired. The options expire if they are not exercised on the last day of the last exercise period. The options can be exercised for the first time after the end of the third calendar year, following the year in which the offer has taken place. The exercise period, relating to the plans of 2003, 2004, 2005 and 2007, has been extended with 5 years in 2009.

The exercise price of an option will be equal to the lowest of (i) the average price of the share on the stock exchange during the 30-day period preceding the offer, or (ii) the latest closing price preceding the day of the offer.

STOCK OPTIONS OVERVIEW	2003	2004	2005	2007	2008	2009	2010	TOTAL
Grant date	19/12/03	23/12/04	22/12/05	19/12/07	12/12/08	27/10/09	23/12/10	
Acceptance date	17/02/04	21/02/05	20/02/06	17/02/08	11/02/09	26/12/09	22/02/11	
Number of beneficiaries at grant date	42	33	53	74	68	2	4	
Exercise price (in €)	25.22	22.7	22.81	15.54	2.95	1.36	1.7	
Granted	64,000	49,000	66,250	70,750	70,750	75,000	75,000	470,750
Accepted	47,500	35,375	64,250	64,500	64,150	75,000	75,000	425,775
Exercised	0	0	0	0	0	(50,000)	(65,000)	(115,000)
Forfeited	(15,000)	(11,750)	(23,750)	(29,250)	(28,150)	(0)	(5,000)	(112,900)
Expired	0	0	0	0	0	0	0	0
OUTSTANDING 31/12/2017	**32,500**	**23,625**	**40,500**	**35,250**	**36,000**	**25,000**	**5,000**	**197,875**
Excercisable 31/12/2017	32,500	23,625	40,500	35,250	36,000	25,000	5,000	197,875
Exercisable 31/12/2017	32,500	23,625	40,500	35,250	36,000	25,000	5,000	
Exercise periods	2007-2013	2008-2014	2009-2015	2011-2017	2012-2018	2013-2019	2014-2020	
Extension of exercise periods	2014-2018	2015-2019	2016-2020	2018-2022	NA	NA	NA	

OPTIONS MOVEMENTS IN 2016	2003	2004	2005	2007	2008	2009	2010	TOTAL	WEIGHTED AVERAGE EXERCISE PRICE
OUTSTANDING 2015	**34,500**	**25,625**	**43,000**	**39,750**	**41,000**	**75,000**	**75,000**	**333,875**	**10.19**
Accepted	0	0	0	0	0	0	0	0	N/A
Exercised	0	0	0	0	0	(50,000)	(65,000)	(115,000)	N/A
Forfeited	(1,000)	(1,000)	(1,500)	(2,500)	(2,750)	0	(5,000)	(13,750)	10.01
Expired	0	0	0	0	0	0	0	0	N/A
OUTSTANDING 2016	**33,500**	**24,625**	**41,500**	**37,250**	**38,250**	**25,000**	**5,000**	**205,125**	**15.04**

OPTIONS MOVEMENTS IN 2017	2003	2004	2005	2007	2008	2009	2010	TOTAL	WEIGHTED AVERAGE EXERCISE PRICE
OUTSTANDING 2016	**33,500**	**24,625**	**41,500**	**37,250**	**38,250**	**25,000**	**5,000**	**205,125**	**15,04**
Accepted	0	0	0	0	0	0	0	0	N/A
Exercised	0	0	0	0	0	0	0	0	N/A
Forfeited	(1,000)	(1,000)	(1,000)	(2,000)	(2,250)	0	0	(7,250)	14.96
Expired	0								N/A
OUTSTANDING 2017	**32,500**	**23,625**	**40,500**	**35,250**	**36,000**	**25,000**	**5,000**	**197,875**	**15.04**

Warrant plans

The balance of the outstanding warrants at the end of December 2017 is 3,225,025. One warrant entitles the holder to buy one Deceuninck share at a fixed exercise price.
Within the scope of the warrant plans, 2,317,467 warrants were exercised in the course of 2017. The warrants expire if they have not been exercised at the last day of the last exercise period. The warrants can be exercised for the first time at the end of the third calendar year of the grant.

The exercise price of a warrant will be fixed by the Remuneration Committee on the date of offer and:

a) for staff members and senior management members it will be equal to the lowest of (i) of the average price of the share on the stock exchange during the 30-day period preceding the offer, or (ii) the latest closing price preceding the day of the offer,
b) for other than staff members and senior management members it will be equal to the lowest of (i) of the average price of the share on the stock exchange during the 30-day period preceding the offer, or (ii) the latest closing price preceding the day of the offer, it being understood that the exercise price must not be lower than the average price of the share on the stock exchange during the 30-day period preceding the issue of the Plan.

WARRANT PLANS DECEUNINCK NV	PLAN 2009	PLAN 2010	PLAN 2010	PLAN 2010	PLAN 2011	PLAN 2011	PLAN 2011	PLAN 2011	PLAN 2013	PLAN 2013	PLAN 2013	PLAN 2015	PLAN 2015	PLAN 2015	TOTAL
Grant date	30/11/09	31/12/09	31/12/09	23/12/10	21/12/11	21/12/11	21/12/12	21/12/12	17/12/13	17/12/13	17/12/14	16/12/15	21/12/16	21/12/16	
Acceptance date	29/01/10	28/02/10	28/02/10	22/02/11	15/02/12	15/02/12	17/02/13	17/02/13	14/02/14	14/02/14	16/02/15	15/02/16	21/02/17	21/02/17	
Number of beneficiaries at grant date	13	16	1	37	42	1	49	1	59	9	66	78	8	66	
Exercise price (in €)	1.44	1.46	1.48	1.7	0.73	0.85	1.17	1.18	1.71	1.76	1.79	2.395	2.395	2.2271	
Share price on acceptance date (in €)															
Granted	549,564	285,000	67,435	607,500	490,000	300,000	485,000	350,000	332,500	570,000	910,000	630,000	710,000	524,000	**6,810,999**
Accepted	519,564	240,000	67,435	562,500	487,500	300,000	482,500	350,000	332,500	570,000	892,500	607,500	710,000	524,000	**6,645,999**
Exercised	402,564	150,000	67,435	404,999	337,499	300,000	206,657	233,333	61,650	153,330	0	0	0	0	**2,317,467**
Forfeited	117,000	90,000	0	132,501	127,501	0	132,502	0	91,670	73,334	140,000	130,000	30,000	39,000	**1,103,508**
Expired	0	0	0	0	0	0									**0**
Outstanding 31/12/16	0	0	0	25,000	22,500	0	143,341	116,667	179,180	343,336	752,500	477,500	680,000	485,000	**3,225,024**
Exercisable 31/12/16	0	0	0	25,000	22,500	0	95,561	175,001	59,727	114,445	0	0	0	0	**492,233**
Exercise periods	2013-2019	2013-2019	2013-2019	2014-2019	2015-2021	2015-2021	2016-2021	2016-2021	2017-2023	2017-2023	2018-2023	2019-2025	2020-2024	2020-2024	
ASSUMPTIONS															
Volatility	40%	40%	40%	40%	40%	40%	40%	40%	45%	45%	45%	23.95%	23.95%	23.95%	
Risk-free interest	2.55%	2.41%	2.41%	3.51%	2.49%	2.49%	0.99%	0.99%	0.99%	0.99%	(0.03%)	0.49%	0.49%	0.49%	
Dividend as from 2017 (in €)	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	
Early exercised – Minimum gain	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	
Early exercised – Probability to exercise	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	

MOVEMENTS 2016	PLAN 2009	PLAN 2010	PLAN 2010	PLAN 2010	PLAN 2011	PLAN 2011	PLAN 2011	PLAN 2011	PLAN 2013	PLAN 2013	PLAN 2013	PLAN 2015	PLAN 2015	PLAN 2015	TOTAL	WEIGHTED AVERAGE EXERCISE PRICE
OUTSTANDING 2015	**37,820**	**45,000**	**0**	**225,006**	**301,341**	**200,000**	**395,000**	**350,000**	**307,500**	**515,000**	**887,500**	**0**	**0**	**0**	**3,264,167**	**1.47**
Accepted	0	0	0	0	0	0	0	0	0	0	0	607,500			607,500	2.40
Exercised	(15,000)	0	0	(110,004)	(78,001)	(47,140	(60,826)	(32,354)	0	0	0	0			(343,325)	1.21
Forfeited	0	(15,000)	0	(22,501)	(35,001)	0	(25,834)	0	(30,000)	0	(20,000)	(20,000)			(168,336)	1.49
Expired															0	N/A
OUTSTANDING 2016	**22,820**	**30,000**	**0**	**92,501**	**188,339**	**152,860**	**308,340**	**317,646**	**277,500**	**515,000**	**867,500**	**587,500**	**0**	**0**	**3,360,006**	**1.66**

MOVEMENTS 2017	PLAN 2009	PLAN 2010	PLAN 2010	PLAN 2010	PLAN 2011	PLAN 2011	PLAN 2011	PLAN 2011	PLAN 2013	PLAN 2013	PLAN 2013	PLAN 2015	PLAN 2015	PLAN 2015	TOTAL	WEIGHTED AVERAGE EXERCISE PRICE
OUTSTANDING 2016	**22,820**	**30,000**	**0**	**92,501**	**188,339**	**152,860**	**308,340**	**317,646**	**277,500**	**515,000**	**867,500**	**587,500**	**0**	**0**	**3,360,006**	**1.66**
Accepted													710,000	524,000	1,234,000	2.32
Exercised	(22,820)	(30,000)	0	(67,501)	(165,839)	(152,860)	(145,831)	(200,979)	(89,150)	(125,830)	0	0	0	0	(1,000,810)	1.22
Forfeited	0	0	0	0	0	0	(19,168)	0	(36,670)	(18,334)	(115,000)	(82,500)	(27,500)	(69,000)	(368,172)	2.01
Expired																N/A
OUTSTANDING 2017	**0**	**0**	**0**	**25,000**	**22,500**	**0**	**143,341**	**116,667**	**151,680**	**370,836**	**752,500**	**505,000**	**682,500**	**455,000**	**3,225,024**	**2.01**

IFRS 2 has a negative impact of € 534 thousand on the results of 2017. Stock option and warrant plans were valued on the basis of the binominal tree structure. Volatility was determined on the basis of historical data.

20. Related parties

During 2017, the Group made purchases of € 154 thousand (€ 1,570.4 thousand in 2016) and sales of € 1,465 thousand (€ 1,445 thousand in 2016), under normal market conditions, from or to companies to which Directors of the company are related to.
The purchases involved repair and maintenance of containers and purchase of an energy installation.

Total remuneration of members of the Board of Directors in 2017 amounted to € 263,500 (€ 259,500 in 2016). This amount includes additional remunerations granted to Directors for their involvement in Board committees. These remunerations are granted by the General Meeting and are included in general expenses.

Directors charged with special missions and projects can receive appropriate remuneration.

In 2017, the CEO received a remuneration in the amount of € 460,080. The members of the Executive Team (including one member that no longer works for the Company since July 2017) excluding CEO received total remunerations of € 2,046,940 (€ 2,521,475 in 2016).

In order to align the interests of the company and its shareholders with the interests of Executive Team members, part of the remuneration package shall be linked to company performance and another part to individual performance. By weighing both factors against each other in a responsible manner (70% corporate results/30% individual results) a balance can be achieved between a result oriented approach (Top Performance) and the manner in which these results are obtained (taking into account the core values: Candor, Top Performance and Entrepreneurship).

Options and/or warrants on the shares of the company are granted to members of the Executive Team. Pursuant to a new warrant plan issued on December 21th, 2017 770,000 (710,000 as per 21/12/2016) warrants were granted to the members of the Executive Team. These option and warrant plans are not related to the performance of the Group.

21. Services provided by the external auditor

During 2017 the following charges of the external auditor were included in the Group's income statement:

Audit related services	€ 571,410
Other services	€ 53,000

22. Going concern

There are no indicators of circumstances that might question the continuity of the activities.

23. Risk management

The most important financial risks for the Group are exchange rate risk, interest rate risk, credit risk and liquidity risk.

EXCHANGE RATE RISK

The exchange rate risk of the Group can be split into two categories: translation risk and transaction risk.

TRANSLATION RISK

Translation risk arises from the conversion of financial figures of foreign subsidiaries outside the Eurozone into the Group's reporting currency, the euro. The main currencies for this kind of risk are the US dollar and the Turkish lira. This kind of exchange rate risk is not hedged.

TRANSACTIONAL EXCHANGE RATE RISK

Transactional exchange rate risk arises when an entity of the Group enters into a transaction which will be settled in a currency which is not the functional currency of that entity. Transactional exchange rate risk within Deceuninck can be of operational or financial nature.

When this risk is associated with sales and purchases in foreign currencies as a result of the commercial activities of the Group, it is denominated as operational. The most important transactional exchange rate risks of operational nature originate from purchases of raw materials in Euro and US dollar by the Turkish subsidiaries. Sales in Euro by the Turkish subsidiaries mitigate to some extent this risk.

When transactional exchange rate risk is associated with loans in foreign currencies it is denominated as financial. The most important risks of this nature originate from loans in EUR taken by the Turkish subsidiaries. Some intercompany loans in RUB and USD for which repayment is neither planned nor likely in the near future have been designated as 'Net Investment in Foreign Operations'. As such, the exchange results on these intercompany loans are recognized directly in Other Comprehensive Income and accumulated in a separate component of equity until the disposal of the foreign operation.

RECOGNIZED ASSETS AND LIABILITIES

The Group aims to minimize the impact on the profit and loss accounts of exchange rate fluctuations on the monetary assets and liabilities recognized on the balance sheet. These exchange rate risks are hedged as much as possible by offsetting monetary assets in one currency (for example trade receivables) against monetary liabilities (for example trade debts) in the same currency ('natural hedging'). The remaining exchange rate risk, after the optimization of natural hedging, is hedged with financial instruments ('financial hedging') if the cost is considered as reasonable.

The most important financial instruments used by the Group for the hedging of foreign exchange rate risks are 3-month forward contracts.

It is the policy of the Group to protect its subsidiaries as much as possible from exchange rate risks. Therefore these risks are centralized as much as possible at the parent company Deceuninck NV and are primarily managed at Group level. Exchange rate risks at the Turkish subsidiary Ege are monitored closely by Corporate Treasury, but are hedged by the Turkish subsidiaries through local banks.

The table below provides an overview of the existing FX forward contracts, grouped by currency, at the end of December 2017:

PURCHASE OR SALE	CURRENCY	AMOUNT	MATURITY DATE	MTM 2017 (IN €)
Forward sales	CLP	4,196,555,000	Q1 2018	(186,408)
	COP	7,522,500,000	Q1 2018	(10,407)
	GBP	3,000,000	Q1 2018	12,167
	HRK	47,376,000	Q1 2018	(89,730)
	INR	192,625,000	Q1 2018	(5,490)
	PLN	37,800,000	Q1 2018	(67,974)
	RUB	236,878,000	Q1 2018	(27,517)
	TRY	12,900,000	Q1 2018	161,388
	TRY	8,600,000	Q2 2018	81,139
	USD	490,000	Q1 2018	5,358
Forward purchases	EUR	7,500,000	Q1 2018	(204,139)
	USD	1,900,000	Q1 2018	(22,952)
	USD	22,063,885	Q1 2018	(489,578)

FUTURE TRANSACTIONS

Future transactions imply future purchases and sales that are not recognized yet as monetary assets or liabilities on the balance sheet. Normally these transactions are not hedged, but if opportunities arise on the foreign exchange markets, a part of the future purchases in US dollar in Turkey might be hedged.

ESTIMATED SENSITIVITY FOR EXCHANGE RATE FLUCTUATIONS

As required by IFRS 7, 'Financial instruments: Disclosures', a sensitivity analysis was carried out on the evolution of the exchange rates. Based on the volatility of the relevant currencies, we have estimated the impact of the possible exchange rate movements on our financial result as follows:

SENSITIVITY ANALYSIS ON THE POSITIONS IN FOREIGN CURRENCIES AS PER 31 DECEMBER 2017*

CURRENCY	AMOUNT (IN THOUSAND)	CLOSING RATE 31/12/2017	POSSIBLE VOLATILITY OF THE EXCHANGE RATE IN %**	RATE USED FOR THE SENSITIVITY ANALYSIS		EFFECT ON REVALUATION (IN € THOUSAND)	
USD	(622)	1.1993	3.62%	1.2427	1.1559	18	(19)
GBP	(1,028)	0.88723	3.87%	0.9216	0.8529	43	(47)
PLN	3,340	4.1770	5.65%	4.4132	3.9408	(43)	48
CZK	12,763	25.535	2.05%	26.0592	25.0108	(10)	10
TRY	(89,339)	4.5155	1.55%	4.5853	4.4457	301	(310)
RUB	28,162	68.8668	5.41%	72.5953	65.1383	(21)	23
TOTAL						**288**	**(295)**

(*) Position after financial hedging (net exposures) (**) 3 month volatility

If the euro would have weakened/strengthened during 2017 in line with the above mentioned possible rates, the profit of the financial year would have been about € 288 thousand higher / € 295 thousand lower.

Interest rate risk

Since at 31 December 2017 and 2016 there are no outstanding debts at variable interest rate, there was no necessity to – as required by IFRS 7, 'Financial instruments: disclosures' – carry out a sensitivity analysis on the evolution of the interest rates

Credit risk

The products of Deceuninck are used almost exclusively in the construction industry. Hence, the exposure to credit risk is highly dependent on the performance of the building industry and the general economic conditions.

In order to minimize the credit risk, we are closely monitoring the payment behavior of each debtor. Deceuninck uses credit insurance to mitigate the credit risk related to trade receivables. Two credit insurance policies have been taken out with two different insurers. Commercial limits, set based on financial information and on business knowledge, can deviate from the insured limits.

Liquidity risk and risks linked

Deceuninck Group holds sufficient cash, cash equivalents and committed credit facilities for the funding of its operating activities.

Liquidity problems could arise if an event of default would occur under the syndicated loan agreement or the retail bond which is not remedied within the foreseen remedy period. In that case, the outstanding amounts under the syndicated loan agreement and the retail bond might become immediately due and payable, which would jeopardize the liquidity situation of Deceuninck.

In order to detect possible events of default as a consequence of non-compliance with financial covenants at an early stage and to enable the Group to take corrective measures, a mid term financial forecast is kept up to date and resulting impact on covenants is simulated.
For the Turkish subsidiaries, liquidity problems could arise if loans becoming due could not be refinanced through local Turkish banks. However, given the good health of the Turkish banking sector, and given the excellent reputation and track record of the Turkish subsidiaries of the Group, this is very unlikely. Moreover, under the current financing terms it is possible for the Restricted Group to give intercompany loans to the Turkish subsidiaries. These intercompany loans are however limited in duration (up to 3 months) and amount (up to € 7,500,000).

In addition to the above mentioned risk of non-compliance with the financial covenants, the liquidity risk is also linked to the evolution of the working capital of the Group, which is highly subject to seasonal fluctuations and the capital expenditure level of the Group. This is therefore closely monitored.

Hierarchical classification of fair value

A comparison is provided below between the net carrying value and the fair value of financial instruments, which have been included in the financial statements. The fair value of the loans was calculated by defining the expected future cash flows, and by discounting these on common, accepted interest rates.

FAIR VALUE OF FINANCIAL INSTRUMENTS (in € thousand)	NET CARRYING VALUE		FAIR VALUE	
	2016	2017	2016	2017
FINANCIAL ASSETS				
Cash and cash equivalents	72,425	41,993	72,425	41,993
Long-term trade receivables	409	325	409	325
Financial fixed assets	65	65	65	65
Derivative financial instruments	1,947	255	1,947	255
FINANCIAL LIABILITIES				
Loans with a variable interest rate	0	0	0	0
Loans with a fixed interest rate	160,846	160,320	166,452	164,675
Financial leasing	(0)	(0)	(0)	(0)
Derivative financial instruments	330	1,099	330	1,099

The Group uses the following hierarchical classification in determining and explaining the fair value of financial instruments by valuation technique:

- Level 1: quoted (not adjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques that use input with a significant impact on the recorded fair value that is not based on observable market data.

During the reporting period ending 31 December 2017, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

DERIVATIVE FINANCIAL INSTRUMENTS – HIERARCHICAL CLASSIFICATION OF FAIR VALUE (in € thousand)	2016	LEVEL 1	LEVEL 2	LEVEL 3
FX forward contracts	1,947		1,947	
ASSETS AT FAIR VALUE	**1,947**	**0**	**1,947**	**0**
FX forward contracts	330		330	
LIABILITIES AT FAIR VALUE	**330**	**0**	**330**	**0**

As per 31 December 2017 the Group has the following financial instruments

DERIVATIVE FINANCIAL INSTRUMENTS – HIERARCHICAL CLASSIFICATION OF FAIR VALUE (in € thousand)	2017	LEVEL 1	LEVEL 2	LEVEL 3
FX forward contracts	255		255	
ASSETS AT FAIR VALUE	**255**	**0**	**255**	**0**
FX forward contracts	1,099		1,099	
LIABILITIES AT FAIR VALUE	**1,099**	**0**	**1,099**	**0**

24. Events after the balance sheet

No significant events have occurred after the balance sheet date.

25. List of subsidiaries

All financial periods close on 31 December 2017

NAME OF THE COMPANY	REGISTERED OFFICE	OWNERSHIP PERCENTAGE 2016	OWNERSHIP PERCENTAGE 2017
AUSTRALIA			
Deceuninck Pty. Ltd.	71 Premier Drive Campbellfield 3061 Victoria	100.00	100.00
BELGIUM			
Solardec CVBA	Bruggesteenweg 360 8830 Hooglede-Gits		100.00
Plastics Deceuninck NV	Bruggesteenweg 360 8830 Hooglede-Gits	100.00	100.00
Decalu NV	Bruggesteenweg 360 8830 Hooglede-Gits	100.00	100.00
BOSNIA AND HERZEGOVINA			
Inoutic / Deceuninck d.o.o	Prvi mart bb 75270 Zivinice	100.00	100.00
BRAZIL			
Deceuninck do Brazil	Rua da Barra, 242 Parque Rincão CEP 06705 420 Cotia – SP Brazil	100.00	100.00
BULGARIA			
Deceuninck Bulgaria EOOD	41 Sankt Peterburg Blvd 4000 Plovdiv	100.00	100.00
CHILE			
Deceuninck Importadora Limitada	Volcán Lascar number 801, 3G and 3H, 9031078 Pudahuel, Santiago	99.99	99.99
CHINA			
Rep. Office Deceuninck NV China (Qingdao)	128 Xiang Gang Dong Lu Shuang Long Yuan 3-2-402 266071 Laoshan, Qingdao, Shandong	100.00	100.00
CROATIA			
Inoutic d.o.o.	Industrijska ulica 3 10370 Dugo Selo (Zagreb)	100.00	100.00
Deceuninck d.o.o.	Kipišće 13 10434 Strmec Samoborski		
CZECH REPUBLIC			
Inoutic / Deceuninck Spol. s r.o	Tuřanka 1519/115a 627 00 Brno-Slatina	100.00	100.00

NAME OF THE COMPANY	REGISTERED OFFICE	OWNERSHIP PERCENTAGE 2016	2017
COLOMBIA			
Deceuninck S.A.S.	Calle 1 n) 2 05 Sec Aguas prietas VTE Cartagena Turbaco 14, 45, 16 Zona Franca Turbaco Bolívar		100.00
FRANCE			
Deceuninck SAS	Zone Industrielle – Impasse des Bleuets 80700 Roye	100.00	100.00
Distridec SAS	Zone Industrielle – Impasse des Bleuets 80700 Roye	100.00	100.00
GERMANY			
Inoutic / Deceuninck GmbH	Bayerwaldstrasse 18 94327 Bogen	100.00	100.00
Inoutic / Deceuninck Produktions GmbH & Co KG	Bayerwaldstrasse 18 94327 Bogen	100.00	100.00
Deceuninck Holding Germany GmbH	Bayerwaldstrasse 18 94327 Bogen	100.00	100.00
INDIA			
Ege Profil Tic. ve San. A.S. (branch)	Mannur Village No 523 B Block Mannur Village – Sriperumbudur Taluk 631203 Chennai	100.00	100.00
Deceuninck Profiles India Private Limited	Building 09, Casa Grande Distripark Satharai Village, Thiruvallur Taluk Thiruvallur Thiruvallur TN 631203	100.00	100.00
IRELAND			
Deceuninck Ireland Unltd.	25-28 Adelaide Road 4th floor Dublin 2	100.00	
ITALY			
Deceuninck Italia S.r.l.	Via Padre Eugenio Barsanti, 1 56025 Pontedera (PI)	100.00	100.00
LITHUANIA			
Deceuninck Baltic UAB (in liquidation)	Saltoniskiu str. 29/3 08105 Vilnius	100.00	100.00
POLAND			
Inoutic / Deceuninck Sp. z o.o.	Jasin, Ul Poznanska 34 62-020 Swarzedz	100.00	100.00
ROMANIA			
Deceuninck Romania SRL	Sos. De Centura nr. 13A Complex "Key Logistics Center" Chiajna Jud.Ilfov	100.00	100.00
RUSSIA			
Deceuninck Rus OOO	Profsoyusnaya str., 65 117342 Moscow	100.00	100.00

NAME OF THE COMPANY	REGISTERED OFFICE	OWNERSHIP PERCENTAGE 2016	2017
SERBIA			
Inoutic / Deceuninck d.o.o.	Kruzni put bb 11309 Beograd – Lestane	100.00	100.00
THAILAND			
Deceuninck (Thailand) Co.,Ltd.	2/3 Bangna Towers A 17fl RM 1704B Bangna-Trad, Km 6.5 Bangkaew, Bangplee Samutprakarn 10540	74.00	74.00
Asia Profile Holding Co. Ltd.	2/3 Bangna Towers A 17fl RM 1704B Bangna-Trad, Km 6.5 Bangkaew, Bangplee Samutprakarn 10540	48.95	48.95
THE NETHERLANDS			
Deceuninck Kunststof B.V.	Prins Bernhardplein 200 1097 JB Amsterdam	100.00	100.00
Deceuninck Beheer B.V.	Prins Bernhardplein 200 1097 JB Amsterdam	100.00	100.00
TURKEY			
Ege Profil Ticaret ve Sanayi AS	Atatürk Plastik OSB Mahallesi, 5. Cadde No: 4 Menemen/İZMİR 35660 IZMIR	97.54	95.88
Ege Pen AS	Atatürk Plastik OSB Mahallesi, 5. Cadde No: 4 Menemen/İZMİR 35660 IZMIR	99.99	99.99
UNITED KINGDOM			
Deceuninck Ltd.	2 Temple Back East Temple Quay Bristol BS1 6EG	100.00	100.00
Status Systems PVCu Ltd.	2 Temple Back East Temple Quay Bristol BS1 6EG	100.00	100.00
Range Valley Extrusions Ltd.	2 Temple Back East Temple Quay Bristol BS1 6EG	100.00	100.00
Deceuninck Holdings (UK) Ltd.	2 Temple Back East Temple Quay Bristol BS1 6EG	100.00	100.00
UNITED STATES			
Deceuninck North America Inc.	351 North Garver Road Monroe, 45050 Ohio	100.00	100.00
Deceuninck North America, LLC	203B North Garver Road Monroe, 45050 Ohio	100.00	100.00

26. Guarantees and securities

Within the framework of the financial restructuring in 2009, the obligations of the Group under the credit agreement ('Credit Facility 2009') are covered by guarantees and securities pledged on a large portion of the assets of the Group.

The most important securities provided by Deceuninck NV (Belgium) can be detailed as follows:
A mortgage on real estate
+ A mortgage mandate relating to real estate
+ A floating charge on the business
+ A mandate floating charge on the business
+ A pledge on receivables and bank accounts
+ A pledge on shares that Deceuninck NV holds in other Group companies.

The other companies in the Group mainly issued securities over their real estate, receivables and bank accounts, inventory, machinery and other equipment and the shares they hold in other entities within the Group. In addition, there is a security over the material intellectual property rights. The Group also pledged the shares in Ege Profil. The Turkish subsidiaries did not issue guarantees or securities in relation to the financial restructuring.

These securities have not been released with the repayment of the Credit Facility 2009.

The credit facility for Deceuninck NV of 2012, as amended and extended in May 2015, was secured by a package of guarantees and securities consisting of:

+ A mortgage on real estate for an amount of € 61,760,000;
+ A mortgage mandate relating to real estate for an amount of € 65,000,000;
+ A floating charge on the business for an amount of € 40,000,000;
+ A mandate floating charge on the business for an amount of € 60,000,000;
+ A pledge on shares of the subsidiaries of Deceuninck NV, except for the shares of Inoutic / Deceuninck GmbH, Deceuninck Holding Germany GmbH.

On 31 October 2016, Deceuninck NV and the other companies in the Group entered into a Release Agreement in connection with the Senior Facilities Agreement dated 11 September 2009, as amended and restated, in which the Security Agent, the Coordinator, the Facility Agent and the Lenders agreed to release and discharge Deceuninck NV and the Group companies on the date of the Release Agreement from the Security and all their obligations and liabilities under the Security Documents. The execution of the release was started in 2017 and shall continue in 2018.

Deceuninck NV

The following pages are extracts from the annual report and financial statements of Deceuninck NV. The complete version of the financial statements and the annual report will be available on request and via the Deceuninck website, at the times stipulated by the Belgian Code on Companies. The annual financial statements and the annual report are prepared in accordance with Belgian legal requirements, which differ considerably from the IFRS accounting principles that are applied to the consolidated financial statements. The External Auditor has issued an unqualified opinion regarding the annual financial statements of Deceuninck NV.

Income statement

The income statement for 2017 is presented below:

INCOME STATEMENT (in € thousand)	**2016**	**2017**
Operating revenues	180,415	180,378
Operating costs	(175,232)	(178,833)
OPERATING PROFIT	**5,183**	**1,545**
Financial income	17,580	11,025
Financial costs	(40,230)	(17,423)
PROFIT (+) / LOSS (-) FOR THE FINANCIAL YEAR BEFORE TAXES	**(17,467)**	**(4,853)**
Transfer from deferred taxes	0	0
Income tax	(11)	(571)
PROFIT (+) / LOSS (-) FOR THE FINANCIAL YEAR	**(17,478)**	**(5,424)**
Transfer from taks-free reserves	0	0
PROFIT (+) / LOSS (-) FOR THE FINANCIAL YEAR AVAILABLE FOR APPROPRIATION	**(17,478)**	**(5,424)**

The operating revenues are more or less stable, while we have an increase of the operating costs of € 4 million. These are mainly explained by an increase of raw material prices and depreciations.
The increase of the financial results is explained by the impairments on financial fixed assets of daughter companies in 2016.

The 2017 financial year closed with a loss of € 5,4 million compared to a loss of 17.5 million in 2016.

Balance sheet

BALANCE SHEET (in € thousand)	2016	2017
Intangible fixed assets	1,604	4,467
Tangible fixed assets	36,807	38,312
Financial fixed assets	217,133	184,778
Non-current assets	**255,544**	**227,557**
Inventories	22,891	27,551
Trade receivables	34,682	29,598
Other receivables	11,089	30,026
Cash and cash equivalents	18,787	18,429
Other current assets	3,135	3,645
Current assets	**90,584**	**109,249**
TOTAL ASSETS	**346,128**	**336,807**
Issues capital	53,393	53,787
Share premiums	91,337	92,168
Reserves	15,415	15,454
Retained earnings	22,905	13,353
Equity	**183,050**	**174,763**
Provisions and deferred taxes	**1,510**	**1,830**
Long-term debts	100,000	100,000
Short-term debts	60,103	58,954
Other liabilities	1,465	1,261
Liabilities	**161,568**	**160,215**
TOTAL EQUITY AND LIABILITIES	**346,128**	**336,807**

The most important fluctuations are:
+ Decrease of financial fixed assets is explained by the merger of Pimas and EGE Profil and because of an intercompany loan which was forgiven in 2017.
+ Increase in other receivables is mainly explained by an increase in intercompany receivables, resulting primarily from the merger of Pimas and EGE Profil.
+ Decrease of equity due to result of the year and dividend payable over 2017.

External auditor's report

Independent auditor's report to the general meeting of Deceuninck NV for the year ended 31 December 2017

As required by law and the Company's articles of association, we report to you as statutory auditor of Deceuninck NV (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of financial position as at 31 December 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2017 and the disclosures (all elements together the "Consolidated Financial Statements") and includes as well our report on other legal and regulatory requirements. These two reports are considered as one report and are inseparable.

We have been appointed as statutory auditor by the shareholders meeting of 25 April 2017, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and on recommendation of the workers council. Our mandate expires at the shareholders meeting that will deliberate on the annual accounts for the year ending 31 December 2019. We have been performing the audit of the Consolidated Financial Statements of the Group since before 1990.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Deceuninck NV, which consist of the consolidated statement of financial position as at 31 December 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2017 and the disclosures, which show a consolidated balance sheet total of € 558,600 thousands and of which the consolidated income statement shows a net profit for the year of € 13,815 thousands.

In our opinion the Consolidated Financial Statements of the Group give a true and fair view of the consolidated net equity and financial position as at 31 December 2017, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the section "Our responsibilities for the audit of the consolidated financial statements" of our report.
We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect of independence.
We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.
These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

ALLOWANCE FOR TRADE RECEIVABLES

Description of the matter
The allowance for trade receivables amounts to € 18.4 million as at 31 December 2017 and relates to provisions for customer balances that are deemed uncollectible. The allowance for trade receivables is calculated based on the age of the receivables, available guarantees received, amounts covered by credit insurance contract, country specific political or economic risks and history of individual customer payment behavior.

The allowance for trade receivables is important to our audit due to the magnitude of the gross trade receivables amount (€ 127.4 million) and related allowance, and because the calculation of the allowance involves management's judgment in assessing the recoverability of the trade receivables of the Group based on the elements described above.

Summary of audit procedures performed
We have, amongst others, performed following procedures:
+ Testing for a statistical sample of trade receivable balances at 31 December 2017, their existence and valuation through external confirmation procedures, subsequent cash collections in 2018, or reconciliation with delivery notes proving delivery to the customer effectively took place in 2017.
+ Testing on a sample basis whether individual trade receivables were classified in the correct age period in the accounts receivable ageing balance.
+ Evaluating and discussing the analyses and assessments made by management when determining the allowance.
+ Testing the underlying evaluations with respect to credit insurance limits, available guarantees received, and Days Sales Outstanding (DSO) by client.
+ Assessing the adequacy of the disclosures in Note 11 (allowance for bad debts) and Note 23 (credit risk) of the Consolidated Financial Statements.

VALUATION OF THE PROVISION FOR POST-EMPLOYMENT EMPLOYEE BENEFITS

Description of the matter
The provision for post-employment employee benefits amounts to € 23 million or 4.1% of the consolidated balance sheet as at 31 December 2017. The provisions for post-employment employee benefits of the Group and the underlying plans are described in Note 15 of the Consolidated Financial Statements. The Group recognizes the provision for post-employment employee benefits based on the requirements of IAS19R.

The valuation of this provision is significant to our audit because it is a complex calculation process that requires the involvement of an external actuarial specialist, and because it contains various judgmental decisions of management in respect of the underlying assumptions of the calculation. The valuation of the provision is based on the personnel data of the participants in the pension plans and to which certain actuarial assumptions are applied such as expected inflation, discount rate, projected average salary increase, pension age increase, personnel turnover and mortality rates. A change in these assumptions or the use of incorrect personnel data could have a material impact on the Consolidated Financial Statements.

Summary of audit procedures performed
We have, amongst others, performed following procedures:
+ Analyzing the existing plans within the Group and discussing with management the changes that occurred to these plans during the year.
+ Assessing the competence and independence of the external actuarial specialist.
+ Testing on a sample basis the accuracy and completeness of the plan participants' data used by the external actuarial specialist through comparison with source information of the human resources department
+ Involving our internal actuarial specialists to assess whether the applied actuarial methodology is in conformity with IAS19R requirements and to assess the reasonableness of the significant assumptions (expected inflation, discount rate, projected average salary increase, pension age increase, personnel turnover and mortality tables) used to value the provision.
+ Assessing the adequacy of the disclosures in Note 15 of the Consolidated Financial Statements.

Responsibilities of the Board of Directors and Audit Committee for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium. This responsibility involves implementing internal controls relevant to the preparation of the Consolidated Financial Statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the Consolidated Financial Statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern. The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional scepticism throughout the audit. We also perform the following tasks:

+ Identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements is larger when these misstatements are due to fraud, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
+ Obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
+ Evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
+ Conclude on the appropriateness of Board of Director's use of the going-concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to event or conditions that may cast significant doubt on the Company or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company or Group to cease to continue as a going-concern;
+ Evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and whether these financial statements reflect the underlying transactions and events in a true and fair view.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Director's report and other information included in the annual report.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Director's report and other information included in the annual report, as well as to report on these matters.

Aspects relating to Board of Director's report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Director's report, the Board of Director's report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 119 of the Belgian Companies Code.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Director's report and other information included in the annual report, being:

+ Message from the Chairman & the CEO (page 4)
+ Key figures 2017 (page 103)

contain any material inconsistencies or contain information that is inaccurate or otherwise misleading. In light of the work performed, we do not need to report any material inconsistencies. In addition, we do not provide reasonable assurance regarding the Board of Director's report.

The non-financial information required by article 119 §2 of the Belgian Companies Code has been included in the Board of Director's report on the Consolidated Financial Statements, which is part of the annual report. The Group has not based the non-financial information on a European or internationally recognized framework, but did adopt certain aspects of the Global Reporting Initiative ("GRI") Standards. Consequently, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with GRI Standards. We do not express any form of assurance regarding the individual elements included in this non-financial information.

Independence matters

We have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and we have remained independent of the Company and the Group during the course of our mandate.

The fees for additional services that are compatible with the audit of the Consolidated Financial Statements intended by article 134 of the Belgian Companies Code have been correctly disclosed and detailed in the notes to the Consolidated Financial Statements.

Other communications

+ This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Ghent, 23 March 2018

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
represented by

Marnix Van Dooren

Partner*

(*) Acting on behalf of a BVBA/SPRL

Declaration regarding the information given in this annual report

The undersigned declare that:

+ The annual financial statements have been prepared in conformity with the applicable standards for financial statements, and that they give a fair view of equity position, of the financial condition and of the results of the Company, including those companies that have been included in the consolidated figures.
+ That the annual report gives a true overview of the developments and results of the Company and of companies that have been included in the consolidated figures, also providing a true description of the most important risks and insecurities with which it is confronted, as defined in the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.

Beneconsult BVBA
Represented by
Francis Van Eeckhout
CEO

Pentacon BVBA
Represented by
Paul Thiers
Chairman

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Glossary

1	EBITDA	Earnings before interest, taxes, depreciation/ impairments of fixed assets as well as amortisation/impairment of goodwill and effect of negative goodwill = operating cash flow
2	Adjusted EBITDA	Recurring earnings before interest, taxes, depreciation/ impairments of fixed assets as well as amortisation/impairment of goodwill and effect of negative goodwill = EBITDA excluding non-recurring costs/benefits,eg restructuring costs = recurring operating cash flow
3	EBITA	Earnings before interest, taxes and amortization
4	EBIT	Earnings before interest and taxes = operational result
5	EBT	Earnings before taxes
6	EPS (non-diluted)	(Non-diluted) earnings per share
7	EPS (diluted)	(Diluted) earnings per share
8	Net debt	Financial debts – cash and cash equivalents
9	Working capital	Trade receivables + inventories – trade debts
10	Liquidity	Current assets/current liabilities
11	ROCE	Return on capital employed = EBIT/Capital employed (CE)
12	Capital employed (CE)	The sum of goodwill, intangible, tangible and financial fixed assets and working capital
13	Subsidiaries	Companies in which the group owns a participation in excess of 50%
14	Gearing	Net debt compared to the equity capital
15	MTM	Marked-to-Market
16	Headcount (FTE)	Total Full Time Equivalents including temporary and external staff
17	Restricted Group	The Restricted Group consists of all entities of the Group excluding Turkish subsidiaries and their subsidiaries.

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This annual report is available in Dutch and English.
Dit jaarrapport is verkrijgbaar in het Nederlands en het Engels.

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