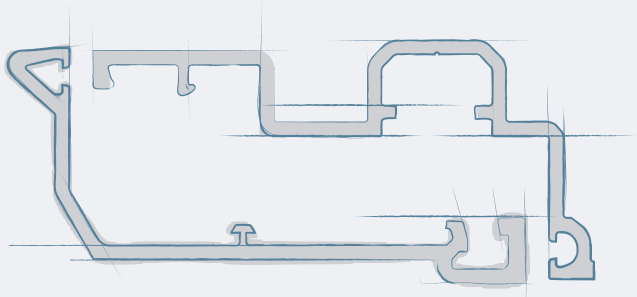
deceuninck group

ANNUAL REPORT 2019

The first universal building block for window and door profiles



In 2019 Deceuninck Group introduced the first part of the **Elegant series** in Germany and Central Europe, establishing a new Europe-wide fenestration platform. Unique in the PVC market, Elegant combines a slim rebate and maximum window size with superior thermal qualities and guaranteed durability. Its unrivalled minimalist design is the first based on our universal building block iCOR. This innovative modular approach allows for process standardization, resulting in a substantial complexity reduction of processing parameters and logistics.

GERMAN DESIGN AWARD SPECIAL 2019

reddot award 2019 winner

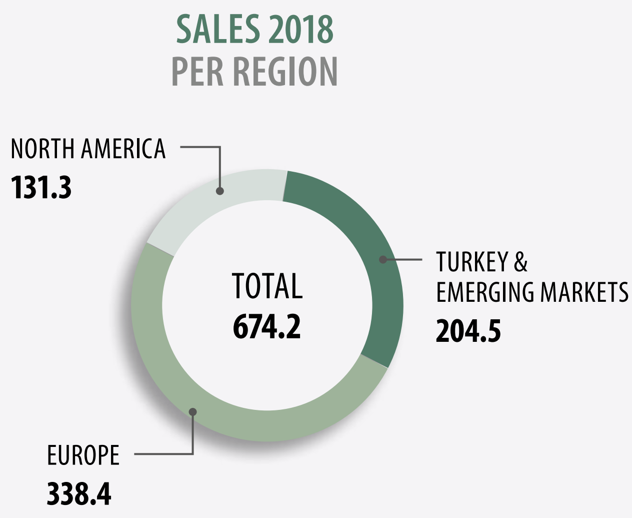
DESIGN X50 DESIGNREGIO KORTRIJK AWARD

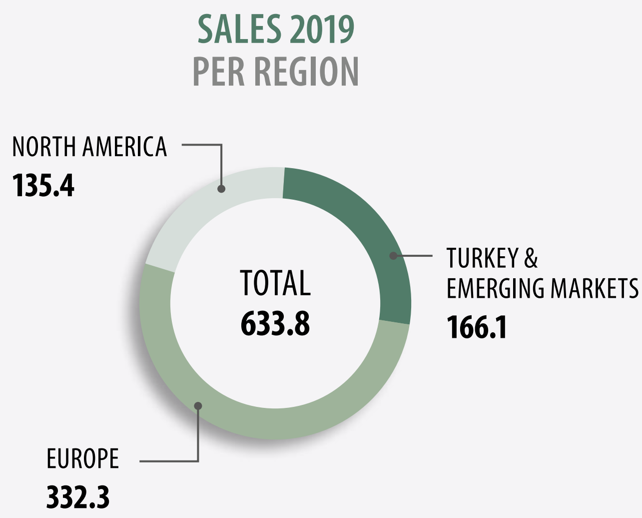
Key figures 2019*

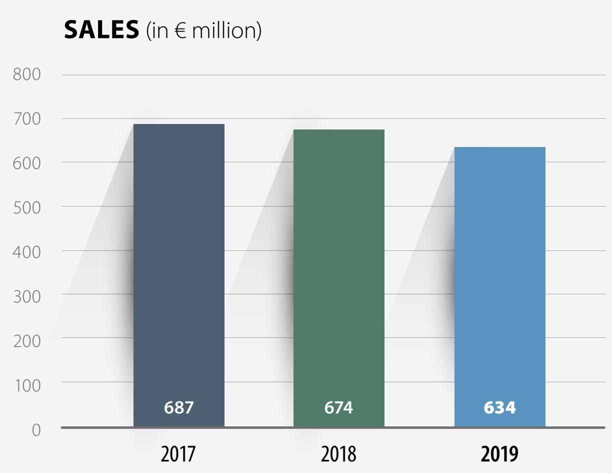
KEY FIGURES (in € million)	2017	2018	2019	EVOLUTION 2018-2019
CONSOLIDATED INCOME STATEMENT				
Sales	687.2	674.2	**633.8**	(6.0%)
Adjusted EBITDA	68.1	72.4	**60.6**	(16.3%)
EBIT	38.1	43.9	**11.2**	(74.5%)
Net profit / loss	13.8	15.6	**(14.7)**	(194.7%)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
Equity	257.6	255.6	**233.1**	(8.8%)
Net debt	118.3	93.7	**140.2**	49.6%
Total assets	558.6	584.9	**575.4**	(1.65%)
Capital expenditure	54.2	62.1	**35.5**	(42.8%)
Working capital	135.9	92.3	**94.5**	2.4%
Capital employed	418.2	396.3	**416.3**	5.0%
RATIOS				
Net profit / (loss) on sales	2.0%	2.3%	**(2.3%)**	
Adjusted EBITDA /sales	9.9%	10.7%	**9.6%**	
Net debt / Adjusted EBITDA	1.74	1.29	**2.31**	
EBIT / Capital employed	9.1%	11.1%	**2.7%**	
HEADCOUNT				
Total Full Time Equivalents (FTE)	3,927	3,803	**3,754**	

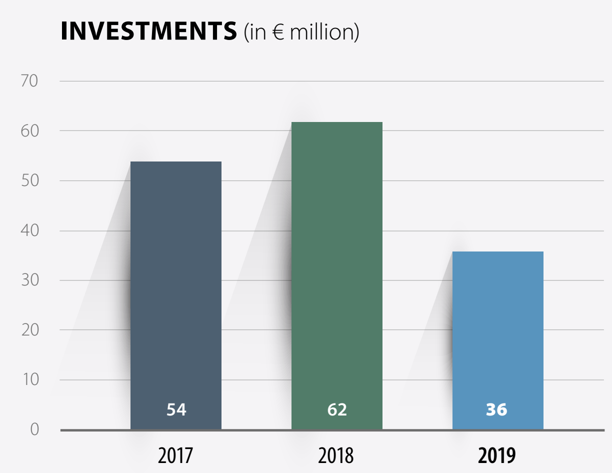
(*) Definitions: see glossary p. 167.

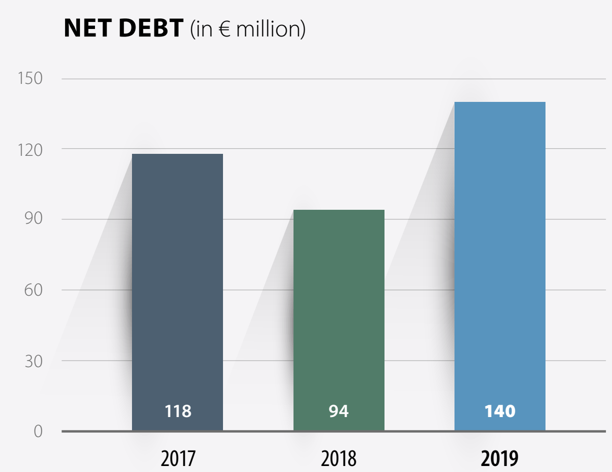
KEY FIGURES PER SHARE	2017	2018	2019
Number of shares as at 31 December	136,383,256	136,670,838	**136,732,506**
Market capitalisation as at 31 December (in € million)	409.1	263.8	**280.3**
Net profit / (loss) per share as at 31 December (in €)	0.10	0.11	**(0.11)**
Book value per share (in €)	1.89	1.87	**1.70**
Gross dividend per share (in €)	0.030	0.030	**0.030**
Share price at 31 December (in €)	3.00	1.93	**2.05**


SALES 2018
PER REGION
NORTH AMERICA
131.3
TOTAL
674.2
TURKEY &
EMERGING MARKETS
204.5
EUROPE
338.4


SALES 2019
PER REGION
NORTH AMERICA
135.4
TOTAL
633.8
TURKEY &
EMERGING MARKETS
166.1
EUROPE
332.3


SALES (in € million)
800
700
600
500
400
300
200
100
0
687
674
634
2017
2018
2019


INVESTMENTS (in € million)
70
60
50
40
30
20
10
0
54
62
36
2017
2018
2019


NET DEBT (in € million)
150
120
90
60
30
0
118
94
140
2017
2018
2019

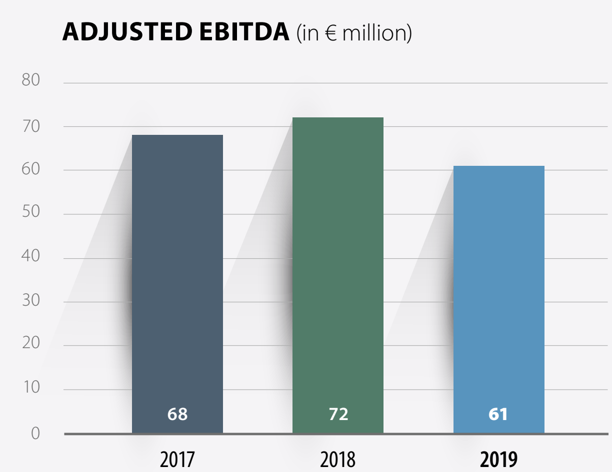

ADJUSTED EBITDA (in € million)
80
70
60
50
40
30
20
10
0
68
72
61
2017
2018
2019

Table of contents

MESSAGE FROM THE CHAIRMAN & THE CEO

Dear Customers, Partners, Shareholders
and Colleagues worldwide,

Following a strong 2018, 2019 proved to be much more challenging, with net results amounting to a loss of € 14.7 million (FY 2018: profit of € 15.6 million). This is entirely explained by lower volumes and continued high interest rates in Turkey and one-off restructuring costs in Europe.

The economic climate in Turkey continued to be challenging throughout most of 2019, with persistent low volumes and high interest rates. Unlike earlier corrections, this one lasts longer most likely due to a sequence of economic and geopolitical challenges which negatively impacted consumer confidence, with only towards the very end of 2019 signs of macro-economic improvement. Although this puts significant pressure on earnings, we use this situation as a unique opportunity to strengthen our own as well as our customers' position in the domestic market, and to further develop our modern Turkish facilities as manufacturing hub for export primarily towards South America and well targeted areas in Asia.

The strategic repositioning of Europe through the execution of our "5 pillar" strategy (superior offering, sustainability, efficient and flexible cost base, resilient capital structure, team) is well on track, but some larger projects currently generate transition costs while benefits will gradually materialize in the next 18 months. One of the most important strategic projects in Europe is the transition to the new platform based on the iCOR-concept which allows different frames and sashes to be combined with a universal core. Without concessions on ecological performance or design, this will lead to important complexity reductions and will increase the operational efficiency for both our company and our customers. This transition started and will be further rolled out during the next 24 months. In addition we continue to optimize our manufacturing footprint and recycling capabilities in Europe. The investment in the new recycling plant is largely done and gradually we are increasing output. In parallel, over the last 3 years we increased the capacity in Poland which now allows us to downsize activities in Germany. The related restructuring costs have been entirely accrued for in 2019. Other projects such as the strengthening of the Deceuninck brand supported by the cycling sponsorship, the unification of the Western and Central European organizations and the further rollout of SAP are on track and will gradually start to contribute to our results.

In the US our growth was temporarily slowed down by harsh winter conditions and the loss of a customer. This is largely offset by new strategic customer wins but these new customers only started to contribute materially towards the end of 2019.

Net debt (including IFRS 16 impact) remained in line with expectations at € 140 million (2018 adjusted for IFRS 16 at € 126 million). We managed to structurally improve working capital and investments decreased following the finalization of the larger investment programs that we have been running during the last 3 years, which partially offsets the lower EBITDA.

We want to end this note first of all by thanking our customers for their trust. It is only thanks to the long standing and intense cooperation that we have with you, that we can prosper together.

In addition, we want to thank our colleagues around the world. 2019 proved to be a highly challenging year and it is thanks to you that we are turning those challenges into opportunities, which makes our company and its customers future-proof.

We look forward to 2020.

Francis Van Eeckhout
CEO

Paul Thiers
Chairman

Our mission

"Consistent with our building a sustainable home aspiration, we relentlessly pursue to bring superior value to our customers, by designing beautiful, energy-efficient and fully recyclable window, door and home protection systems, which we supply with superior quality and service, driven by a top performing and passionate team and enabled by a solid free cash flow."

INNOVATION **ECOLOGY** **DESIGN**

Milestones 2019

Deceuninck Group announces a one-brand strategy for Europe under the Deceuninck brand.

JANUARY

Showroom opening in Cartagena by Deceuninck Colombia.

APRIL

Deceuninck was honored to receive the official VinylPlus Certificate for our efforts in contributing to a sustainable future.

JUNE

01 02 03 04 05 06

reddot design award
winner 2019

FEBRUARY

Introduction of the new Flush door sash by Deceunink UK: a design with the aesthetics of a timber door in line with our award-winning Flush window.

MARCH

Deceuninck won the Red Dot Award 2019 in the category 'Product Design' with its new Elegant window series.

MAY

Presentation of our Smart Colours Concept during Architect@work in Kortrijk Expo, Belgium.

JULY

Deceuninck India's new foiling department became operational.

Well done to Julian Alaphilippe for holding onto the coveted yellow jersey for 14 days. A proud moment for Deceuninck as the main sponsor of the Deceuninck – Quick-Step team.

JULY

Deceuninck ThermoFibra won the bronze Inovyn Award for Process Innovation 2019.

OCTOBER

Triple celebrations for Deceuninck at the G19 Awards. Deceuninck was crowned 'Component Supplier of the Year' and on top of that two of our clients were named 'Fabricator of the Year' and 'Installer of the Year'.

DECEMBER

07 08 09 10 11 12

AUGUST

Showroom opening in Bangalore by Deceuninck India.

SEPTEMBER

Deceuninck North America revealed its 50th anniversary logo at GlassBuild America 2019.

NOVEMBER

Ege Profil won Sabancı University's 'Women Empowered Board' award. In 2019 the company reached the highest score of professional women registered on the Borsa İstanbul.

DECEMBER

Ho ho ho! Dressed for Ugly Christmas Sweater Day on the last working day of 2019 at Deceuninck Belgium.

Operational & commercial footprint 2019

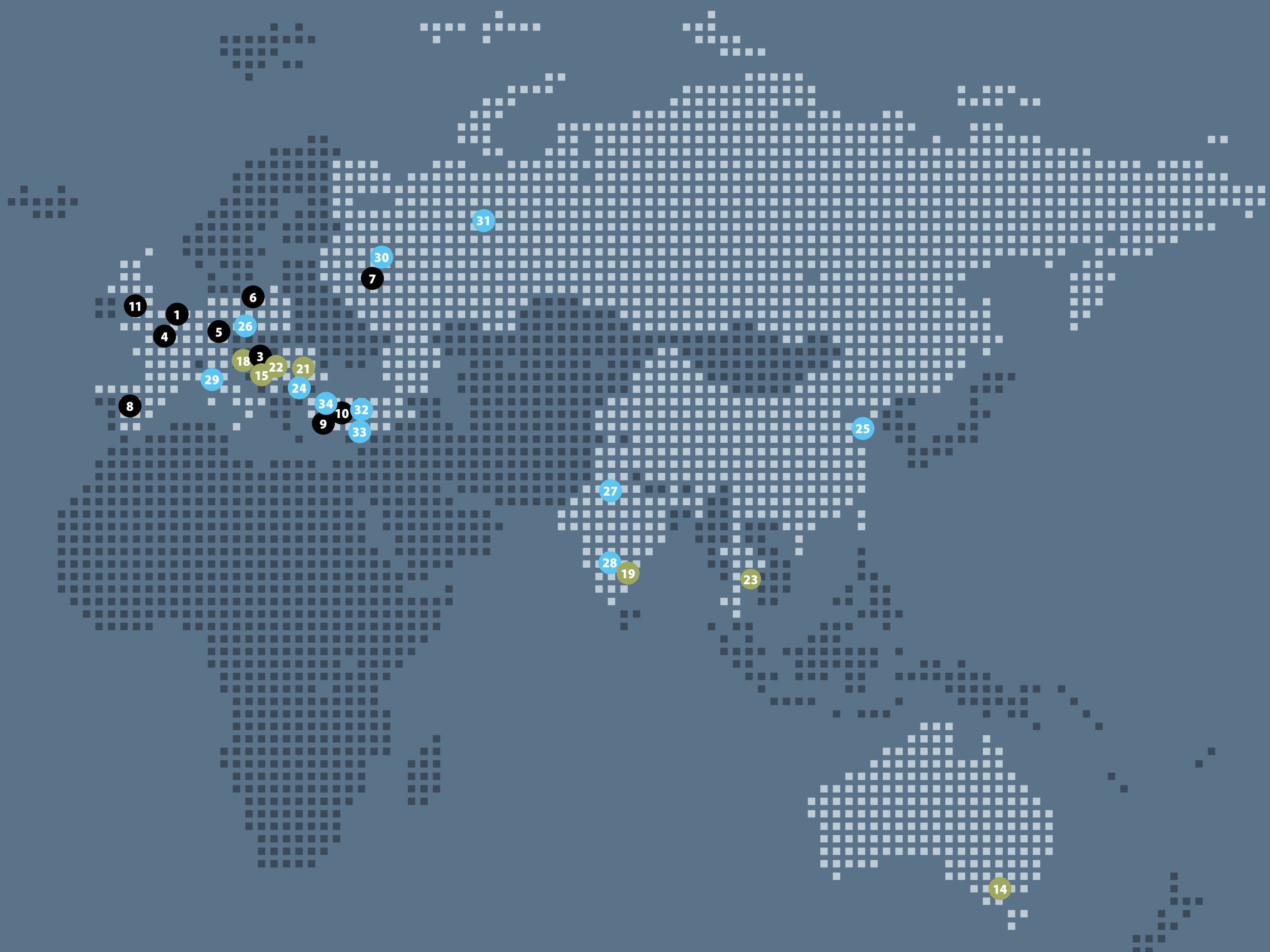
PRODUCTION, DISTRIBUTION & SALES

1	Belgium	Hooglede-Gits	Deceuninck NV (HQ)
		Diksmuide	Deceuninck NV - Divisie Compound
		Hooglede-Gits	Decalu NV
2	Colombia	Turbaco	Deceuninck S.A.S.
3	Croatia	Strmec Samoborski	Deceuninck d.o.o.
4	France	Roye	Deceuninck SAS
5	Germany	Bogen	Deceuninck Germany GmbH
6	Poland	Swarzędz	Inoutic / Deceuninck Sp, z o.o.
7	Russia	Protvino	Deceuninck RUS OOO
8	Spain	Borox-Toledo	Deceuninck N.V. Sucursal en España
9	Turkey	Izmir	Ege Profil Tic.ve San.A.Ş
10	Turkey	Kartepe	Ege Profil Tic.ve San.A.Ş
11	United Kingdom	Calne	Deceuninck Ltd
12	United States of America	Monroe, Ohio	Deceuninck North America. LLC
13	United States of America	Fernley, Nevada	Deceuninck North America Inc.

DISTRIBUTION & SALES

14	Australia	Victoria	Deceuninck Pty.Ltd.
15	Bosnia	Zivinice	Inoutic / Deceuninck d.o.o.
16	Brazil	Cotia	Deceuninck Do Brasil
17	Chile	Santiago	Deceuninck Importadora Limitada
18	Croatia	Dugo Selo, Zagreb	Inoutic d.o.o.
19	India	Chennai	Deceuninck Profiles India Private Limited
20	Mexico	Puebla	Deceuninck Mexico SA de CV
21	Romania	Chiajna town. judetul ILFOV	DECEUNINCK ROMANIA SRL
22	Serbia	Beograd	Inoutic / Deceuninck d.o.o.
23	Thailand	Samutprakarn	Deceuninck (Thailand) C. Ltd.

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



SALES

24	**Bulgaria**	Plovdiv	Deceuninck Bulgaria EOOD
25	**China**	Licang, Qingdao, Shandong	Rep. Office Deceuninck NV China (Qingdao)
26	**Czech Republic**	Brno	Deceuninck spol, s r.o.
27	**India**	New Delhi	Deceuninck Profiles India Private Limited
28	**India**	Bengaluru	Deceuninck Profiles India Private Limited
29	**Italy**	Pontedera (PI)	Deceuninck Italia s.r.l.
30	**Russia**	Moscow	Deceuninck RUS OOO
31	**Russia**	Berezovsky	Deceuninck RUS OOO
32	**Turkey**	Ankara	Ege Profil Tic.ve San.A.Ş
33	**Turkey**	Adana	Ege Profil Tic.ve San.A.Ş
34	**Turkey**	Istanbul	Ege Profil Tic.ve San.A.Ş

BUILDING A SUSTAINABLE HOME

Through an extensive range of window and door profiles, home protection and building products, Deceuninck aims to become a provider of window and door solutions in both PVC and aluminium. Discover our latest innovations in Europe, Turkey and North America.

Europe

Windows & doors

Elegant, the ultimate window concept

In 2004 Deceuninck launched Zendow, a PVC system that met all the requirements for modern windows and doors. Fifteen years later we proudly announced its successor: Elegant. This ultimate window concept not only amazes through its technicality, but shows a design never before seen on the market. Elegant's 7 mm rebate design and 100% recyclability has already been awarded with a German Design Award, Red Dot Award and Designregio Kortrijk Award in 2019.

iCOR, Europe's first universal platform

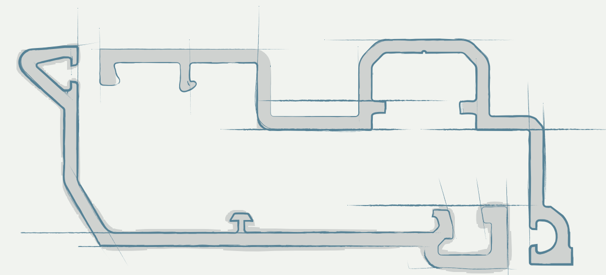
Elegant is the first of many window designs powered by iCOR. The modular principle behind Deceuninck's new universal platform is based on a standardized shape, which becomes visible when frame and sash are brought together. This innovative approach allows for process standardization, resulting in a substantial complexity reduction of processing parameters and logistics. At the same time, iCOR offers complete interchangeability and thus provides more design options as one frame can now serve different sash designs.

To guarantee optimal results in terms of acoustics, water tightness and thermal insulation, iCOR was developed with central sealing. Apart from the sealing on the inside and outside of the profile, the central sealing constitutes a thermal division of the rebate area. It serves as an additional barrier against e.g. heat and cold.

Elegant ThermoFibra: design meets technology

In 2012 Deceuninck introduced glassfiber reinforcement, a remarkable new technology which replaces the standard steel reinforcement in window and door profiles with structural glass fibers. This entailed a significant improvement of insulation values as well as time savings for manufacturers: with ThermoFibra the steel reinforcement no longer needs to be processed and placed separately. The Elegant series repeats this success formula with a ThermoFibra version of Elegant's Infinity sash. In combination with a Forthex-reinforced frame, this is the best performing steelless window and door solution available on the market.

iCOR: The first universal building block to fit different window profiles



SASH: ELEGANT

ThermoFibra Infinity (TF Recessed) | Infinity (Recessed) | Abstract (Flush) | Origin (Semi-Flush)

GLAZING BEADS

Straight | Rounded | Comfort

FRAME

76 mm frame (Steel/Forthex) (2019)
84 mm frame (Steel/Forthex) (2021)
115 mm frame (Steel/Forthex) (2020)

GERMAN DESIGN AWARD SPECIAL 2019

reddot award 2019 winner

DESIGN X50 DESIGNREGIO KORTRIJK AWARD

Building products

New Decalu series

In 2019 Deceuninck continued to refine its aluminium range, aiming to become a one-stop-shop for both PVC and aluminium. Based on the patented So Easy technology, the new Decalu series combines efficiency, usability and technical performance with endless design possibilities.

Adopting several benefits provided by PVC, this new aluminium series features rolled-in seals and integrated insulation strips which can be sawn in one movement. Decalu also copies the same fitting groove as Elegant, which simplifies production, stock and maintenance.

Synergy in look & feel with Elegant

In terms of design, the greatest advantage is the unique coordination of look and feel between Decalu and Elegant. Thanks to a shared rectangular glazing bead and minimalistic design both series can seamlessly be integrated into one production and project. To guarantee the same colors for all joinery, Deceuninck developed 'Smart Colours'. According to this principle the available color coatings for aluminium (Aluroc) and PVC (Decoroc) perfectly match with each other. An exceptional benefit for the project market, available in the Benelux today.

Twinson Click

The non-slip, low-maintenance and PEFC certified Twinson terrace is Deceuninck's number one outdoor flooring solution. In 2019 a unique, screwless substructure for this terrace was launched. Twinson Click combines many advantages in an ingeniously simple way, making it the ideal terrace solution for both the professional installer and the end user.

For any type of terrace

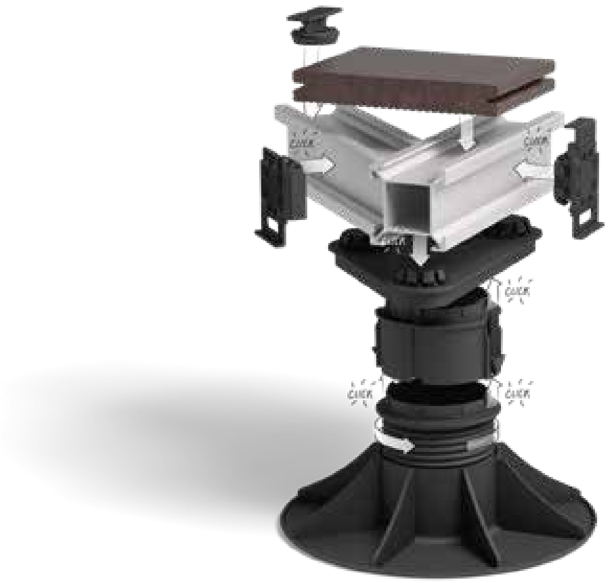
The groundbreaking click system is modularly composed of a number of elements that make it possible to install Twinson on any type of terrace, regardless of size and shape. With one click, the triangular Triax baseplate carries the substructure. Installers of a roof terrace can attach the additional rubber pad under the baseplate to protect the roof covering.

Unevenness or height differences can also be easily eliminated. Twinson Click consists of terrace supports and extensions that can be adjusted to any height from 45 to 225 mm. The profiles are made of lightweight aluminium, with four shortenable or cuttable equal sides that guarantee a long service life. With just three click accessories, the entire terrace structure can be assembled without any screws.

Home protection

PROtex 2.0

With PROtex 2.0 Deceuninck developed a roller shutter box that can effortlessly be assembled and installed. The parts of this innovative system click into each other, making screws unnecessary while still maintaining a high thermal and acoustic performance. Components like reinforced middle consoles and inside PVC cover planks with plaster fleece have been created in order to reduce complexity and optimize production. Peripheral PU foam applied around the console further guarantees a high performance of air tightness without silicone application, while installation on frame has been simplified by clipping the box onto adaptors. PROtex 2.0 is available in three dimensions: for windows, balconies and lift sliding windows.



North America

In 2019 product innovation for North America focused on 3 key areas:

1. High volume products – These are propriety products, designed for high volume (5,000 windows plus per day) production environments and for specific customer requirements.
2. High value products – 173 replacement window series were launched.
3. High performance products – This includes hurricane impact products (164 series); Revolution XL Tilt and Turn series, which offers high structural, acoustical and thermal performance, including Passive House option; Rovex architectural products.

164 Series hurricane-resistant window system

The 164 Series was designed for light commercial, new construction and replacement applications. This hurricane-resistant high-performance window system is available in single hung, single slider and picture window configurations. Frames include Florida flange, pre-punched fin and masonry clip. This impact system is engineered to meet coastal building code requirements up to and including the specifications of ASTM E 1886/1996, Wind Zone 3, with an AAMA rating of up to DP50.

> 173 SERIES ON SHOW AT GLASSBUILD AMERICA 2019

> 173 SERIES SINGLE HUNG RENDERING

173 Series window system

With a modern, contemporary design, the 173 Series brings a high-performance double hung window system engineered for remodeling and replacement applications. It features companion sliders, picture windows and multiple sash options. It's also equipped with triple weather seal and full-width weather stripping and is designed for Innergy® rigid thermal reinforcements

New sill option for eos®

Deceuninck's award-winning energy-optimized window system eos® is now available with a new sill. Versatile and easy to manufacture, this highly energy efficient window was designed to meet the criteria for Energy Star 6.0.

Turkey

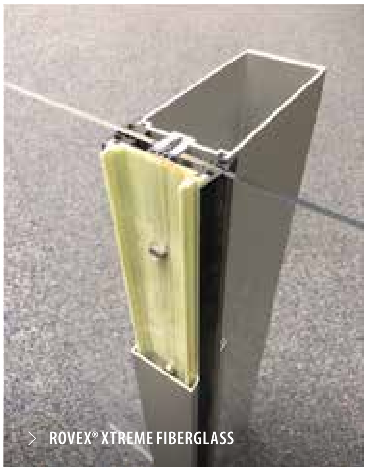
Carisma window and door system

New main profiles were added to the Carisma series. The window and door system has a specially designed meeting rail profile providing high resistance against the wind load at upper floors. The new profiles also offer a high level of heat and sound insulation.

New additions in Legend Slide

In 2019 Deceuninck's Turkey division added new products to the unique shift and slide system Legend Slide. New door sashes, hardwares and double sash opening types were developed with nearly the same sealing capability of tilt and slide.

REVOLUTION XL® FRENCH DOOR ON DISPLAY AT GLASSBUILD AMERICA 2019


ROVEX® XTREME FIBERGLASS

Revolution XL® French Door

Revolution XL® delivers a suite of products: tilt and turn windows, a tilt/slide door and a terrace door. Flexible designs and a range of colors and finishes achieve a similar appearance as aluminum with superior thermal performance. This system provides acoustic excellence for installations where optimum performance is required. A Passive House Edition is also available.

The new French Door configuration is fabricated using either the standard frame or a new North American frame. The 3,25 inch wide frame includes an integral nail fin and a built-in accessory groove that is compatible with a full range of installation accessories for added versatility. It is ideal for the remodeling, replacement and new construction markets.

Rovex® Xtreme Fiberglass

Deceuninck's Rovex® Xtreme Fiberglass is an advanced material technology for high performance fenestration components. It sets a new standard for applications with the most demanding AAMA performance requirements and redefines system performance. Through a unique fusion of continuous glass fibers and high-engineering polyurethane resin, the end product offers superior structural, thermal and environmental performance and is increasingly used in today's most energy-efficient curtain wall systems.

Lotus sliding system

Our Turkish brand Winsa introduced its new axial sliding system Lotus. Featuring a lower frame height compared to standard sliding systems, Lotus allows a larger window area for more spacious interiors.

Vival Plus

Also at the Eurasia Window Fair, Vival Plus was launched. This aluminium folding door solution was designed for higher air and water tightness through multi point gasket systems. Options for the manufacturing of the door sash vary from 45 degree corners to 90 degree corners. Vival Plus doors offer a choice between opening and closing from the left, right or some left and some right.

Serenad

At the Eurasia Window Fair 2019 in Instanbul a new sliding system was introduced by Deceuninck's aluminium division. Serenad's innovative design provides high air and water tightness with minimal profile thickness. Production varieties were developed for easy manufacturing and installation as well as different types of sash manufacturing.

SOME OF OUR RECENT REFERENCES

BISHKEK – KYRGYZSTAN

CÁCERES – SPAIN

OHIO – USA

PŁOCK – POLAND


KAZAN – RUSSIA

BEDŘICHOV – CZECH REPUBLIC

LIER – BELGIUM

Report of the Board of Directors

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Code is at the heart of Deceuninck's processes and practices. It outlines the standards we maintain as a Group regarding the composition of our company and shareholder structure.

Deceuninck'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 and adheres to the principles of corporate governance and transparency as determined by the Belgian Corporate Governance Code of 12 March 2009 (hereinafter 'the Code').

As of 1 January 2020, a new Corporate Governance Code 2020 (hereinafter the 'Code 2020') has become applicable to Belgian listed companies. The Code 2020 has been adopted as reference code for Deceuninck's corporate governance as of 1 January 2020, meaning that Deceuninck will adhere to the principles set out in the new Code 2020. Deceuninck will adapt its Corporate Governance Charter to the new Code 2020 after the decision to be taken by the Annual General Meeting of 28 April 2020 on the proposal to adopt new Articles of Association in accordance with the provisions of the new Belgian Code on Companies and Associations.

This Corporate Governance Statement contains further information on the application of Deceuninck's corporate governance policy during 2019, based on the principles of the previous Code.

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 18 February 2020:

FUNCTION	NAME	MEMBERSHIP COMMITTEES	LATEST RENEWAL MANDATE	MANDATE EXPIRY
EXECUTIVE DIRECTOR				
CEO	Beneconsult BVBA represented by Francis Van Eeckhout		23/04/2019	AGM 2023
NON-EXECUTIVE DIRECTORS				
Chairman Independent Director	Pentacon BVBA represented by Paul Thiers	- Audit Committee (member) - Remuneration and Nomination Committee (Chairman)	23/04/2019	AGM 2023
Vice Chairman Independent Director	Marcel Klepfisch SARL represented by Marcel Klepfisch	- Audit Committee (Chairman) - Remuneration and Nomination Committee (member)	24/04/2018	AGM 2021
Director	Bene Invest BVBA represented by Benedikte Boone	- Remuneration and Nomination Committee (member)	23/04/2019	AGM 2023
Director	Mardec Invest BVBA represented by Evelyn Deceuninck		23/04/2019	AGM 2023
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)	24/04/2018	AGM 2022

Changes in the composition of the Board of Directors in 2019

- Beneconsult BVBA, represented by Francis Van Eeckhout, as Director for 4 years, i.e. until the Annual General Meeting in 2023;
- Pentacon BVBA, represented by Paul Thiers, as Independent Director for 4 years, i.e. until the Annual General Meeting in 2023;
- Bene Invest BVBA, represented by Benedikte Boone, as Director for 4 years, i.e. until the Annual General Meeting in 2023;
- Mardec Invest BVBA, represented by Evelyn Deceuninck, as Director for 4 years, i.e. until the Annual General Meeting in 2023.

Changes in the composition of the Board of Directors in 2020

- Mardec Invest BVBA represented by Evelyn Deceuninck resigned as per 18 February 2020,
- The Board has appointed in the meeting of 18 February 2020 Evedec BVBA represented by Evelyn Deceuninck,
- The final appointment of the director Evedec BVBA will be submitted for approval to the General Meeting of 28 April 2020.

Other

Deceuninck's honorary Directors are:

- † Pierre Alain Baron De Smedt (honorary Chairman)

  On Sunday 1 December 2019, Pierre Alain Baron De Smedt, honorary chairman of Deceuninck NV, sadly passed away at the age of 75.

  Deceuninck has known Pierre Alain since 1985, the year during which he became a member of the Board of Directors. In 1985, when the company prepared its IPO on the Brussels stock exchange, it was seeking to appoint a director with industrial experience. Curious and driven as he was. Pierre Alain did not hesitate to accept this challenge. Pierre Alain did however have to resign from the Board of Directors in 1990 when he left for Brazil and assumed the role of CEO of Volkswagen.

  After the passing away of Roger Deceuninck, whom Pierre Alain greatly admired. Pierre Alain was asked to become a Board member again. Once more Pierre Alain took his responsibility and accepted.

  At the beginning of 2009, he became chairman of Deceuninck; he would stay on as chairman until 2016.

  The economic and financial crisis of 2009 hit Deceuninck hard. Thanks to Pierre Alain's charisma, drive, optimism and his belief in the successful outcome, he managed to guide Deceuninck through the crisis. He was also a constant support for Deceuninck's management.

  His warm personality will be missed. Deceuninck lost a loyal supporter.

- Arnold Deceuninck, representative of R.A.M. Comm. VA
- Willy Deceuninck, representative of T.R.D. Comm. VA

The Secretary of the Board of Directors is Ann Bataillie, representative of Bakor BVBA. General Counsel.

> BOARD OF DIRECTORS
Top from left to right: Paul Thiers, Anouk Lagae, Marcel Klepfisch, Benedikte Boone, Wim Hendrix
Bottom from left to right: Francis Van Eeckhout, Evelyn Deceuninck

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 Notaryship (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 mandates**: member of the Board of Directors of Pentahold NV, Altior CVBA. Accent NV, the HOHR, ION and Origis NV

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

- **Education**: Master of Commercial Engineering (KUL 1990)
- **Professional experience**: 1994-2011: managing director of Van Eeckhout NV (concrete), VVM NV (cement)
- **Current other mandates**: Independent board member of Pollet Watergroup; 2019: Chairman of Cemminerals NV

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 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 tyre service centre Bandeman

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: member of the Advisory Board of Make Sense

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

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.

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.

Activity Report of the Board and Committee meetings in 2019

	BOARD OF DIRECTORS	AUDIT COMMITTEE	REMUNERATION AND NOMINATION COMMITTEE
TOTAL MEETINGS HELD IN 2019	**8**	**8**	**3**
Beneconsult BVBA, represented by Francis Van Eeckhout	8	/	/
Marcel Klepfisch SARL, represented by Marcel Klepfisch	8	8	3
Bene Invest BVBA, represented by Benedikte Boone	8	/	3
Mardec Invest BVBA, represented by Evelyn Deceuninck	8	/	/
Pentacon BVBA, represented by Paul Thiers	8	8	3
Alchemy Partners BVBA, represented by Anouk Lagae	8	/	/
Homeport Investment Management BVBA, represented by Wim Hendrix	8	8	/

Board of Directors

The Board of Directors convened eight times.
mainly discussing 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,
- governance, risk and compliance,
- remuneration and long term incentives for the CEO and members of the Executive Management,
- preparation of the Annual General Meeting,
- preparation of the changes in the by-laws following the new company code.

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 eight times. It assisted the Board of Directors in the execution of its responsibilities in the broadest sense and 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 three times, mainly dealing with the following topics:

- the remuneration policy and the remuneration of the Directors and the Executive Committee,
- the policy with regard to the appointment of Directors and members of the Executive Committee,
- the structure and composition of the Committees,
- the reappointment of members of the Board of Directors,
- the appointment of a new member of the Executive Team,
- the revision of the structure and composition of the Executive Team.

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.


STIJN VERMEULEN
MIEKE BUCKENS
ANN BATAILLIE
ERGÜN CICEKCI
FRANCIS VAN EECKHOUT
WIM VAN ACKER

Composition of the Executive Management

Deceuninck's Executive Management consists of an Executive Committee (a management committee in accordance with art. 524bis of the Belgian Companies Code) and an Executive Team.

As of 1 October 2018, the Executive Committee consists of the following members:

NAME	FUNCTION
Beneconsult BVBA, represented by Francis Van Eeckhout	CEO, Chairman of the Executive Committee
Fienes BVBA, represented by Wim Van Acker	Chief Financial Officer
Bakor BVBA, represented by Ann Bataillie	General Counsel Secretary of the Board of Directors

The Executive Committee 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.

The Executive Team, which has an advisory role, consists of the following members:

NAME	FUNCTION
Ergun Cicekci	CEO Turkey & Emerging Markets
Déve Consulting BV, represented by Stijn Vermeulen	CEO Europe
Dilec BVBA, represented by Didier Leclercq*	COO Europe
Filip Geeraert	CEO United States of America
Bernard Vanderper*	Director Sales Western-Europe - Alu
Barbel Comm.V., represented by Mieke Buckens	HR Director Group
Artur Pazdzior**	Director Integration

(*) Member of the Executive Team until 31 December 2019
(**) Member of the Executive Team until 30 September 2019

Diversity policy

Criteria

Deceuninck aims for both diversity and complementarity in the composition of the Board of Directors and the Executive Committee. 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, the appointment procedures and selection criteria of 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 does not provide detailed information about diversity criteria and objectives to its shareholders.

The members of the Executive Committee 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 complies with the rules on gender diversity in the composition of the Board of Directors and the Executive Committee. 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 2019, three women and four men sat on the Board, while the Executive Committee consisted of one female and two male members.

- Age:
  The age of the Board members ranges between 40 and 68 years of age. The youngest Executive Committee member is 46 years and the oldest member is 61 years of age.

- Educational/professional background:
  The members of the Board of Directors and the Executive Committee 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 Committee consists of Belgian citizens.

- International experience:
  Most of the Board and Executive Committee 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 Committee members fulfills Deceuninck's aim for diversity and complementarity.

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

Deceuninck'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) with 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 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.

The principles of Deceuninck's 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 Committee, 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 functioning and 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 performance evaluation was carried out in 2018, the results of which were published in Deceuninck's Annual Report 2018.

Remuneration Report

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

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 Committee

The remuneration of the members of the Executive Committee, 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 proposes to the Board of Directors 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 Committee 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 Committee during 2019

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 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 2019.

(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 Committee.

If Directors are assigned special tasks and projects, they may receive an appropriate remuneration for this. No such remuneration has been paid in 2019. No termination compensation is provided for Non-Executive Directors.

The Annual General Meeting of 2019 approved the granting of warrants under the Warrant Plan 2018 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 awarded to Non-Executive Directors in the two financial years to come.

Members of the Executive Committee

The total remuneration of the Executive Committee members consists of the following elements: the fixed remuneration, theshort term variable remuneration and the long-term variable remuneration.

FIXED REMUNERATION

The fixed remuneration of the members of the Executive Committee 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 Committee member, for pension and insurance contributions like:

- the payment of a life endowment in favor 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 orsickness (other than occupational);
- the exemption from insurance premiums in case of illness or accident, and
- health insurance.

SHORT-TERM VARIABLE REMUNERATION

In order to align the interests of the Company and its shareholders with the interests of Executive Committee members, part of the remuneration package is linked to Company performance with objectives related to the annual business plan.

For the members of the Executive Committee, the performance of the Company is based on the REBITDA 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 2019, the evaluation criteria for the performance of the CEO and the other members of the Executive Committee were: REBITDA Group (65%) and Adjusted Free Cash Flow Group (35%). If the manner in which results were obtained is not in line with the core values (Candor, Top Performance and Entrepreneurship), the Remuneration and Nomination Committee reserves the right to decide not to pay any bonus.

The Remuneration and Nomination Committee evaluated the achievement of the 2018 objectives for the members of the Executive Committee and proposed to the Board of Directors to pay a short-term variable remuneration based on the 2018 performance criteria.

The short-term variable remuneration is in principle 35% of the fixed annual remuneration for the members of the Executive Committee 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 45.5% (for the members of the Executive Committee) 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 Committee, over time.

LONG TERM VARIABLE INCENTIVES

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 is to raise Deceuninck'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. ten years. The stock options and warrants can only be exercised the third 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 granting has been made up to the end of the term.
In the event of involuntary dismissal (except in case of termination of contract for cause), the accepted and exercisable 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 exercisable shall be canceled. In the event of involuntary dismissal for cause, the unexercised, accepted stock options and warrants are canceled, whether or not they were exercisable. 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 shares.

Performance Share Plan

The members of the Executive Committee participate in a Performance Share Plan. 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 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 Committee member will be entitled to one or more matching Deceuninck 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. In the course of 2019, 32.703 Performance Shares Rights forfeited following the departure of a member of the Executive Committee.

It is not the intention to make any changes to the remuneration awarded to the members of the Executive Committee in the two financial years to come.

Total remuneration of the Non-Executive Directors in 2019

The total remuneration (gross) paid to the non-executive members of the Board of Directors in the financial year 2019 amounted to € 267,000. The amount includes an additional remuneration for the attendance at Committee meetings.

In 2019, 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
Pentacon BVBA, represented by Paul Thiers	€ 24,000	€ 8,000	€ 3,000	€ 40,000	**€ 75,000**
Marcel Klepfisch SARL, represented by Marcel Klepfisch	€ 12,000	€ 8,000	€ 3,000	€ 30,000	**€ 53,000**
Bene Invest BVBA, represented by Benedikte Boone	€ 12,000	-	€ 3,000	€ 20,000	**€ 35,000**
Mardec Invest BVBA, represented by Evelyn Deceuninck	€ 12,000	-	-	€ 20,000	**€ 32,000**
Alchemy Partners BVBA, represented by Anouk Lagae	€ 12,000	-	-	€ 20,000	**€ 32,000**
Homeport Investment Management BVBA, represented by Wim Hendrix	€ 12,000	€ 8,000	-	€ 20,000	**€ 40,000**
Beneconsult BVBA, represented by Francis Van Eeckhout	-	-	-	-	**-**

The member of the Executive Committee 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.

Total remuneration of the CEO and the members of the Executive Committee in 2019

CEO

In 2019, the CEO received a fixed remuneration in the amount of € 525,000. This amount also includes an amount for a pension allowance which can be contributed for pension plans or for other insurances at the sole discretion of the CEO. No variable remuneration was acquired in 2019. The CEO does not have a company car.

Other members of the Executive Committee

Because of the new composition of the Executive Committee with entry into force as of 1 October 2018, the following breakdown is made:

OTHER MEMBERS OF THE EXECUTIVE COMMITTEE	REMUNERATION RECEIVED
2 members of the Executive Committee	€ 598,570

The remuneration package awarded to members of the Executive Committee does not include a long-term cash bonus. No variable remuneration was acquired in 2019. This amount also includes a pension allowance, which can be contributed for pension plans or for insurance, at the sole discretion of the members of the Executive Committee.

Given the fact the current members of the Executive Committee act through a management company, no company car is provided.

Shares, stock options and other rights to acquire Deceuninck shares that were granted, exercised or that have lapsed during 2019

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 2019, no stock options were granted to the members of the Executive Committee, no stock options were exercised, and no stock options lapsed.

Warrants

On 21 December 2018, the Board of Directors approved a new warrant plan ('Warrant Plan 2018') of 4,500,000 warrants. In 2019 nine members of the Executive Committee were granted 770,000 warrants, as follows:

- The CEO was offered 350,000 warrants, all of which were accepted on 6 January 2020.
- The other members of the Executive Committee were each offered 60,000 warrants, all of which were accepted in 2020.

The warrants offered in 2018 have an exercise price of € 1,965 (for the members of the Executive Committee and the CEO).

In 2019, no warrants and warrant plans were canceled.

In 2019, no warrants were exercised by members of the Executive Committee:

25,000 warrants of the members of the Executive Committee lapsed during 2019.

Right of recovery

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

Severance pay

For the members of the Executive Committee 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 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.

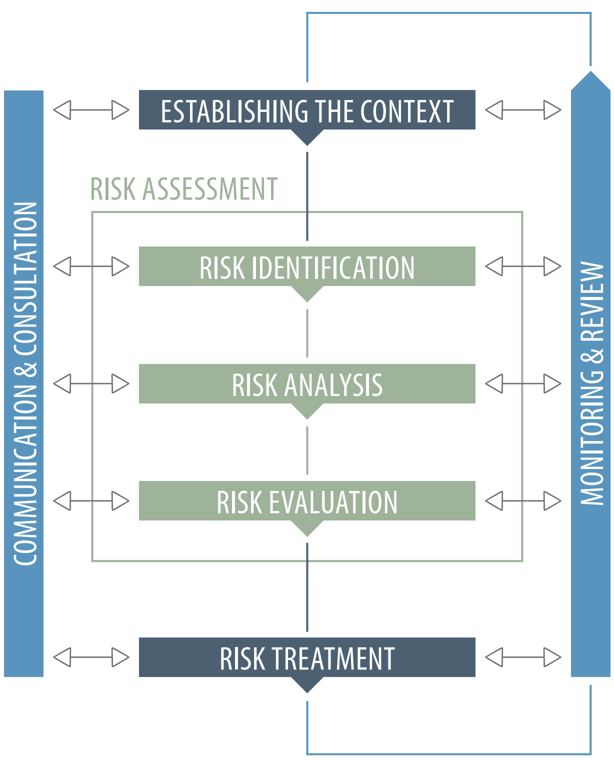
Main features

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 a 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 25.

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 to 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

2019

Ernst & Young Bedrijfsrevisoren BCVBA, represented by Marnix Van Dooren was re-appointed as Deceuninck'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.

2020

In light of the Law of 7 December 2016 on the organization of the profession and the public supervision of auditors, the board of directors will propose to the Annual General Meeting of 2019 the appointment of a new statutory auditor: PwC Bedrijfsrevisoren BV CVBA, with its registered office at Woluwedal 18, 1932 Sint-Stevens-Woluwe, with enterprise number 0429.501.944, represented by Lien Winne, for a period of three years, which means until the closing of the Annual General Meeting of 2023.

Transactions between related parties

General

Each Director and each member of the Executive Committee are encouraged to arrange their personal and business interests so that there is no direct or indirect conflict of interest with the Company. Deceuninck has no knowledge of any potential conflict of interest affecting the members of the Board of Directors and the Executive Committee 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 not applied in 2019.

Transactions with affiliated companies

The conflict of interest settlement procedure of article 524 of the Belgian Companies Code was not applied in 2019.

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 2019

The share capital was fully paid up and was represented by 136,732,506 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 and its direct and indirect subsidiaries are suspended. At 31 December 2019, these rights were suspended for 69,769 shares (0.05% 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 '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'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 and at a maximum price of € 10, provided that by doing so, the Company does never possess 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 shares 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 2019, 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. 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 2018 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, than 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 2019, there were no capital increases within the authorized capital, other than one confirmatory capital increase within the framework of authorized capital as a result of the exercise of warrants (on 5 June).

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.

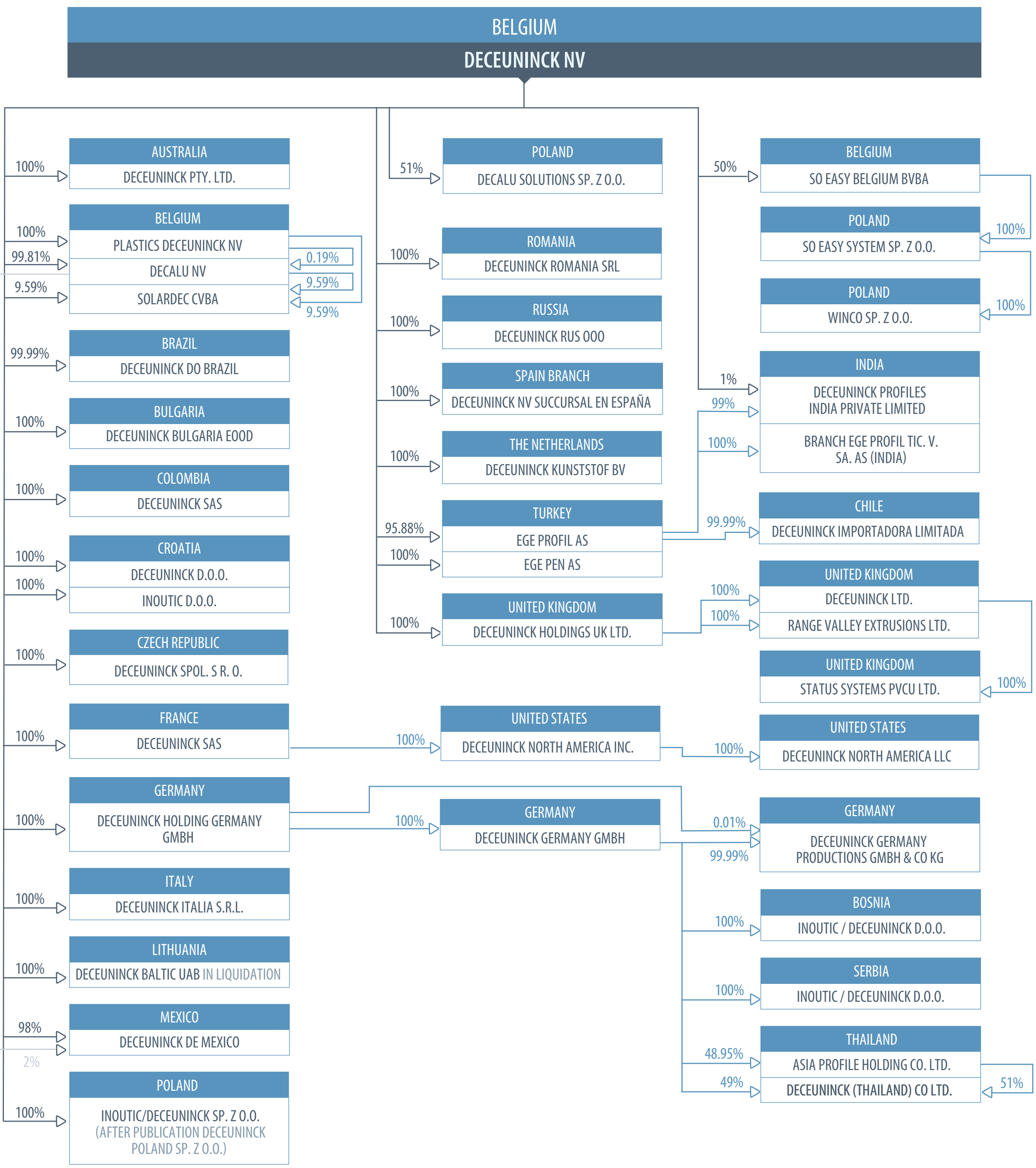
The involved parties need to submit a notification to the Financials Services and Markets Authority (FSMA) and to the Company.

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 2019:

SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE
Gramo BVBA[1]	23,879,374	17.46%
Holve NV[1]	15,767,807	11.53%
H.P. Participaties Comm.V.	10,000,000	7.31%
Sofina NV	9,461,513	6.92%
Fidec NV[2]	7,089,632	5.19%
Lazard Frères Gestion SAS	6,695,000	4.90%
Allacha (Burgerlijke maatschap)[3]	5,379,317	3.93%
Evalli (Burgerlijke maatschap)[4]	4,258,171	3.11%
Treasury shares	69,769	0.05%
Others	54,131,923	39.59%
TOTAL	**136,732,506**	**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

Legal structure



Non-Financial information

CORPORATE SOCIAL RESPONSIBILITY

2019 proved to be a pivotal year in corporate and social responsibility with significant media attention for issues related to climate change, globalization and social issues on the forefront. Many big questions were asked, with a particular focus on collaboration and the need to listen and respond to a variety of stakeholders.

Introduction

At Deceuninck Group CSR is deeply embedded in our strategy. We believe a business cannot be successful when the society around them fails. Our **mission** is to build a sustainable home for our people and our customers, based on our core values and focusing on the key purpose: innovation, ecology and design.

We have this clear **commitment** to act with respect of people, society and environment and always act in accordance to our business values: people, planet, quality, service and profit (PPQSP). We operate not only in our own interest, but also for our stakeholders, such as our employees, the end-consumer, manufacturers, suppliers, shareholders and local communities. We believe CSR is fundamental for our long-term future and the company reputation.

Every action we take should be consistent with **our core value**s, which help us to execute our CRS agenda.

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: this is our authenticity

"At Deceuninck Group corporate and social sustainability has long been used as an effective lens through which we examine our business actions to ensure long-term wellbeing of our stakeholders."

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

About this chapter

In this chapter we provide an overview of our ambitions and (bigger or smaller) achievements in the field of sustainability. This report has been prepared in accordance with the Global the Global Reporting Initiative standards – option core – and linked to the United Nations Sustainable Development Goals.

The sustainability actions and indices cover the wholly and majority owned subsidiaries of Deceuninck NV, unless stated otherwise. 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.

Sustainability topics

Deceuninck Group is inspired by the Global Reporting Initiative standards and the United Nations Sustainable Development Goals to further shape our ambitions in the field of CSR and define our performance measures and targets ('KPIs').
In 2019 Deceuninck Group focused on achieving the KPIs set on the different topics defined during a materiality assessment in 2018. During this assessment, Deceuninck Group identified and prioritized the key sustainability topics taking into account global trends and keeping in mind the interests of our stakeholders. We start with a revised overview of our key sustainability topics.

Stakeholders' interests

Deceuninck Group cares about the thoughts and ideas of his key stakeholders. Here is how they can raise any concerns or how their engagement is triggered:

- Employees: performance review, intranet, Deceuninck Group Community
- Customers: Customer service, preferred partnerships, customer training programs
- Investors: investor roadshows and various meetings
- Suppliers: daily contacts in the field, Deuceninck Group trainings
- Public organizations: global networks, scientific groups, participation in working groups
- Neighbors: informative meetings

During 2019 external stakeholders confirmed our sustainability policy – defined in expert groups in the materiality analysis in 2018. In 2020 we will re-evaluate our sustainability policy with internal and external stakeholders within expert groups to ensure they stay in line with our group strategy.

Global trends

Deceuninck operates in a changing world. Global trends influence our current and future operations and create opportunities for our future business. Below, we identified some of the most important trends and their possible influence on our business:

TREND	INFLUENCE
CLIMATE CHANGE	– Superior quality and long lifespan of the products – Energy savings thanks to the insulating and thermal characteristics of the products. • Due to increased insulation, less energy is needed for heating or cooling • Natural ventilation is energy efficient compared to air conditioning – Energy saving and reduction of CO_2 impact by reuse of materials – Development of products tailor-made to extreme weather effects ofclimate change
CHANGING DEMOGRAPHIC BALANCES	– Impact of population growth and increasing demand for housing worldwide: • Movable houses • The avoidance of exhaustible resources such as wood • Noise-isolating characteristics of the products is a surplus value with the eye on urbanization
INCREASING SHORTAGES OF RAW MATERIALS AND RESOURCES	Investments in reuse and collection of end-of-life products
DIVERSITY AND ETHICAL BEHAVIOUR	– Code of Conduct – Gender equality
DIGITIZATION	Technical innovation towards the use of domotics and apps for sales processes tailored to the customer

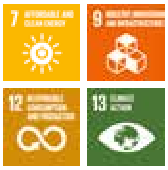
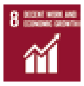
Deceuninck Group's material sustainability topics

Taking into account those global trends and keeping in mind the interests of our stakeholders. Deceuninck Group continued to focus on the following material sustainability topics in 2019:

Governance

Deceuninck Group's corporate governance structure can be found in the corporate governance statement. Within that framework the following bodies are in charge of sustainability strategy, implementation, monitoring and reporting:

- Executive Management; Leading by example
- Sustainability Manager; Dedicated person as a gatekeeper for the implementation of our CSR strategy
- Expert working groups with involvement of all corporate departments on a regular basis

	PPQSP BUSINESS VALUES		
	PEOPLE AND SOCIETY	**PLANET**	**PROFIT**
MISSION	We build a sustainable 'home' for our people and our customers. We build long-lasting relationships and intimacy, based on our core values.	We help to 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.	We have a voice in the market, resulting in substantial market share within the top 3 market players. We offer top performance in quality and service through trusted customer partnerships.
MATERIAL TOPICS	- Health & safety - Workforce diversity - Training & development - Health and safety of the end user - Community engagement - Ethical behaviour	- Energy-efficient products - Recycling of products - Collection of products - Environmental management - Energy consumption in production	- Financial sustainability
UN SUSTAINABLE DEVELOPMENT GOALS			

People, markets and society

At Deceuninck Group, we 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 also believe we have a role to play in society and we therefore support charity projects worldwide, both bigger and smaller ones, making a difference for each and everyone involved.

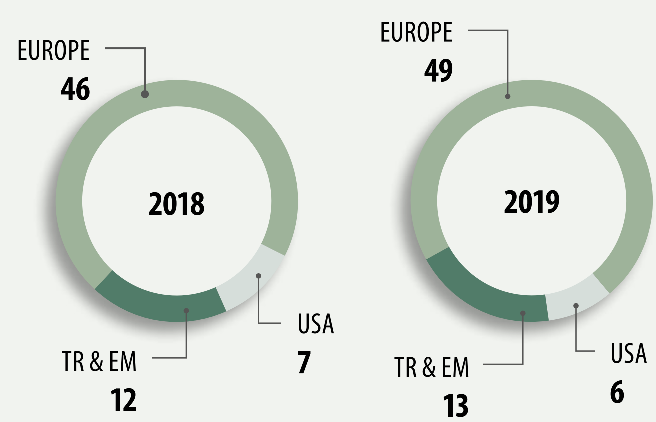
Our employees

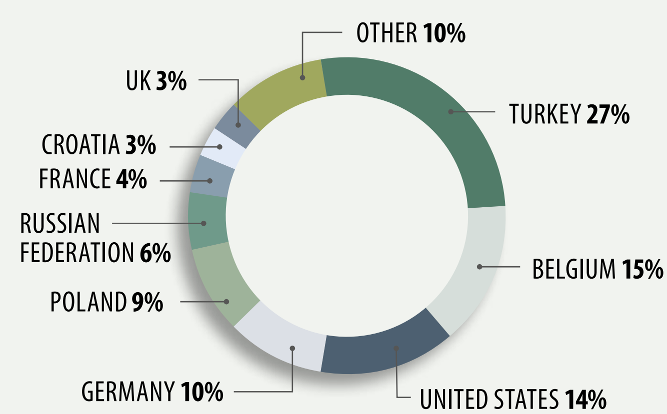
Diversity

	DIVERSITY
DECEUNINCK GROUP'S POLICY	We respect cultural differences. Diversity of people and ideas will provide the Company with a business advantage.
DECEUNINCK GROUP'S AMBITION IN 2019	Throughout the Group, we aim at having employees of all age groups.
RESULTS 2019	Diversity in terms of average age groups has increased within the Group.
DECEUNINCK GROUP'S AMBITION IN 2020	Throughout the Group, we will further improve the diversity of our employees in terms of representation of all age groups, nationalities and genders.

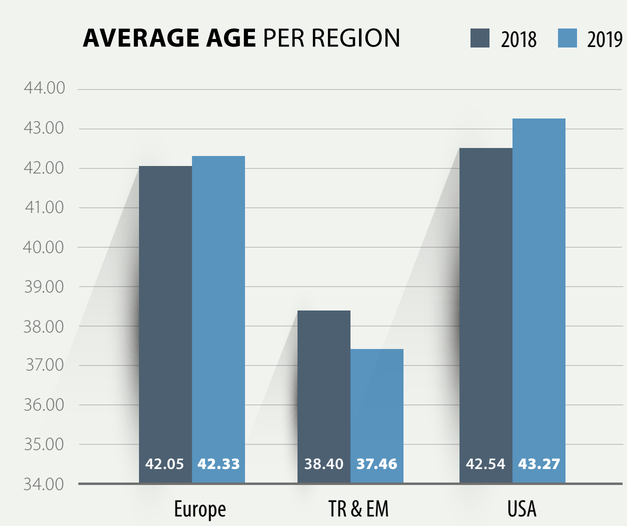
The Deceuninck Group population amounts to 3,754 FTE and is spread over 23 countries around the world.

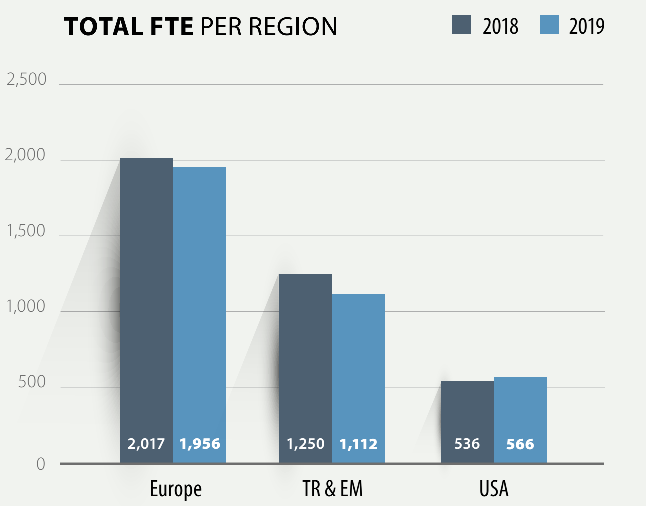
NATIONALITY PER REGION

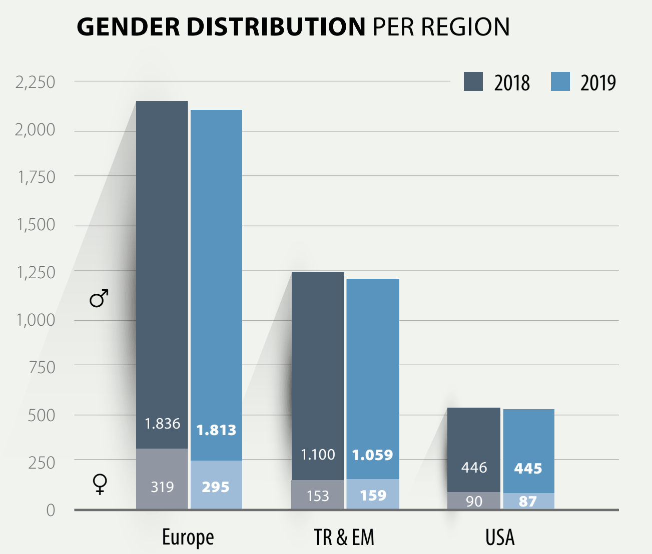


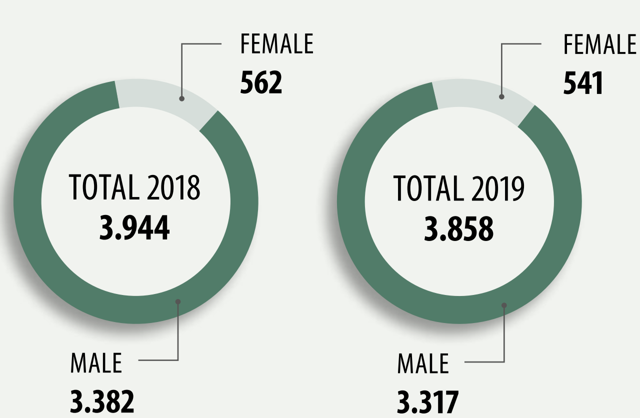


AVERAGE AGE PER REGION









Health & safety

	HEALTH AND SAFETY
DECEUNINCK GROUP'S POLICY	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.
DECEUNINCK GROUP'S AMBITION IN 2019	As it should be everyone's goal to have no work accidents at all, it is also our ambition to reduce the number of work accidents (resulting in lost days or requiring medical attention) to zero.
RESULTS 2019	We have not yet reached our goal of zero accidents. However, the number has decreased compared to last year.
DECEUNINCK GROUP'S AMBITION IN 2020	It is remains our ambition to reduce the number of workplace accidents (resulting in lost days or requiring medical attention) to zero.

Building a sustainable home can only be done with healthy people and in a safe way.

Today, we have not yet achieved our zero accidents ambition, but we believe that investing in prevention, creating awareness and making available the necessary monitoring and reporting tools will help us improve every day. There are safety trainings for all employees, a Health and Safety Day (in Turkey) and several awareness programmes, such as Safety Barometer, that was introduced in Belgium in order to create both awareness and accountability with regard to safety on the floor ("behaviour-based safety").

At Deceuninck Group, we also attach great importance to a healthy working environment. These are a few of the many examples throughout the Group: healthy employee snacks (free fruit) and participation to several sports events.

Training & development

	TRAINING AND DEVELOPMENT
DECEUNINCK GROUP'S POLICY	We believe that great people deliver great results. Therefore, we aim at creating a culture of excellence by establishing a tangible link between learning, performance and compensation, succession planning and knowledge transfer, by arranging for and providing training that broadly supports strategic organizational objectives and by fostering a culture of continuous improvement that values organizational learning.
DECEUNINCK GROUP'S AMBITION IN 2019	We believe that every employee has the right to have a career discussion, with focus on development. A performance review takes place twice a year.
RESULTS 2019	The performance review appraisal has been automated in an online application. The tool facilitates identification of achievement of goals and of gaps in skills or knowledge and potential for growth. This enables us to link performance directly with learning and development.
DECEUNINCK GROUP'S AMBITION IN 2020	Implementation of automated PRD process in the Group.

New joiners, young leaders, technicians, sales people... Everyone receives tailor-made trainings throughout his career at Deceuninck Group. Also in terms of personal development, we encourage internal and international mobility.

A job as business analyst for Deceuninck is very variated and challenging. Three young business analysts share some thoughts on the opportunities they're presented with at Deceuninck.

MATTHIAS WINDELS
Business Analyst

"In 2014 I joined a Young Potential trajectory together with three other engineers. We each were employed in different projects within the Deceuninck. During that time, it became apparent that my strengths and interest were in supply chain.

The company gave me the opportunity to pursue this when the warehouse manager position became vacant at the Gits plant. This allowed me to further develop my business knowledge of Deceuninck warehouses.

During my studies I had the chance to study abroad, something I always hoped to continue during my professional carrier. The possibility arose when the Fusion project team was assembled. This international project allowed me to travel, meet new people, cultivate new connections, see different perspectives and develop some technical IT experience.

Today I'm a business analyst, still closely involved in SAP eWM MM migration and development of new functionalities in SAP. I love the fact that we can work as a team to complete major projects and make a difference. Every day I get to the opportunity to learn something new. In conclusion, there is never a dull moment."

LIEN BUFFEL
Business Analyst

"Since June 2018 I'm working for the Deceuninck company as a business analyst for SAP EWM.

Every day I experience Deceuninck as a very dynamic environment, which encourages me to take responsibility and to develop myself. My work exists of improving processes with new functionalities and adjustments in close collaboration with the business, supporting the business in daily operations and helping with the roll-out of SAP to the different plants. This combination of tasks keeps the job fascinating and rewarding and offers me the opportunity to travel to the different plants of Deceuninck to further improve my knowledge. Last but not least, I'm also pleased a good work-life balance is supported."

SHARON PERSYN
Business Analyst

"After 3 years of working in banking and insurance consulting, I wanted a more hands-on job in a production environment.

An international touch would be a big plus. In the meantime, I have been working for two years at Deceuninck where I'm part of the SAP Production and Planning team. The swiftness with which we can implement changes that have an impact on the daily way of working on the production floor is one of the elements I most appreciate about my job. Since we are preparing all worldwide plants for the SAP roll-out, monthly business trips are also part of the job. It is the perfect way to get all international team members aligned for upcoming projects and understand the way of working in each plant. In short, each day is totally different from the day before which makes my job as a business analyst for Deceuninck so interesting."

Ethical behavior

	HUMAN RIGHTS	NON-DISCRIMINATION	ANTI-BRIBERY AND ANTI-CORRUPTION
DECEUNINCK GROUP'S POLICY	We are committed to safeguard human rights. 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.	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.	- We exercise honesty, loyalty, fairness, equity, proper courtesy, consideration, integrity, accountability and sensitivity in dealing with customers, suppliers and employees. - We cannot 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. - We do not support political institutions.
DECEUNINCK GROUP'S AMBITION IN 2019	- Our UK Anti-Slavery and Human Trafficking Policy will be rolled out to the rest of the Deceuninck Group. - The e-learning program on our Code of Conduct will be rolled out to our blue collar workers.	The e-learning program on our Code of Conduct will be rolled out to our blue collar workers.	The e-learning program on our Code of Conduct will be rolled out to our blue collar workers.
RESULTS 2019	In 2019. Deceuninck introduced its Human Rights Policy to the Group. It also finished the e-learning course on the Code of Conduct for blue collar workers. Due to some technical impracticalities, the course has not been launched.	Deceuninck finished the e-learning course on the Code of Conduct for blue collar workers. Due to some technical impracticalities, the course has not been launched.	Deceuninck finished the e-learning course on the Code of Conduct for blue collar workers. Due to some technical impracticalities, the course has not been launched.
DECEUNINCK GROUP'S AMBITION IN 2020	Deceuninck aims at solving the technical impracticalities and to launch the e-learning course on the Code of Conduct for its blue collars workers worldwide.	Deceuninck aims at solving the technical impracticalities and to launch the e-learning course on the Code of Conduct for its blue collars workers worldwide.	Deceuninck aims at solving the technical impracticalities and to launch the e-learning course on the Code of Conduct for its blue collars workers worldwide.

Deceuninck Group 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.

The rules and guidelines are set out in our Code of Conduct, which highlights the policies and procedures which are essential for the operation of our business. To make sure that all of our employees have the same understanding of the Code of Conduct principles, an e-learning program was launched 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 e-learning program is still active and is now ready to be rolled out for our blue collar workers.

> " The e-learning program designed to help employees understand our Code of Conduct is now ready to be rolled out for blue collar workers."

JOHN LEE
Cost Accountant

Deceuninck promotes growth to its employees through educational incentives, hands-on learning, mentoring, and opportunities both domestically and internationally.
I began working at Deceuninck North America in May 2017 as my first job right out of University. I experienced the manufacturing of lineals first-hand. I had helpful people explain to me the processes and procedures, which benefitted my role as a Cost Accountant.

With the corporate world being still very new to me, in the second month I was placed on a plane to Belgium for some extensive costing training and a few tips in Excel. Never having been to Europe, those two weeks were a culture shock to me. I felt very overwhelmed as I was in a foreign country, struggled to communicate with others and didn't even know how to drive stick shift! Again, thankfully there are very talented and helpful people who took the time to hone my skills, both inside and outside of work. In the end it was a very educational, memorable and enjoyable experience.

Since then, I've continued learning and improving upon an ever-growing number of skills and tasks. Constantly challenged to improve further and to question "why" for better understanding. I have helped implement a foiling standard cost model for the US. Together as a company, we have implemented a cost savings program that has saved millions of dollars in 2019 alone. Outside of work, I have been studying for the Certified Managerial Accountant certification, which friends, family and my manager have all been very supportive of. After my CMA certification, I plan on pursuing an MBA which will be partially supported by Deceuninck. Deceuninck's flexibility and support allow me to balance the work and studying so that I may further develop my career. I'm very thankful to be working with a great team, a great company and to not be driving stick!

Our markets

Health and safety of the customer and the end-user

	OUR PRODUCTS	OUR PRODUCTION PROCESS
DECEUNINCK GROUP'S POLICY	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.	Environmental protection is part of our business strategy. 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.
DECEUNINCK GROUP'S AMBITION IN 2019	We go for zero incidents of non-compliance concerning the health and safety impacts of our products.	We strive for continuous improvement of our environmental performance, in partnership with government agencies, contractors and communities.
RESULTS 2019	No incidents of non-compliance concerning the health and safety impact of our products were reported in 2019	Important investments have been made by the EHS department. There is a continuous focus on safety awareness and commitment through training (incl. training of supervisors).
DECEUNINCK GROUP'S AMBITION IN 2020	We go for zero incidents of non-compliance concerning the health and safety impacts of our products.	We strive for continuous improvement of our environmental performance, in partnership with government agencies, contractors and communities.

Today, our PVC cladding products are subject to CE marking. The CE mark signifies that products sold in the European Economic Area have been assessed to meet high safety, health, and environmental protection requirements. It 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 our PVC cladding products are officially stated in a Declaration of Performance, published on the website of Deceuninck and made directly available to the customers.

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

Also 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.

Supply chain

	SUPPLIER COMPLIANCE
DECEUNINCK GROUP'S POLICY	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.
DECEUNINCK GROUP'S AMBITION IN 2019	We have created a supplier Code of Conduct, which we will introduce to our new and existing suppliers in 2019.
RESULTS 2019	In 2019, Deceuninck introduced its Supplier Code of Conduct to its main suppliers.
DECEUNINCK GROUP'S AMBITION IN 2020	In 2020, Deceuninck will further introduce its Supplier Code of Conduct to its smaller suppliers.

We expect our suppliers to comply with the same ethical standards as we do, in particular with regard to (but not limited to) non-discrimination, anti-bribery, anti-corruption and human rights.

Privacy

	PERSONAL DATA
DECEUNINCK GROUP'S POLICY	Deceuninck Group is committed to do the utmost to protect personal data against unauthorized users, and operates in accordance with the applicable rules and legislation
DECEUNINCK GROUP'S AMBITION IN 2019	We go for zero complaints on breach of privacy or loss of data
RESULTS 2019	In 2019, no complaints on breach of privacy or loss of data were reported.
DECEUNINCK GROUP'S AMBITION IN 2020	We go for zero complaints on breach of privacy or loss of data

Our Society

Community engagement

In 2019 Deceuninck Group made major donations to charity projects in the different regions. We highlighted some here out of the many other smaller projects.

HIPPO & FRIENDS

YOUTHSTART

BELGIUM

Hippo & Friends

Hippo & Friends is a fund for people and children diagnozed with type 1 diabetes set up by the KU Leuven. They support scientific research into the causes and course of the disease as well as new medicines and treatments. Through events and campaigns Hippo & Friends aims at creating more general awareness around type 1 diabetes. In 2019 Deceuninck became a partner of the organization and donated an amount of aid to help them reach that goal.

YouthStart

YouthStart is a Belgian non-profit organization that builds the self-confidence of underprivileged youth and opens up possibilities for them to achieve their ambitions. In 2019 Deceuninck hosted the YouthStart Business Plan Competition at the Petrus & Paulus school group in Ostend, which helped students obtain their certificate. We wish them the best of luck in their future careers.

Deceuninck will continue to support the YouthStart association as a Golden Partner in 2020.

See & Smile

Deceuninck supports See & Smile, a non-profit organization specializing in plastic surgery and ophthalmology. Through humanitarian missions, their purpose is to offer medical help in underdeveloped regions in third world countries. In April 2019, 23 final-year medicine students from the KU Leuven's Kulak Campus left for a two-week study trip to the Philippines to get acquainted with the different facets of medicine in a third world country, visiting local hospitals and aiding the See & Smile doctors where possible.

NORTH AMERICA

Habitat for Humanity

Habitat for Humanity of Greater Dayton is committed to partnering with families to build safe, healthy and affordable homes. Deceuninck North America donated windows to help their cause.

Tour De Gem

On 1 September 2019 Deceuninck participated in Tour de Gem, a fundraising cycling event for local charities to raise money and bring awareness to their important missions.

SPAIN

COP 25

On occasion of the UN Climate Change Conference in Madrid, COP25, Deceuninck participated in a radio collaboration.

FRANCE

Tryba – A world for children

The objective of Tryba – A world for children, an initiative of our French partner Atrya, is the protection of disadvantaged children, regardless of religion or origin. In Vietnam especially, but also in Burkina Faso they strive for progress regarding children's rights, education and schooling, with Deceuninck's financial support.

HABITAT FOR HUMANITY

SEE & SMILE

Our planet

We understand that we have an impact on our environment and the societies in which we operate. Our world gives us so much – food, fresh air, clean water – but the strain on natural resources is beginning to show. The world continues to experience increasing concentrations of greenhouse gases, extreme weather conditions and rising sea levels. Landfills are overflowing with waste and most people will have seen increasing levels of plastics in our seas, affecting marine life. We believe we have a responsibility to minimize the environmental impact of our operations. Our stakeholders have high expectations of us to address many of today's environmental challenges. Their views and priorities continue to play an integral role in the development of our sustainability action plan.

Deceuninck Group has its mission to build a sustainable home for our people and our customers. We are committed to strive for a health world through a closed-loop approach on one hand and creating sustainable products and productions processes on the other hand. We close the loop by carefully dictating how we source recycled materials, how we produce our products, how we ship and deliver them and how they are recycled at the end of their long lifetimes. In addition, our design teams constantly look for buildings products with improved energy performance at an even lower weight.

EuCertPlast

Important to notice is that Deceunick's recycling activities are EuCertPlast certified and contribute to the Recovinyl objectives to recycle 800,000 tonnes of PVC in Europe by 2020.

recovinyl plus

Further closing the loop in our industry in 2019

Recycling

As an internationally active company, Deceuninck Group is fully aware of our responsibilities in terms of recycling and we will actively contribute to increased recycling rates by continuously increasing our capacity and investing in emerging recycling technologies.

In 2019 we ramped up the production of our high-tech recycling line at our compounding facility in Diksmuide built in 2018. The installation showed our commitment to become a circular player. Recycling post-industrial materials from our own production facilities and window fabricators is what we have been doing since 2012 but this only met part of this ambition. Creating a circular economy goes further and aims to close the loop for all material fractions:

- used or 'post-consumer' uPVC profiles coming from demolition or renovation works
- by-products of windows such as TPE's, metals, glass, etc.

The high tech fully automated line enabled a better sorting of the materials and as such to process old uPVC profiles at superior efficiency and quality. The latter are key requirements to be able to use the recycled materials from post-consumer materials 1 on 1 in the production of new profiles.

Availability post-consumer PVC

PVC is a valuable and sustainable material that can be recycled up to ten times without losing its mechanical characteristics. Installed for around 35 years, it has a potential lifecycle of up to 350 years.

In addition, the use of PVC commenced it surge during the 1980s in just about all European countries. In the same logic of being installed for around 35 years, the inflow of PVC is expected to increase significantly over the coming years. Also the European guidelines for energy efficiency in homes (epd) continues to result in more renovation projects and will add up to an increase in PVC materials becoming available from construction. Preventing this uPVC from going to landfill or incineration is thus the way forward.

Collection of post-consumer PVC

For the collection of the materials, we cooperate with various partners such as waste management companies, container parks, demolition companies, window fabricators, etc. that enable an efficient and sustainable organization of the logistic flows. We mainly source within the 500 km range, for sources out of this range we ensure optimized transport by grinding the materials prior to being transported. During 2019 we set up strategic partnerships with major waste management companies to ensure our inflow for the future.

All Deceuninck facilitities grind their scrap materials as much as possible locally on their production site. This way we avoid transport to Diksmuide or other local recyclers. This regrind material is being used immediately in the production process.

Recycling effort in 2019

Overall, Deceuninck Group recycled 20,000 tonnes of post-industrial and post-consumer rigid PVC waste in 2019, preventing approximately one million windows from landfill. However, this is below the ambition of 25,000 tonnes we set in the beginning of the year. The ramp-up phase of our recycling plant took slightly longer than expected due to technical difficulties. Nevertheless, we are confident we will reach 25,000 tonnes in 2020 as the ramp-up phase of our recycling plant is finalized and the inflow of new material is secured. The total recycled content of Deceuninck Group amounted to approximately 30,000 tonnes including the scrap regrind on local production sites.

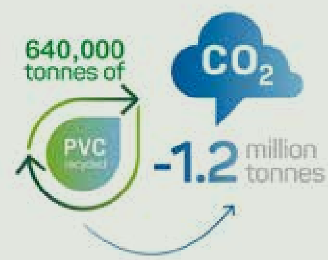
	RECYCLING
DECEUNINCK GROUP'S POLICY	Deceuninck is committed to prevent as many materials from landfill or incineration and to process those at high quality so they can be used 1 on 1 in the production of new window profiles.
DECEUNINCK GROUP'S ACHIEVEMENTS IN 2019 AND AMBITION IN 2020	In 2019 we recycled 20,000 tonnes of post-industrial and post-consumer material. Our objective for 2020 is to Increase this volume towards 25,000 tonnes.

Ecological impact of our recycling activities

Our recycling plant can easily be upgraded towards a capacity of 45,000 tonnes per year – which is still our longer term target – leading to significant impact on our ecological impact.

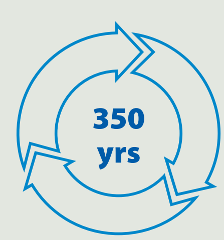
Our capacity of 45,000 tonnes of recycled material represents:

Preventing 2.3 million windows from going to landfill or incineration every year



Reduced CO_2 emissions worth 90,000 back and forth flights Paris - New York

The energy consumption of recycling PVC is 90% lower than the energy needed to produce virgin PVC



PVC can be recycled up to 10 times without losing its mechanical characteristics, with a lifespan of 35 years, the potential lifecycle of PVC materials reaches up to 350 years

Use of recycled materials in our products

A circular economy is an alternative to a traditional linear economy of 'make, use, dispose' in which the lifecycle of a material is extended for as long as possible, with recovery, regeneration and recycling at the end of each service cycle. At the Deceuninck we aim for a circular economy where we not only prevent old windows from landfill with the investment in our recycling plant but also with the objective of increasing the use of recycled products in the production of new window profiles. Having our own recycling activity enables us to control the recycling process and thus to have control over the quality of the recycled output. This way we can ensure the quality of our end product is guaranteed. All recycled materials are CSTB certified.

USE OF RECYCLED MATERIALS	
DECEUNINCK GROUP'S POLICY	Deceuninck strives for maximum usage of recycled materials in our window profiles. Preventing new virgin PVC to be used.
DECEUNINCK GROUP'S ACHIEVEMENTS IN 2019 AND AMBITION IN 2020	In 2019 we achieved 14% of total compound usage coming from recycled materials, which we are confident to increase to our goal of 15% in 2020.

In 2019 we continued to invest in new production lines and tools in the Western European production facilities in order to use the recyclate in the core of our profiles. In the design process of our new window systems, the use of recycled materials became a top priority for our R&D teams. In 2018 recycled materials represented 12% of the total compound need for our group, while in 2019 we increased this amount to 14% – Turkish plants leading the pack with more than 16%. By doing so we come very close to our 15% goal set on group level, which we are confident to reach in 2020 by further investing in co-extrusion lines and evaluating management performance on this metric.

Waste management

WASTE MANAGEMENT	
DECEUNINCK GROUP'S POLICY	It is Deceuninck's ambition to work towards a zero-waste future. We want to attain this goal by embedding a zero-waste mindset throughout our entire organization. As a result our processes and policies are continuously being questioned and optimized towards attaining that goal.
DECEUNINCK GROUP'S AMBITION IN 2020	It is our ambition to consistently reduce waste and focus on 100% recycling in 2020.

Reducing our waste is not only good for the environment but also for business, as fewer raw materials are required to produce. Our work to reduce waste is based on the zero-waste mindset we embody throughout our entire organization and our long-term ambition – zero waste to landfill from our operations, and we are determined to achieve this.

By carefully tracking all waste streams and by more efficient waste handling management, we took approximately 50 trucks off the road in 2019 in our plant in Gits. On a group level our total hazardous waste volume was reduced further with 2% compared to 2018.

Nevertheless, we still need to define attainable waste targets for all our production plants in the system during 2020 in order to obtain our long-term zero-waste ambition. For those waste fractions, for which we haven't found a solution yet, we continue to partner up with universities and other partners to investigate how we can valorize those material flows.

Sustainable products and production processes

USTAINABLE PRODUCTS AND PROCESSES	
DECEUNINCK GROUP'S POLICY	Being a sustainable player goes beyond the ecological footprint of our products but should be incorporated in all aspects of our business.
DECEUNINCK GROUP'S AMBITION IN 2020	– Renewing the VinylPlus product label in 2020 with an even higher score. – Renewing ISO certifications with no remarks on environment

Europe

In 2019. Deceuninck continues to have its VinylPlus product label. The label is the very first 'quality mark' for PVC building and construction profiles that certifies company's policies, processes, products and performance for fulfilling following stringent sustainability criteria:

1. **Responsible Sourcing** – traceability of raw materials
2. **Controlled Loop Management** – reduce waste and increase use of recycled material
3. **Organo-chlorine Emissions** – PVC sourced from ECVM chartered suppliers
4. **Sustainable use of additives** – cadmium and lead free products, additives used contribute to lower ecological footprint
5. **Energy and climate stability** – energy efficiency improvement and use of renewable energies above national legal requirements

The label is a result of our longstanding focus and commitment on responsible entrepreneurship which is embedded in all aspects of our business. It gives evidence that our products and processes are applying to the highest quality, performance and sustainability standards.
The VinylPlus product label was put into place by VinylPlus (www.vinylplus.eu), BRE and the Natural Step and was originated to make it easier for customers and markets to choose the most sustainable, high-performance PVC products.

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.

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

North America

In 2019, Deceuninck North America was certified for the eighth year for the recycled content in extruded window lineals and we are proud to be the only North American PVC window lineal supplier that is a GreenCircle Certified company for Recycled Content.

Our designation as a GreenCircle Certified company for Recycled Content offers third-party assurance that Deceuninck engineers fenestration components with a focus on environmental impact. Deceuninck products feature lifecycle engineering form recyclability at the end of use. Raw materials extracted from recycled products are used in manufacturing new products.

Companies that are GreenCircle Certified have demonstrated that they conform to the materials and resources criteria for recycled content for building products as specified in the US. Green Building Counsil (USGBC) Leadership in Energy and Environmental Design (LEED) Green Building Rating Systems and in the National Association of Home Builders (NAHB) National Green Building Standard Program.
For further information on the Green Circle Certification:
www.greencirclecertified.com

Our commitment to sustainability is a cradle-to-cradle approach, dictating how we source recycled materials, how we design and manufacture products, and how those products are shipped and delivered. For example. Deceuninck has significantly reduced the usage of plastic bag packaging in the window extrusion process, and extruded packaging made from scrap vinyl has been designed to stack lighter and tighter in shipment to save on fuel during transportation.

Our window systems and building products are developed to allow for easy recycling in production and installation as well as easy removal during refurbishments and dismantling after their useful life.

Deceuninck North America consistently receives the Excellence in Pretreatment Award from the Butler County. Ohio Board of Commissioners and Department of Environmental Services. It is third-party verification of the notion that we are serious about returning water to the environment that meets or exceeds quality standards.

Sustainable products

National building codes are gradually introducing stricter insulation and ventilations 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 build.

Therefore, at Deceuninck sustainability is deeply embedded in our design process. We make sure the ecological footprint of our products is as low as possible. We design products with improved insulation values, but also products that are fully recyclable at the end of their lifetime so we can close the loop in our circular economy.

Sustainable product design in 2019

In 2019 we continued developing various products fully in line with our mission to build a sustainable home taking into account our core values: innovation, ecology, design.

Elegant ThermoFibra

As a successor for the glass fiber-reinforced Zendow#neo window system, Deceuninck expanded its newly launched Elegant series with a ThermoFibra profile. Elegant Infinity thanks its unseen insulation values to the same principles powering Zendow#neo: structural glass fibers in the window profiles replacing the standard steel reinforcement combined with a Forthex-reinforced frame. The lighter Forthex-reinforcement is based on steel-wire PVC hard foam. With this high-performing technology Deceuninck won an Inovyn Award in 2019.

PROtex 2.0 screwless and airtight roller shutter

PROtex 2.0 is Deceuninck's newly developed roller shutter box featuring an innovative screwless assembly concept. The intuitive click system enables a simple and quick installation, but more importantly guarantees maximum airtightness and stability. The high performance of PROtex 2.0 is obtained thanks to Peripheral PU foam applied around the console. Further, components like reinforced middle consoles and inside PVC cover planks with plaster fleece have been created in order to reduce complexity and optimize production.

Breakthrough in recycling of glass fiber in 2019

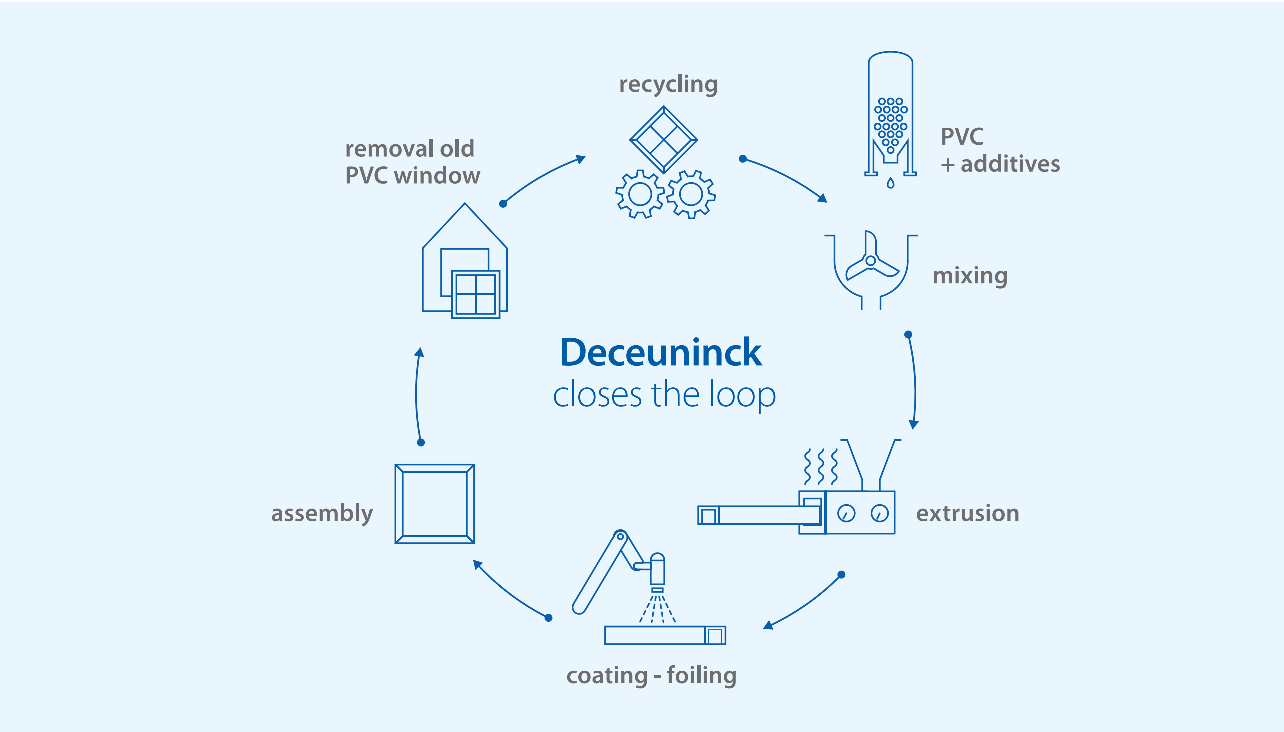
For the waste fractions for which we haven't found a circular solution yet, we set up pilot projects with universities and other partners to investigate how we can valorize those material flows.

In 2019 Deceuninck Group succeeded in 100% recycling of all glass fiber-reinforced window profiles in its own recycling unit in Diksmuide. Belgium. This applies to industrial, post-fabricator and post-consumer waste. The raw materials that result from this are re-used for the production of new fiberglass window and door profiles in Gits. As a result, the 2-year PVC Circular project in collaboration with Catalisti has achieved an important milestone. The processable volume will be further increased in the coming year.

In 2012, Deceuninck was the first manufacturer of PVC windows and doors to introduce a new technology in which the traditional steel reinforcement in a window is replaced by integrated structural fiberglass.

This successful innovation considerably optimizes the dimensional stability, resistance and also the thermal performance of windows and doors. Glass fiber also plays an important role in the new Elegant series.

The fact that we are now able to fully recycle its own application 100% contributes to the important objective of maximally contributing to a circular economy in the construction industry.



Sustainable production process

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.

Also in 2019 our production sites in Belgium (Gits and Diksmuide), Turkey (Izmir & Kartepe) and the United Kingdom (Calne) were 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 neighbourhood. 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.

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.

Increased use of renewable energy sources

	RENEWABLE ENERGY
DECEUNINCK GROUP'S POLICY	Making the world a "greener" place through the implementation of innovative "Green Technologies" projects on all of our production sites worldwide
DECEUNINCK GROUP'S AMBITION IN 2020	Having renewable energy sources in all our plants is an objective we want to attain by 2025. In 2020 we will further work on attaining this objective

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:

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. One of the commitments is that each region has been instructed to invest in renewable energy and in "green" projects.

Belgian solar power with SolarDec CVBA

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. In 2019 the total yield since the activation of our solar panels amounted to 1,191,000 kWh, or a CO_2 reduction of approximately 1,200 tonnes.

Additionally our plant in Belgium invested in electrical forklifts to further reduce its carbon emission.

Spain

In Spain an investment plan was made to replace all warehouse and production lightning, based on HG technology by LED technology. The estimated savings amount to 80% of the energy consumption for lighting.

Turkey: Trigeneration and photovoltaic power system in Menemen plant

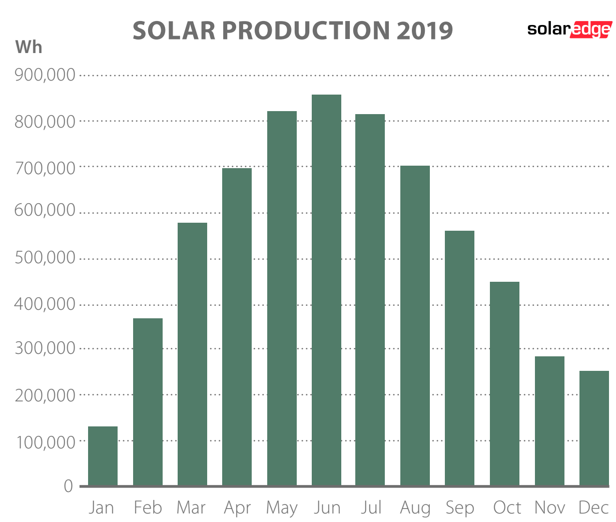
At the end of 2018 a brand new photovoltaic power system became operational at the Menemen plant. In 2019 we added a new Trigeneration system and fully benefited from the Solar Photo voltaic panels. The Trigeneration is a system is producing electric energy, cooling down the processing water by integrated absorption chiller and heating up water used for heating of production buildings by using the natural gas. The capacity of our system is 4.3 MWh. The total energy generated by these two systems will cover about 80% of the energy requirement of Menemen Production Building in 2020.

With the installation of a Trigeneration system and solar panels in Kartepe previously our two Turkish plants are now fully equipped for a sustainable future.

USA

In 2019 our SmartFlower solar panel installation in Monroe became fully operational. The SmartFlower uses advanced robotics and automation to intelligently track the sun, making up to 40% more energy than traditional stationary solar panels. In addition, every day at sunset. SmartFlower will automatically fold up and clean itself to maintain peak solar utilization. Like sunflowers open, close and follow the sun for optimal energy conversion, we figured solar panels should too. With our first SmartFlower in Gits we add a second one to our green energy infrastructure.

In our plant in Fernley, Nevada The Solar Pump House project in Fernley came online beginning of 2019. This project amounts for a CO_2 emission saving of ±10,500 lb with an equivalent of 270 trees planted.



PHOTOVOLTAIC POWER SYSTEM IN MENEMEN PLANT

SMARTFLOWER SOLAR PANEL IN MONROE

CYCLING SPONSORSHIP

As of 1 January 2019 Deceuninck Group is officially the main sponsor of Deceuninck – Quick-Step. This first year of sponsoring Belgium's biggest professional cycling team has meant a great leap forward for the visibility and awareness of the Deceuninck brand.

A winning team

When Quick-Step Floors was in search of a new partner at the end of 2018, Deceuninck Group firmly decided to step in and join the team as title sponsor. With this high-valued sponsorship in international cycling, one of the most popular sports in Europe, Deceuninck aims at a positive brand image and more brand awareness in its key markets. The sponsorship offers plenty of commercial opportunities for both Deceuninck and our customers, and should in the long-term stimulate the expansion of our dealer network.

Occasion for customer bonding

Since becoming part of Deceuninck – Quick-Step, we endeavored to ensure the involvement of our customers. To make our sponsorship visible in the Benelux and French showrooms of Deceuninck Preferred Partners, we provided banners, advertisements and welcoming displays featuring team cyclists such as Philippe Gilbert and Julian Alaphilippe.

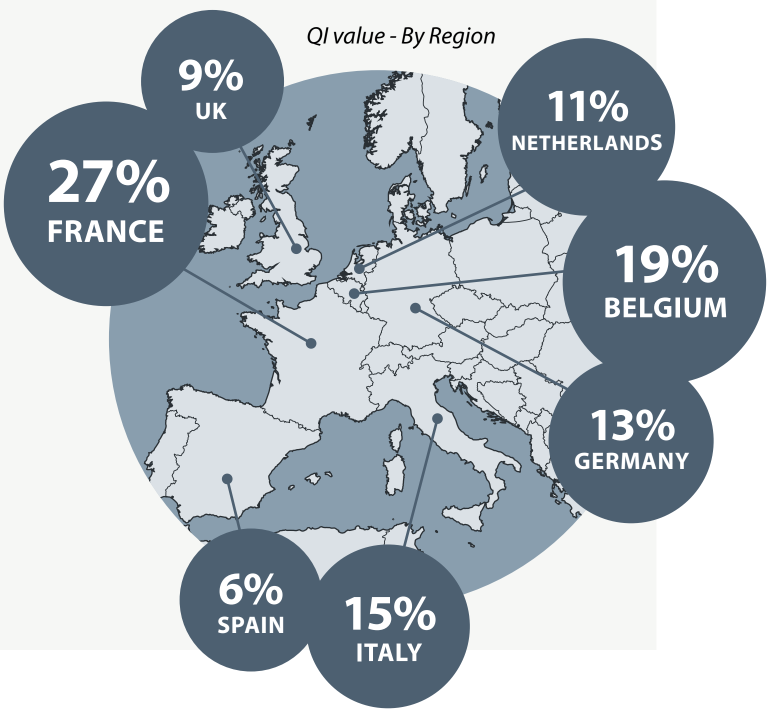
The cycling events also created a nice occasion to meet up and connect with customers in a new and refreshing setting. Throughout the season more than 400 customers were invited to attend worldwide races, Tour de France and Ronde Van Vlaanderen among others, in our VIP shuttles. Furthermore, a selection of big clients had the opportunity to invite their own customers to the races. We plan to further extend these customer bonding activities in 2020.

100 VIP shuttles worldwide

400 customers invited

Tv exposure in 7 key markets

Over the past year, television has played a major role in achieving our purpose to raise more awareness for our brand. The Deceuninck logo displayed on the jerseys of every team member on television led to a lot of exposure worldwide. For the 2019 cycling season, The Nielsen Company monitored TV coverage dedicated to Deceuninck – Quick-Step. Their analysis resulted in a gross value of € 79,601,705 in all markets and € 46,444,954 in our 7 key markets: Belgium, France, Germany, Italy, Netherlands, Spain and United Kingdom. Counted over all the races, Deceuninck – Quick-Step got an exposure time of over 1860 hours, with no less than 1087 hours covering the team's jerseys and thus our brand name.



DECEUNINCK – QUICK-STEP 2019

2
MONUMENTS WON

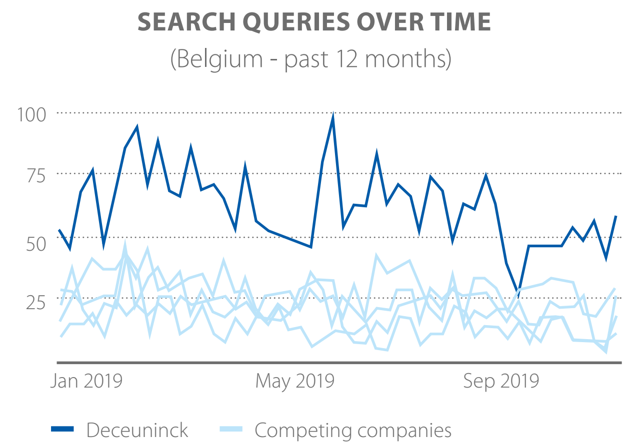
8
GRAND TOURS STAGE WINS

6
NATIONAL CHAMPIONSHIPS

52
OTHER VICTORIES

#THEWOLFPACK scores on social media

Social media is another important pillar to measure the impact of our cycling sponsorship. Based on a study by Blinkfire Analytics from 1 January until 18 December 2019, the overall media valuation of Deceuninck – Quick-Step was € 15,286,349. The great engagement around the cycling team is reflected by a total of 698,571 mentions on social channels and 233,146 hashtags used, with the team's nickname #TheWolfPack in the lead. 10% of brand visibility through social channels was obtained by video content, indicating a modern marketing strategy.



Boost in website traffic

The generous media exposure led to a noticeable boost of traffic on our website www.deceuninck.be. Since the start of the cycling season in March 2019, organic search results have increased by 11%, while 64% comes from direct url iteration into the browser. This large number of direct traffic confirms our sponsorship's positive influence on brand recall. Moreover, Google Trends shows that Deceuninck as a keyword has received a considerable amount more search requests than the names of our competitors throughout the year. In comparison, this meant 77 more searches for Deceuninck during the peak period from 3 until 9 March, when the season began.

BRANDED ENGAGEMENT

JAN 1. 2019 - DEC 18. 2019

PICTURES
28,996,942

VIDEOS
3,319,151

@ MENTIONS
698,571

HASHTAGS
233,146

BRANDED CONTENT
1,124

ESTIMATED IMPRESSIONS
1,491,346,123

The Deceuninck Group Share

Number and types of shares

The Company capital amounts to € 53,925,310.12 and is represented by 136,732,506 shares. Deceuninck Group holds 69,769 treasury shares as at 31 December 2019. There are 109,963,747 dematerialized shares and 26,768,759 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.

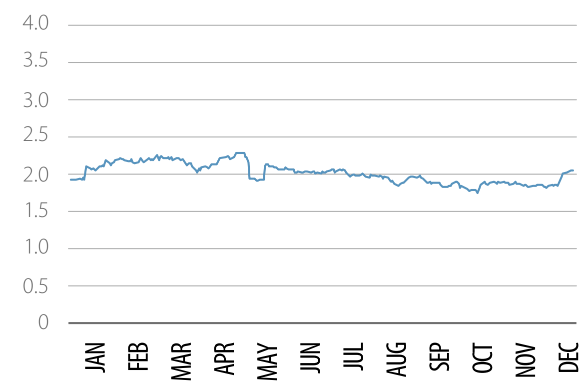
Evolution of the Deceuninck Group share price

The closing price of the Deceuninck Group share increased from € 1.93 on 31 December 2018 to € 2.05 on 31 December 2019. The Volume Weighted Average Price (VWAP) for 2019 was € 2.01. The lowest closing price was € 1.75 on 23 December 2019 and the highest closing price was € 2.28 from 30 April to 6 May 2019. The average number of shares traded per day in 2019 was 40,069 versus 35,841 in 2018.

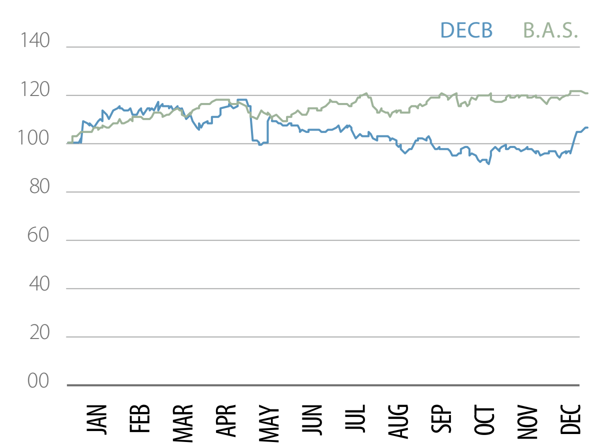
Dividends

At the Annual General Meeting scheduled on 28 April 2020, the Board of Directors will propose to pay a dividend of € 0.03 per share for the financial year 2019.

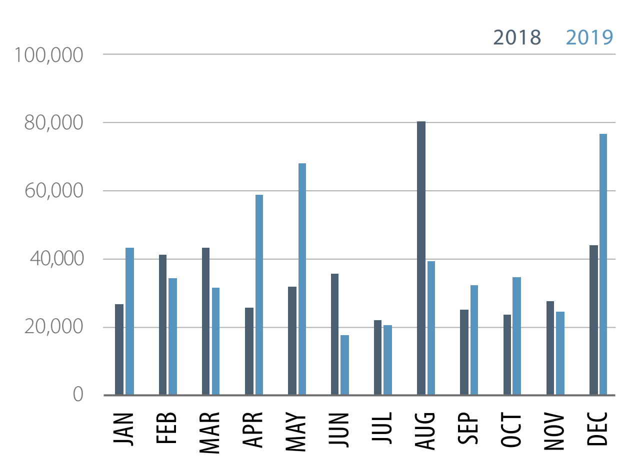
DECEUNINCK GROUP SHARE PRICE 2019



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 Group. 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 Paris and Madrid.

Sell side financial analysts covering Deceuninck Group: Nathalie Debruyne (Degroof Petercam), Maxime Stranart (ING), Wim Hoste (KBC Securities) and Kris Kippers (Kepler Cheuvreux).

Investor relations contact

Investor relations: Bert Castel
Telephone: +32 (0) 51 239 204
Email: bert.castel@deceuninck.com
Website: www.deceuninck.com/investors
Address: Deceuninck NV, Bruggesteenweg 360,
8830 Hooglede-Gits, Belgium

On the investors page of the Deceuninck Group corporate website (www.deceuninck.com/investors) you can register to receive financial news and financial press releases per email.

Financial calendar 2020

FEBRUARY 2020	APRIL 2020	AUGUST 2020
20	28	18
FY 2019 results	Annual General Meeting	H1 2020 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 authorized by the Board of Directors on **18 February 2020**

2019 Results

Sales

Consolidated FY 2019 sales decreased by 6.0% to € 633.8 million, compared to € 674.2 million in FY 2018.

Turkey & Emerging Markets

Sales in Turkey & Emerging Markets decreased 18.8% to € 166.1 million (FY 2018: € 204.5 million) due to the continued slowdown in Turkey. Price increases to compensate for inflation and higher raw material costs have been implemented. The Emerging Markets have continued to report strong growth albeit on a relatively small basis.

North America

In North America sales increased 3.1% to € 135.4 million (FY 2018: € 131.3 million) thanks to the stronger USD (+5.3%). Volumes however were lower due to harsh winter conditions and the loss of a customer early in the year. This is largely offset by new strategic customer wins but these new customers only started to contribute materially towards the end of 2019.

Europe

Sales in Europe decreased 1.8% to € 332.3 million (FY 2018: € 338.4 million). This is mainly explained by the further rationalisation of our commercial footprint and product range, combined with a slowdown in the French market.

Results

Adjusted EBITDA

Adjusted EBITDA[1] decreased to € 60.6 million or 9.6% on sales (FY 2018: € 81.9 million or 12.1% on sales). This decrease is primarily explained by the lower volumes in Turkey. Also start-up expenses related to multiple strategic projects in Europe weigh on Adjusted EBITDA while benefits will gradually materialize in the next 18 to 24 months.

Depreciations and Impairments

Depreciations increased to € 40.5 million (FY 2018: € 29.0 million) because of the implementation of IFRS 16 and the high level of investments in the last three years.

Non-recurring costs and provisions for restructuring

Non-recurring costs and provisions for restructuring amount to € 9.0 million and mainly include the costs of the restructuring of our operations in Central Europe.

Operating Results (EBIT)

As a consequence of the above the operating result (EBIT) decreased to € 11.2 million (FY 2018: € 43.9 million).

Financial result

The financial result remained with €(22.5) million stable but at a very high level as TRY interest rates continued to peak throughout most of 2019, and only started to decrease materially as of January 2020.

Income tax expenses

Despite negative earnings before taxes, income tax expenses amount to a cost of € (3.5) million and were negatively impacted by the ongoing restructuring of Europe which reduces the amount of tax assets which are likely to be utilized in the immediate future.

Net result

As a consequence of the above the net result decreased from a profit of € 15.6 million in FY 2018 to a loss of € 14.7 million in FY 2019, representing a loss per share of € 0.11 (FY 2018: gain of € 0.11). The net effect of IFRS16 on the net result is estimated at € (0.6) million.

Free cash flow

The free cash flow decreased from € 32.2 million in FY 2018 to € 21.7 million in FY 2019. This decline is mainly explained by the decision to pay certain suppliers faster. The lower Adjusted EBITDA was compensated by structural improvements of working capital and the finalization of the larger investment programs we have been running for the past three years.

Cash flow from financing activities

The cash flow from financing activities excluding the effect of new or repaid loans and dividends and including interests received amounted to a cost of € 29.9 million (FY 2018: cost of € 13.6 million) due to continued high TRY interest rates in 2019 and timing differences between 2018 and 2019 which negatively impacted 2019.

Net debt (including IFRS 16 effect)

As a consequence, net debt on 31 December 2019 increased to € 140.2 million (31 December 2018: € 125.8 million[2]), resulting in a leverage ratio of 2.3x (31 December 2018: 1.5x[2]).

Headcount

On 31 December 2019 Deceuninck employed 3,754 full time equivalents (FTEs) worldwide (including temporary workers and external staff) (FY 2018: 3,803).

Risk management

For an analysis of the Group risk management see Note 25 of the consolidated financial statements.

Non-financial information

The non-financial information of the Group is described on pages 58 to 79.

Research & Development (R&D)

The research and development activities of the Group are described in the report of the board of directors on pages 5 and 14- to 7.

Events after the balance sheet date

Please refer to Note 26 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.

(1) On a like-for-like basis (adjusted for the implementation of IFRS 16)
(2) Includes adjustment of € 32.1 million for the implementation of IFRS 16 (Leasing)

Deceuninck Group: key figures*

CONSOLIDATED INCOME STATEMENT (in € million)	2017	2018	2019	VARIANCE %
Sales	687.2	674.2	**633.8**	(6.0%)
Adjusted EBITDA	68.1	72.4	**60.6**	(16.3%)
EBIT	38.1	43.9	**11.2**	(74.5%)
Net profit / (loss)	13.8	15.6	**(14.7)**	(194.7%)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in € million)	2017	2018	2019	VARIANCE %
Equity	257.6	255.6	**233.1**	(8.8%)
Net debt	118.3	93.7	**140.2**	49.6%
Total assets	558.6	584.9	**575.4**	(1.65%)
Capital expenditure	54.2	62.1	**35.5**	(42.8%)
Working capital	135.9	92.3	**94.5**	2.4%
Capital employed	418.2	396.3	**416.3**	5.0%

RATIOS	2017	2018	2019
Net profit / (loss) on sales	2.0%	2.3%	**(2.3%)**
Adjusted EBITDA / sales	9.9%	10.7%	**9.6%**
Net debt / Adjusted EBITDA	1.74	1.29	**2.31**
EBIT / Capital employed	9.1%	11.1%	**2.7%**

HEADCOUNT	2017	2018	2019
Total Full Time Equivalents (FTE)	3,927	3,803	**3,754**

(*) Definitions: see Glossary p. 167.

Consolidated financial statements and notes

Deceuninck consolidated income statement

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	NOTES	2018	2019
Sales	2	**674,227**	**633,810**
Cost of goods sold	3	(471,931)	(451,889)
Gross profit		**202,297**	**181,921**
Marketing, sales and distribution expenses		(106,891)	(110,141)
Research and development expenses		(7,977)	(7,493)
Administrative and general expenses		(43,836)	(45,460)
Other net operating result	3	743	(6,543)
Impairment on goodwill		(168)	0
Share of profit of a joint venture	8	(220)	(1,099)
Operating profit / (loss) before impairment on goodwill	3	**43,947**	**11,185**
Cost related to the derecognition of accounts receivable	3	(3,667)	(6,050)
Financial charges	3	(27,867)	(27,216)
Financial income	3	8,518	10,799
Profit / (loss) before taxes (EBT)		**20,932**	**(11,282)**
Income taxes	4	(5,363)	(3,457)
NET PROFIT / (LOSS)		**15,569**	**(14,739)**

THE NET PROFIT / (LOSS) IS ATTRIBUTABLE TO	2018	2019
Shareholders of the parent company	14,745	(15,011)
Non-controlling interests	823	272

EARNINGS PER SHARE DISTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY (in €)	2018	2019
Normal earnings per share	0.11	(0.11)
Diluted earnings per share	0.11	(0.11)

Deceuninck consolidated statement of comprehensive income

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	2018	2019
Net profit / (loss)	**15,569**	**(14,739)**
Currency translation adjustments	(15,834)	(1,412)
Income tax impact	(362)	0
Net other comprehensive income / (loss) potentially to be reclassified to profit or loss in subsequent periods	**(16,196)**	**(1,412)**
Actuarial gains (+) / losses (-) on defined benefit plans	2,578	(4,222)
Income tax impact	(574)	869
Net other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods	**2,004**	**(3,353)**
Other comprehensive income (+) / loss (-) after tax impact	**(14,192)**	**(4,765)**
TOTAL COMPREHENSIVE INCOME (+) / LOSS (-)	**1,377**	**(19,503)**

THE TOTAL COMPREHENSIVE INCOME (+) / LOSS (-) IS ATTRIBUTABLE TO (in € thousand)	2018	2019
Shareholders of the parent company	1,265	(19,451)
Non-controlling interests	112	(53)

Deceuninck consolidated statement of financial position

(in € thousand)	NOTES	2018	2019
ASSETS			
Intangible fixed assets	6	5,500	3,682
Goodwill	7	10,639	10,628
Tangible fixed assets	9, 20	268,817	299,152
Financial fixed assets		64	15
Investment in a joint venture (*)	8	4,340	2,924
Deferred tax assets	4	8,563	4,502
Long-term receivables	10	1,046	907
Non-current assets		**298,970**	**321,810**
Inventories	11	117,382	109,074
Trade receivables	12	88,749	78,097
Other receivables	12	10,945	12,015
Cash and cash equivalents	13	65,831	52,799
Non-current assets held for sale	14	3,030	1,580
Current assets		**285,937**	**253,564**
TOTAL ASSETS		**584,907**	**575,374**

(*) Restated for 2018 (see Note 1)

(in € thousand)	NOTES	2018	2019
EQUITY AND LIABILITIES			
Issued capital	15	53,901	53,925
Share premiums	15	88,193	88,261
Consolidated reserves		218,592	200,427
Actuarial gains / losses		(4,287)	(7,640)
Treasury shares	15	(75)	(75)
Treasury shares held in subsidiaries		(669)	(454)
Currency translation adjustments	15	(102,637)	(103,782)
Equity excluding non-controlling interest		**253,018**	**230,661**
Non-controlling interest		2,614	2,444
Equity including non-controlling interest		**255,632**	**233,105**
Interest-bearing loans	18	124,192	140,546
Other long term liabilities (*)	8	2,560	80
Long-term provisions	16, 17	24,457	27,282
Deferred tax liabilities	4	3,171	672
Non-current liabilities		**154,380**	**168,581**
Interest-bearing loans	18	35,317	52,405
Trade payables	19	113,872	92,656
Tax liabilities		5,199	3,678
Employee related liabilities		11,653	11,967
Short term provisions	16, 17	1,250	8,281
Other liabilities	19, 20	7,605	4,702
Current liabilities		**174,896**	**173,689**
TOTAL EQUITY AND LIABILITIES		**584,907**	**575,374**

(*) Restated for 2018 (see Note 1)

Deceuninck consolidated statement of changes in equity

(in € thousand)	ISSUED CAPITAL	SHARE PREMIUMS	CONSOLIDATED RESERVES	CASH FLOW HEDGE RESERVE
AS PER 31 DECEMBER 2017	**53,788**	**87,887**	**207,922**	**0**
Net income (loss) for the current period			14,746	
Other comprehensive income (+) / loss (-)				
TOTAL COMPREHENSIVE INCOME (+) / LOSS (-)	**0**	**0**	**14,746**	**0**
Capital increase	113	306		
Own shares purchased				
Exercise of options				
Non-controlling interest due to business combinations			(1)	
Share based payments			811	
Dividends paid			(4,082)	
Transfer			(805)	
AS PER 31 DECEMBER 2018	**53,901**	**88,193**	**218,592**	**0**

(in € thousand)	ISSUED CAPITAL	SHARE PREMIUMS	CONSOLIDATED RESERVES	CASH FLOW HEDGE RESERVE
AS PER 31 DECEMBER 2018	**53,901**	**88,193**	**218,592**	**0**
Net income (loss) for the current period			(14,951)	
Other comprehensive income (+) / loss (-)				
TOTAL COMPREHENSIVE INCOME (+) / LOSS (-)	**0**	**0**	**(14,951)**	**0**
Capital increase	24	68		
Own shares purchased				
Exercise of options				
Non-controlling interest due to business combinations				
Share based payments			913	
Dividends paid			(4,125)	
Transfer				
AS PER 31 DECEMBER 2019	**53,925**	**88,261**	**200,427**	**(0)**

ACTUARIAL GAINS / LOSSES	TREASURY SHARES	TREASURY SHARES HELD IN SUBSIDIARIES	CURRENCY TRANSLATION ADJUSTMENTS	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	NON-CONTROLLING INTEREST	TOTAL
(6,291)	**(115)**	**(210)**	**(87,957)**	**255,024**	**2,601**	**257,625**
				14,746	823	**15,569**
2,004			(15,485)	(13,481)	(711)	**(14,192)**
2,004	**0**	**0**	**(15,485)**	**1,265**	**112**	**1,377**
				419	37	**457**
		(459)		(459)	41	**(418)**
	40			40		**40**
				(1)		**(1)**
				811		**811**
				(4,082)	(178)	**(4,259)**
			805	0		**0**
(4,287)	**(75)**	**(669)**	**(102,637)**	**253,019**	**2,614**	**255,633**

ACTUARIAL GAINS / LOSSES	TREASURY SHARES	TREASURY SHARES HELD IN SUBSIDIARIES	CURRENCY TRANSLATION ADJUSTMENTS	TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	NON-CONTROLLING INTEREST	TOTAL
(4,287)	**(75)**	**(669)**	**(102,637)**	**253,019**	**2,614**	**255,633**
				(14,951)	211	**(14,741)**
(3,353)			(1,147)	(4,499)	(265)	**(4,765)**
(3,353)	**0**		**(1,147)**	**(19,451)**	**(55)**	**(19,505)**
				92	132	**224**
		215		215	9	**224**
				0		**0**
				0		**0**
				913		**913**
				(4,125)	(257)	**(4,383)**
				0		**0**
(7,640)	**(75)**	**(454)**	**(103,783)**	**230,661**	**2,443**	**233,106**

Deceuninck consolidated statement of cash flows

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	NOTES	2018	2019
Profit (+) / loss (-)		15,568	(14,741)
Depreciations & Impairment	6, 7, 9, 14	29,023	40,460
Net financial charges	3	23,011	22,532
Income taxes	4	5,363	3,394
Inventory write-off (+ = cost / - = inc)	11	567	(656)
Trade AR write-off (+ = cost / - = inc)	12	(1,655)	(496)
Other provisions (+ = cost / - = inc)		166	6,319
Gain / Loss on disposal of (in)tang. FA (+ = cost / - = inc)	3	(73)	(150)
Fair value adjustments equity accounted investees	8	220	1,446
GROSS OPERATING CASH FLOW		**72,190**	**58,108**
Decr / (incr) in inventories		(10,085)	8,882
Decr / (incr) in trade AR		2,217	10,703
Incr / (decr) in trade AP		35,072	(16,140)
Decr / (incr) in other operating assets/liabilities		(2,241)	219
Income taxes paid (-) / received (+)	4	(854)	(2,728)
Interest received (+)		2,416	4,487
CASH FLOW FROM OPERATING ACTIVITIES		**98,716**	**63,532**
Purchases of (in)tangible FA (-)	6, 9, 14	(62,092)	(35,544)
Acquisitions of investment in joint venture		(2,000)	(2,480)
Proceeds from sale of (in)tangible FA (+)		(20)	534
CASH FLOW FROM INVESTMENT ACTIVITIES		**(64,112)**	**(37,387)**
Capital incr (+) / decr (-)		(200)	432
Dividends paid (-)		(4,217)	(4,252)
Interest paid (-)		(9,628)	(12,849)
Net financial result, excl interest		(6,172)	(21,942)
New (+) / repayments (-) of long-term debts	18	1,327	(9,840)
New (+) / repayments (-) of short-term debts	18	8,100	13,286
CASH FLOW FROM FINANCING ACTIVITIES		**(10,789)**	**(35,165)**
Net increase / (decrease) in cash and cash equivalents		23,814	(9,021)
Cash and cash equivalents as per beginning of period	13	41,993	65,831
Impact of exchange rate fluctuations		(379)	(4,326)
Transfers		403	314
Cash and cash equivalents as per end of period	13	65,831	52,799

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 authorized by the Board of Directors on 18 February 2020. They can still be modified until the General Meeting of Deceuninck NV takes place, which is scheduled to be held on 28 April 2020.

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 2019. They have been prepared prior to the distribution of profits proposed by the parent company at the Annual General Meeting of Shareholders.

The consolidated financial statements of the Group contain comparative information with respect to the previous period, however, the Group has restated its consolidated statement of financial position that was reported as of 31 December 2018. This is due to the application of the measurement period guidance of IFRS 3 for the joint venture acquisition of So Easy in November 2018. During the second half of 2019, the Group has finalized and updated its provisional accounting of this acquisition, which reduced by € 5.2 million the contingent consideration payable (included in the line "Other long term liabilities") and the goodwill recognized as part of the book value of the equity investee (included in the line "Investment in a joint venture"). This restatement did not have an impact on the consolidated income statement and equity of the Group.

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 return

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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, apart from Deceuninck Profiles India Private Limited. For consolidation purposes, the financials over the 12 month period ending 31 December 2019 of Deceuninck Profiles India Private Limited have been used. The same valuation principles apply to their financial statements.

In November 2018 the Group acquired 50% interest in So Easy Belgium BVBA. This has been classified as joint venture. The Group's interest in this joint venture is accounted for using the equity method in the consolidated 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 in relation to the early retirement plan and the relating collective labour agreement because it will be renewed on an ongoing basis. For this reason, the Group is accounting for this plan as a post-employment defined benefit plan.

Restructuring provisions
The Group recognizes provisions for restructuring programs when the criteria for recognition under IAS 37 are met. Provision amounts are determined based on individual payroll data and assumptions of the number of employees and workers that will leave the Group.

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 due to the uncertainty surrounding these estimates 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 allocated. 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 – Post-employment benefit plans
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 16.

Employee benefits – Share-based payments
The Group values the cost of the stock option plans granted to employees on the basis of the fair 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 21.

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
Outstanding trade receivables are assessed on a regular basis, and bad debt allowances are recorded on an individual client-per-client basis when the debtor is considered to be in default, for example, when there is a deterioration in payment behavior and indicators of the debtor's going concern.
In estimating the bad debt allowance the Group makes significant estimates by assessing the amount of the expected cash flow that it will recuperate which included, for example, credit insurance limits and guarantees received.

Foreign currencies
The Group applies a monthly average exchange rate to convert the income statements of the subsidiaries outside the Eurozone.

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 preceding 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. All 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 Financial charges or Financial income. Non-monetary assets and liabilities are converted into the local currency of the entity using the historic exchange rate.

TRANSLATION OF FOREIGN ENTITIES

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 a periodic monthly 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 Financial charges or Financial income. 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 2018	CLOSING RATE 2019	AVERAGE RATE 2018	AVERAGE RATE 2019
AUD	1.6215	**1.5995**	1.5794	**1.6105**
BAM	1.9558	**1.9558**	1.9558	**1.9558**
BGN	1.9558	**1.9558**	1.9558	**1.9558**
BRL	4.4427	**4.5157**	4.2957	**4.4108**
CLP	795.8900	**832.3500**	775.9498	**785.1486**
COP	3,722.2640	**3,681.5395**	3,484.6910	**3,670.2424**
MXN	22.5554	**21.2202**	22.6008	**22.6008**
CZK	25.7780	**25.4080**	25.6421	**25.6692**
GBP	0.9027	**0.8508**	0.8847	**0.8769**
HRK	7.4095	**7.4395**	7.4181	**7.4182**
INR	80.2255	**80.1870**	80.6892	**78.8305**
LTL	3.4528	**3.4528**	3.4528	**3.4528**
PLN	4.3028	**4.2568**	4.2598	**4.2974**
RON	4.6630	**4.7830**	4.6540	**4.7454**
RSD	118.1946	**117.5928**	118.2644	**117.8280**
SEK	10.2773	**10.4468**	10.2533	**10.5844**
RUB	79.4605	**69.3406**	73.9332	**72.4280**
THB	37.3170	**33.4150**	38.1559	**34.7377**
TRY	6.0280	**6.6506**	5.5697	**6.3511**
UAH	31.7141	**26.4220**	32.2134	**28.6534**
USD	1.1454	**1.1234**	1.1804	**1.1195**

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, in case 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.

TRADE NAMES

Trade names acquired as part of a business combination are measured at fair value at acquisition date. The subsequent measurement depends on whether the Group assessed the useful lives of the trade names as indefinite or finite. Trade names with indefinite useful lives are not amortized but are tested for impairment annually and when there is an indication that the asset may be impaired. The Group believes that the most acquired and used trade names have indefinite useful lives because they contribute directly to the Group's cash flows as a result of recognition by the customer of these trade names' characteristics in the marketplace.

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 determination of the fair values of the acquired identifiable assets and assumed liabilities 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 functional currency of the acquired company and is converted into euro at the closing exchange rate on the balance sheet date except for the goodwill relating to EgePen (amount: € 9.3 million) which is denominated in EUR despite being a Turkish subsidiary. The entity was acquired in 2000. Deceuninck first adopted IFRS in 2002 when the standards allowed an option (IAS 21.33.b. IAS 21 version effective as from 1 January 1995) to consider goodwill as assets of the reporting entity and consider it as non-monetary foreign currency item which is reported using the exchange rate at the date of the transaction.

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 recognized 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 recognized in the income statement.

Tangible fixed assets

Tangible fixed assets are measured 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 labor 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.

Non-current 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.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

The same valuation principle applies for business units held for sale.

Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its joint venture are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognized at cost, which includes acquisition related expenses. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date.
Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately. For determining the goodwill, the Group elected to apply a 12-month measurement period similar to business combinations in case it is unable to finalize the process in the year of acquisition.

The statement of profit or loss reflects the Group's share of the results of the joint venture. Any change in OCI of the joint ventures is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.
The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss inside operating profit and represents profit or loss after tax and non-controlling interests in the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss within 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of the joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Leasing

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The Group elected to present the right-of-use assets as a separate asset classes of the Tangible fixed assets and provide the relevant disclosures in the notes.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.
The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group presents the lease liabilities on the line items current and non-current interest-bearing loans.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Financial instruments

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

Financial instruments are recognized initially when the Group becomes party to the contractual provisions of the instrument. Purchases and sales of financial assets are recognized on the settlement date. Financial assets (or parts thereof) are derecognized, when the Group's rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has retained the right to receive the cash flows but assumed to pay those cash flows in a pass through arrangement to another recipient. Financial liabilities (or parts thereof) are derecognized, if the obligation stipulated in the contract is withdrawn, canceled or expired.

CRITERIA FOR OFFSETTING FINANCIAL ASSETS AND LIABILITIES

A financial asset and a financial liability are offset and the net amount is presented on 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.

CRITERIA FOR CLASSIFYING FINANCIAL ASSETS

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost (AC), fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price de-termined under IFRS 15.

In order for a financial asset to be classified and measured at AC or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial fixed assets
The Group presents under this caption the equity instruments for which it has elected to present the change in fair value through other comprehensive income. The election to classify equity instruments into this category is made on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as financial income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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 fulfill the criteria of IFRS 9 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 meet the condition of AC classification if they are carried at their nominal value and are subject to impairment. The Group recognizes an allowance for expected credit losses (ECLs). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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 as 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 highly probable transaction.

For 'fair value' hedges, profits or losses resulting from the revaluation of 'fair value' hedging instruments are directly recorded through the income statement. Gains or losses on the hedged position lead to an adjustment of the book value of the hedged position and should be recorded through the income statement. 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 recognized in the income statement.

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 except for goodwill and intangible assets with indefinite useful lives for which impairment is mandatory on annual basis. 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.

The recoverable amount of other than financial 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 virtually 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 and employee 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. In Belgium, the Group also accounts for its early retirement plan as defined benefit plan due to existing constructive obligation based on the collective labour agreement. 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 recognized 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 recognized in profit or loss on the earlier of:
- the date of the plan amendment or curtailment, and
- the date that the Group recognizes restructuring- related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes 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, warrant programs and performance share plans 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 day period preceding the grant date. When such plans are exercised they are exchanged for own shares or capital is increased by the amounts received or the exercise price. 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 canceled, 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 canceled compensation and if this is recorded as a replacement compensation on the grant date, then the canceled 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

The Group adopted IFRS 15 using the modified retrospective method of adoption. The Group is in the business of delivering window and door systems, building products and other goods to customers. As part of its commercial relationship, the Group typically grants payment term between 15-120 days but offers discounts for prompt payment under certain conditions. The payment terms differ substantially between the regions in which the Group operates.

SALE OF GOODS

The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the product.

(i) Consideration paid

The consideration paid or payable represents incentives given by the entity to attract the customer to purchase, or continue purchasing, its goods or services.
The consideration paid or payable is accounted for as a reduction of revenue for the amount in excess of the fair value of the distinct good or service received from the customer.

The recognition of the reduction of revenue is done when (or as) the later of either of the following events occurs:
- Recognition of revenue for the transfer for the related goods or services
- Payment or promise to pay the consideration (even if the payment is conditional on a future event)

When the contract does not include contractual committed future volumes and there are no signed sales orders at the time the payment is made, we conclude that there is no current revenue contract with the customer at the moment of the payment, consequently the entire upfront payment will be recognized in the income statement when the payment is made.

(ii) Cash discounts given and received

The Group recognizes the cash discounts given to customers as a deduction on revenue. Similarly the cash discounts received from the suppliers are deducted from the costs.

(iii) Warranty obligations
The Group typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for as warranty provisions as they do not represent a separate performance obligation of the Group.

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 or other comprehensive income. In that case, the corresponding tax is recognized directly against equity or other comprehensive income. 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 or substantively 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 (i) taxable profits will be generated in the future in order to use the tax benefit or the tax losses or (ii) taxable temporary difference will be available to use those deferred tax assets. 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, 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 2019.

New and amended standards and interpretations

For the first time, The Group applies IFRS 16 leases. As required by IAS 1 and IAS 8, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

- IFRIC Interpretation 23 Uncertainty over Income Tax treatment
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 19: Plan Amendment. Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- Annual Improvements 2015-2017 Cycle

IFRS 16 leases

IFRS 16 supersedes 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 Group adopted IFRS 16 using the modified retrospective approach of adoption with the date on initial application of 1 January 2019. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 as at 1 January 2019 (increase/decrease) is, as follows:

EFFECT OF ADOPTION IFRS 16 (INCREASE/(DECREASE))	1 JANUARY 2019
Right-of-use assets	32,797
Property, plant and equipment	(688)
TOTAL ASSETS	**32,109**
Interest-bearing loans and borrowings	32,109
TOTAL LIABILITIES	**32,109**

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under other receivables and other payables, respectively. Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

Leases previously accounted for as operating leases

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognized based on the amount equal to the lease liabilities. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Group also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

RECONCILIATION OPERATING LEASE COMMITMENTS 31 DECEMBER 2018 TO LEASE LIABILITIES AS AT JANUARY 1, 2019 (in € thousand)	IMPACT IFRS 16
Operating lease commitments as at 31 December 2018	**45,199**
Weighted average incremental borrowing rate as at 1 January 2019	7.59%
Discounted operating lease commitments as at 1 January 2019	**39,267**
LESS	
Commitments relating to short-term leases	(959)
Commitments relating to leases of low-value assets	(1)
Elimination of operating commitments previously recognized as leasing	(4,455)
Extension option not reasonably certain to be exercised	(2,431)
ADD	
Commitments relating to leases previously classified as finance leases	688
LEASE LIABILITIES AS AT 1 JANUARY 2019	**32,110**

Standards issued but not yet effective

The new and amended 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 3 Business Combinations – Definition of a business, effective 1 January 2020
- IFRS 17 Insurance Contracts, effective 1 January 2021
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies. Changes in Accounting Estimates and Errors – Definition of material, effective 1 January 2020

2. Segment information

An operating segment is a separate component of the Group (a) that engages in business activities from which it may earn revenues and incur expenses. (b) for which discrete financial information is available and (c) its results are regularly reviewed by the Chief Operating Decision Maker (CODM) in order to decide how to allocate resources and in assessing performance.

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

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

Following the announcement of October 2018, the Group changed its internal organization as a result of the 'One Europe' integration. Therefore, as from the effective date 1 January 2019, the earlier reported segments Western Europe and Central & Eastern Europe have been combined in the new segment Europe. The operating segment disclosure in the financial statements represents the new segmentation, including comparable 2018 segment information.

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 CODM. 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 and make decisions about resource allocation on this geographical segmentation basis.

Segment information provided to the CODM includes the performance of the operating segments and the assets and liabilities that can be attributed directly to those segments, as stated on page 114.

EUROPE

Benelux, France, Italy, Spain, Croatia, the United Kingdom, Bosnia, Bulgaria, Croatia, Czech Republic, Germany, Lithuania, Poland, Russia and Serbia.

TURKEY & EMERGING MARKETS

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

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in € thousand)	EUROPE		NORTH AMERICA	
	2018	2019	2018	2019
External sales	338,418	**331,790**	131,324	**135,422**
Intersegment sales	1,490	**1,417**	566	**472**
Total sales (*)	339,908	**333,207**	131,891	**135,895**
Adjusted EBITDA	17,217	**20,810**	15,808	**14,720**
Non recurring costs en benefits	-	-	-	-
Financial result	-	-	-	-
Income taxes	-	-	-	-
Depreciations & Impairment	(19,384)	**(22,812)**	(6,734)	**(9,584)**
Net Profit / (Loss)				
Capital expenditures (Capex)	(37,257)	**(22,653)**	(14,264)	**(7,768)**

(*) Out of which € 76.0 million relating to Belgium.

Reconciliation of total segment assets and total Group assets:

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (*) (in € thousand)	CONSOLIDATED	
	2018	2019
Europe (**)	295,423	300,066
North America	88,230	103,098
Turkey & Emerging Markets	145,923	141,419
Intersegment assets	**529,576**	**544,583**
Cash and cash equivalents	65,831	52,799
Intersegment eliminations	(10,501)	(22,007)
TOTAL GROUP ASSETS	**584.907**	**575,374**

(*) Restated for 2018 (see Note 1)
(**) Out of which € 199.6 million relating to Belgium.

Sales by product group is presented in the table below:

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (in %)	EUROPE		NORTH AMERICA	
	2018	2019	2018	2019
Window and door systems	81.0%	80.5%	100.0%	100.0%
Outdoor living	10.0%	11.0%	0.0%	0.0%
Home protection	9.0%	8.5%	0.0%	0.0%
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**

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

TURKEY & EMERGING MARKETS		INTERSEGMENT ELIMINATIONS		CONSOLIDATED	
2018	2019	2018	2019	2018	2019
204,487	**166,135**	(1)	**-**	674,227	**633,347**
2,043	**2,952**	(4,100)	**(4,379)**	(0)	**463**
206,530	**169,087**	(4,101)	**(4,379)**	674,227	**633,810**
39,283	**25,942**	121	**(830)**	72,429	**60,642**
-	**-**	-	**-**	536	**(8,997)**
-	**-**	(0)	**0**	(23,015)	**(22,467)**
-	**-**	-	**-**	(5,363)	**(3,457)**
(5,133)	**(8,659)**	2,234	**595**	(29,018)	**(40,460)**
		-		15,569	**(14,739)**
(11,374)	**(6,274)**	804	**1,152**	(62,092)	**(35,544)**

Reconciliation of total segment liabilities and total Group liabilities:

FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER (*) (in € thousand)	CONSOLIDATED	
	2018	2019
Europe	83,901	109,050
North America	20,367	19,855
Turkey & Emerging Markets	93,470	74,642
Intersegment liabilities	**197,738**	**203,547**
Equity including non-controlling interest	255,631	233,105
Long-term interest-bearing loans	124,192	140,546
Other long term liabilities	2.560	80
Current portion of interest bearing borrowing	14,962	19,297
Intersegment eliminations	(10,176)	(21,201)
TOTAL GROUP LIABILITIES	**584,907**	**575,374**

(*) Restated for 2018 (see Note 1)

TURKEY & EMERGING MARKETS		CONSOLIDATED	
2018	2019	2018	2019
95.7%	95.3%	89.1%	88.6%
0.1%	0.1%	5.3%	5.8%
4.2%	4.6%	5.6%	5.7%
100.0%	**100.0%**	**100.0%**	**100.0%**

3. Revenues and expenses

INCOME STATEMENT BY NATURE (in € thousand)	2018	2019
Sales	**674,227**	**633,810**
Material costs	(334,525)	(308,974)
Operating costs	(121,949)	(113,105)
Personnel costs	(147,052)	(153,111)
Depreciation on (in)tangible fixed assets	(27,108)	(39,792)
Other net operating result	523	(7,642)
Operating profit / (loss) before impairment on goodwill	**44,115**	**11,185**
Impairment on goodwill	(168)	0
Operating profit / (loss) (EBIT)	**43,947**	**11,185**
Cost related to the derecognition of accounts receivable	(3,667)	(6,050)
Financial charges	(27,867)	(27,216)
Financial income	8,518	10,799
Profit / (loss) before taxes (EBT)	**20,932**	**(11,282)**
Income taxes	(5,363)	(3,457)
NET PROFIT / (LOSS)	**15,569**	**(14,739)**

For a high level analysis of revenue and costs we refer to the '2019 results' on page 88.

OPERATING COSTS (in € thousand)	2018	2019
Transport	(31,293)	(31,730)
Maintenance	(19,604)	(18,333)
Services	(19,590)	(19,775)
Energy	(16,502)	(15,478)
Rent	(10,168)	(2,421)
Communication	(10,025)	(11,105)
Local taxes and fines	(4,593)	(4,043)
Travel	(4,573)	(5,078)
Manufacturing support	(2,995)	(2,972)
Insurances	(2,524)	(2,643)
Loss on the realization of trade debtors	(597)	(234)
Increase / (decrease) of provisions	1,088	1,152
Other	(573)	(447)
TOTAL	**(121,949)**	**(113,106)**

The operating costs decreased compared to 2018 due to a decrease in rent expenses as a result of IFRS16 and decrease in energy and maintenance costs, which have been partly offset by an increase in marketing communication and travel costs.

PAYROLL COSTS AND OTHER SOCIAL BENEFITS (in € thousand)	2018	2019
Wages and salaries	(110,481)	(115,309)
Social security contributions	(27,535)	(26,504)
Contributions to defined contribution plans	(4,591)	(6,365)
Other	(4,446)	(4,932)
TOTAL	**(147,052)**	**(153,111)**

The increase of the payroll costs is mainly explained by an increase in gross salaries and group insurance costs.

HEADCOUNT (TOTAL FULL TIME EQUIVALENTS (FTE) BY CATEGORY)	2018	2019
Blue collars	2,771	2,642
White collars	1,032	1,112
TOTAL	**3,803**	**3,754**

The decrease in total headcount is mainly due to a decrease in blue collars, partly compensated by an increase in white collars.

OTHER OPERATING INCOME (in € thousand)	2018	2019
Grants received	434	1,315
Non-recurring income	536	0
Gains on disposal of tangible fixed assets	143	228
Other	4,460	3,145
TOTAL	**5,573**	**4,688**

The other operating income decreased due to non-recurring income in FY 2018 and other income, partly offset by an increase in grants received.

OTHER OPERATING COSTS (in € thousand)	2018	2019
Increase of provisions	(740)	(6,384)
Integration costs	0	(2,004)
Impairments	(1,741)	(667)
Loss on disposal of tangible fixed assets	(71)	(78)
Other	(2,499)	(3,196)
TOTAL	**(5,051)**	**(12,330)**

The increase in other operating costs compared to 2018 is primarily due to an increase in provision and other integration costs related to the strategic repositioning of Europe region.

FINANCIAL INCOME (in € thousand)	2018	2019
Interest income	2,412	4,487
Financial discounts - Suppliers	(4)	0
Exchange rate gains	6,054	6,152
Other	58	160
TOTAL	**8,518**	**10,799**

FINANCIAL COSTS (in € thousand)	2018	2019
Interest costs	(10,827)	(11,858)
Financial discounts - Customers	13	(1)
Exchange rate losses	(15,315)	(14,100)
Bank costs	(690)	(716)
Other	(1,049)	(541)
TOTAL	**(27,867)**	**(27,216)**

Financial results were positively influenced
by increased interest income and improved FX results.

4. Income taxes

The breakdown of the income tax charge for the financial year 2019 is presented as follows:

INCOME TAXES RECOGNIZED IN THE INCOME STATEMENT (in € thousand)	2018	2019
Current income taxes	**(2,443)**	**(961)**
Relating to current year	(2,167)	(215)
Relating to previous years	13	(16)
Other	(289)	(730)
Deferred income taxes	**(2,920)**	**(2,496)**
Relating to temporary differences – current year	(1,907)	(1,494)
Relating to temporary differences – adjustment previous years	72	608
Recognition of deferred income tax asset on tax losses of current year	1,303	635
Utilization of deferred income tax asset on tax losses of previous years	(1,732)	(777)
Recognition of deferred income tax asset on tax losses of previous years	221	1,536
Impairment (-) / reversal of impairment (+) of deferred income tax asset on tax losses of previous years	202	(4,080)
Relating to tax incentives	(891)	931
Other	(189)	145
INCOME TAXES RECOGNIZED IN THE INCOME STATEMENT	**(5,363)**	**(3,457)**

The following table gives an overview of the deferred income taxes,
after net presentation by legal entity as per 31 December 2018 and 2019:

RECONCILIATION BETWEEN EARNINGS BEFORE TAX (EBT) – IFRS AND INCOME TAXES (in € thousand)	2018	2019
EARNINGS BEFORE TAX - IFRS	**20,932**	**(11,282)**
Statutory tax rate of the parent company	29.58%	29.58%
INCOME TAXES CALCULATED AT THE STATUTORY TAX RATE OF THE PARENT COMPANY	**(6,192)**	**3,337**
TAX EFFECT OF:		
Difference between local tax rate and statutory tax rate of the parent company	1,249	146
Non-deductible items	339	(830)
Government grants and other exempted income	1,832	1,555
Use of tax losses carried forward for which no deferred income tax asset has been recognized	470	581
Current income taxes relating to previous years	13	(16)
Deferred taxes on temporary differences relating to previous years - adjustments	(220)	1,407
Non-recognition of deferred income taxes on current years losses and deductable temporary differences	(1,878)	(5,516)
(De)recognition of deferred income tax asset on tax losses of previous years	(248)	(2,446)
Other	(726)	(1,157)
INCOME TAXES RECOGNIZED IN THE INCOME STATEMENT	**(5,363)**	**(3,457)**
Effective rate	25.62%	

(in € thousand)	2018	CHARGED / CREDITED TO PL	CHARGED / CREDITED TO EQUITY	TRANSFERS	TRANSLATION ADJUSTMENTS TOTAL	2019
DEFERRED INCOME TAX ASSETS BY TYPE OF TEMPORARY DIFFERENCE:						
Tax losses carried forward	15,633	(1,187)	0	4,164	(179)	**18,431**
Tangible fixed assets	(11,071)	(3,676)	0	(7,310)	395	**(21,662)**
Financial fixed assets	(790)	23	0	417	0	**(350)**
Provisions	1,842	(359)	871	2,417	(45)	**4,726**
Inventories	921	460	0	(351)	(5)	**1,025**
Interest bearing borrowings	50	6	0	(50)	0	**6**
Other assets	1,977	1,586	0	(1,172)	(66)	**2,326**
DEFERRED INCOME TAX ASSETS	**8,563**	**(3,147)**	**871**	**(1,885)**	**101**	**4,502**
DEFERRED INCOME TAX LIABILITIES BY TYPE OF TEMPORARY DIFFERENCE:						
Tax losses carried forward	(4,196)	74	0	3,612	(78)	**(587)**
Tangible fixed assets	7,008	(506)	0	(5,160)	130	**1,473**
Financial fixed assets	0	4	0	0	0	4
Provisions	(545)	0	0	489	0	**(56)**
Inventories	557	(139)	0	(504)	(14)	**(100)**
Interest bearing borrowings	1	0	0	0	0	**1**
Other liabilities	345	(82)	0	(323)	(2)	**(62)**
DEFERRED INCOME TAX LIABILITIES	**3,170**	**(649)**	**0**	**(1,886)**	**36**	**672**
NET DEFERRED INCOME TAXES	**5,393**	**(2,499)**	**871**	**1**	**64**	**3,829**

In 2019, 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 € 19,018 thousand at the end of 2019 (end 2018: € 19,828 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 2019, the Group did not recognize deferred income tax assets on a total amount of tax credits of € 108,153 thousand (2018: € 78,883 thousand) in Belgium, Germany, France, the United Kingdom, Poland and Russia, in current and previous financial years.

5. Earnings per share

Basic earnings per share is 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 loss per share of € (0.11).

(in € thousand)	2018	2019
Earnings attributable to ordinary shareholders	14,745	(15,011)
Weighted average number of ordinary shares (in thousands)	136,496	136,706
EARNINGS PER SHARE (IN €)	**0.11**	**(0.11)**

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.

(in € thousand)	2018	2019
Earnings attributable to ordinary shareholders	**14,745**	**(15,011)**
Weighted average number of ordinary shares (in thousands)	136,496	136,706
Dilution effect of non-exercised warrants (in thousands)	3,846	0
Weighted average number of shares after dilution (in thousands)	**140,343**	**136,706**
DILUTED EARNINGS PER SHARE (IN €)	**0.11**	**(0.11)**

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 2019, 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 € 1,288 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 2019.

TRADE NAMES, PATENTS, LICENSES AND SIMILAR RIGHTS. DEVELOPMENT COSTS (in € thousand)	2018	2019
COST		
At the beginning of current year	**23,184**	**24,646**
Additions	927	726
Disposals	(3)	(128)
Transfers	1,225	235
Translation adjustments	(688)	(172)
At the end of	**24,646**	**25,307**
AMORTIZATIONS AND IMPAIRMENTS		
At the beginning of current year	**(17,066)**	**(19,146)**
Additions to amortizations	(2,174)	(2,581)
Additions to impairments	0	0
Disposals	2	85
Transfers	0	(0)
Translation adjustments	92	17
At the end of	**(19,146)**	**(21,625)**
INTANGIBLE FIXED ASSETS		
Cost	24,646	25,307
Accumulated amortizations and impairments	(19,146)	(21,625)
NET CARRYING VALUE	**5,500**	**3,682**

7. Goodwill

(in € thousand)	2018	2019
COST		
At the beginning of	**61,950**	**62,063**
Additions	168	0
Disposals	(1,192)	0
Transfers	0	0
Translation adjustments	1,137	1,361
At the end of	**62,063**	**63,423**
IMPAIRMENTS		
At the beginning of	**(51,273)**	**(51,424)**
Additions	(168)	0
Disposals	1,192	0
Transfers	0	0
Translation adjustments	(1,175)	(1,371)
At the end of	**(51,424)**	**(52,795)**
GOODWILL		
Cost	62,063	63,423
Accumulated impairments	(51,424)	(52,795)
NET CARRYING VALUE	**10,639**	**10,628**

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.

The net carrying value of goodwill is allocated as follows:

CASH-GENERATING UNIT (in € thousand)	2018	2019
Turkey	9,392	9,381
Belgium	1,247	1,247
NET CARRYING VALUE	**10,639**	**10,628**

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 or whenever there is an indication of a possible impairment.

The test consists of 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 2019, 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 of 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 14.5% for 2019 (2018: 20.6%).

ASSUMPTIONS FOR 2020-2023

For EBITDA of 2020, management has worked out a target based on detailed plans and actions. For the period 2021-2023 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 goodwill has been tested at the operating segment 'Europe' level because this is the lowest level at which management monitors goodwill as reasonable.

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. The discount rate is 5.6% in 2019 (2018: 4.1%).

ASSUMPTIONS FOR 2020-2022

For EBITDA of 2020, the management has worked out a target based on detailed plans and actions. For the period 2021-2022 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 scenarios.

CONCLUSION

No need for impairment of goodwill.

8. Interest in a joint venture

The Group acquired in November 2018 a 50% interest in So Easy Belgium BVBA. The investment has been classified as joint venture and is involved in production of aluminium systems for window and doors manufacturing. The Group's interest in this joint venture is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the joint venture, based on its IFRS financial statements on a 100% basis, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

(in € thousand)	2018 (*)	2019
Sales	**833**	**14,929**
Cost of goods sold	(715)	(12,328)
Gross profit	**117**	**2,601**
Marketing, sales and distribution expenses	(58)	(2,548)
Administrative and general expenses	(220)	(1,767)
Other net operating result	29	(85)
Operating profit / (loss) before impairment on goodwill	**(131)**	**(1,800)**
Financial charges	(272)	(593)
Financial income	43	196
Profit / (loss) before taxes (EBT)	**(360)**	**(2,198)**
Income taxes	0	0
Net profit / (loss)	**(360)**	**(2,198)**
GROUP'S SHARE OF PROFIT / (LOSS) FOR THE YEAR	**(180)**	**(1,099)**

(*) In 2018 only one month P&L (December) is included

(in € thousand)	31 DECEMBER 2018	31 DECEMBER 2019
ASSETS		
Tangible and intangible fixed assets	7,698	7,737
Non-current assets	**7,698**	**7,737**
Inventories	3,361	4,285
Trade receivables	1,832	1,179
Other receivables	1,336	621
Cash and cash equivalents	66	521
Current assets	**6,594**	**6,607**
TOTAL ASSETS	**14,292**	**14,344**
EQUITY AND LIABILITIES		
Equity	**(862)**	**(3,791)**
Interest-bearing loans	7,146	10,965
Non-current liabilities	**7,146**	**10,965**
Trade payables	3,251	4,040
Short term provisions	56	0
Other liabilities	4,700	3,130
Current liabilities	**8,008**	**7,170**
TOTAL EQUITY AND LIABILITIES	**14,292**	**14,344**
Equity	**(862)**	**(3,791)**
Group's share in equity – 50%	(431)	(1,896)
Goodwill	4,771	4,820
GROUP'S CARRYING AMOUNT OF THE INVESTMENT	**4,340**	**2,924**

The Group performed a purchase price allocation exercise in 2018 to determine the fair value of the net assets of the So Easy Group to calculate goodwill which was partly allocated to the existing customer relationships acquired.

The joint venture had no other contingent liabilities or commitments as at 31 December 2018. So Easy Belgium BVBA cannot distribute its profits without the consent from the two venture partners.

The consideration transferred include a contingent element which is payable in 2021 based on the achieved results of the joint venture in the preceding financial year.

At the end of 2019 the contingent consideration was measured at € 0.1 million and was recognized in the other long-term liabilities.

9. Tangible fixed assets

2018 (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	184,995	429,575	17,140	227	138	23,291	655,365
Additions	3,282	30,986	1,856	680	0	23,922	60,727
Disposals	(156)	(1,441)	(294)	0	0	(755)	(2,646)
Transfers	(233)	18,260	362	0	0	(21,263)	(2,874)
Translation adjustments	(10,075)	(10,781)	(579)	(17)	0	112	(21,340)
At the end of previous year	177,813	466,598	18,485	890	138	25,308	689,231
DEPRECIATIONS AND IMPAIRMENTS							
At the beginning of previous year	(66,698)	(322,790)	(12,692)	(193)	(47)	0	(402,419)
Additions to depreciations	(4,413)	(19,510)	(987)	(22)	(11)	0	(24,944)
Additions to impairments	(30)	(1,909)	(10)	0	0	0	(1,949)
Disposals	79	2,378	289	0	0	0	2,746
Transfers	(0)	0	0	0	0	0	(0)
Translation adjustments	471	5,256	412	14	0	0	6,152
At the end of previous year	(70,591)	(336,575)	(12,988)	(202)	(58)	0	(420,414)
TANGIBLE FIXED ASSETS							
Cost	177,813	466,598	18,485	890	138	25,308	689,231
Accumulated depreciations and impairments	(70,591)	(336,575)	(12,988)	(202)	(58)	0	(420,414)
NET CARRYING VALUE	107,222	130,023	5,497	688	80	25,308	268,817

2019 (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	177,813	466,599	18,485	890	138	25,308	689,233
Due to acquisition	0	0	0	0	0	0	0
IFRS16: recognition of right of use assets	0	0	0	(890)	0	0	(890)
Additions	2,732	17,207	950	0	0	13,048	33,937
Disposals	(227)	(2.318)	(1,108)	0	0	0	(3,653)
Transfers	6,976	17.687	24	0	0	(22,777)	1,910
Translation adjustments	(726)	827	16	0	0	(365)	(248)
At the end of previous year	186,567	500,001	18,367	0	138	15,215	720,289
DEPRECIATIONS AND IMPAIRMENTS							
At the beginning of previous year	(70,591)	(336,575)	(12,988)	(202)	(58)	0	(420,414)
Additions to depreciations	(4,392)	(24,352)	(1,058)	0	(11)	0	(29,813)
IFRS16: recognition of right of use assets	0	0	0	202	0	0	202
Additions to impairments	(112)	(518)	(9)	0	0	0	(639)
Disposals	149	2,224	1,098	0	0	0	3,471
Transfers	(5)	(40)	(4)	0	0	0	(51)
Translation adjustments	(520)	(1,044)	6	0	0	0	(1,558)
At the end of previous year	(75,472)	(360,306)	(12,957)	0	(70)	0	(448,806)
TANGIBLE FIXED ASSETS							
Cost	186,567	500,001	18,367	0	138	15,215	720,289
Accumulated depreciations and impairments	(75,472)	(360,306)	(12,957)	0	(70)	0	(448,806)
NET CARRYING VALUE	111,096	139,695	5,411	0	69	15,215	271,483

The Group has € 4.7 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)	2018	2019
Land and buildings	8,210	2,397
Machines and equipment	14,392	11,949
Other	2,706	869
TOTAL	25,308	15,215

In 2019 the Group has recognized impairments on tangible fixed assets for € 0.6 million (2018: € 1.9 million). These impairments mainly relate to machinery components and tool sets. These impairments have been included in other operating costs.

The right of use assets are further detailed in Note 20.

10. Long-term receivables

(in € thousand)	2018	2019
Trade receivables	365	356
Other receivables	681	551
TOTAL	**1,046**	**907**

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

11. Inventories

(in € thousand)	2018	2019
Raw materials and consumables	38,145	33,320
Finished products	50,515	53,991
Trade goods	28,723	21,763
TOTAL	**117,382**	**109,073**

During 2019 a net amount of € 656 thousand was posted as a decrease in the provision for the write-down on inventory (in 2018: € 567 thousand increase). These costs are shown as Marketing, sales and distribution expenses.

The cost of inventories recognized as an expense during 2019 amounted to € 452 million (2018: € 472 million). No inventories were pledged as security for liabilities (2018: ditto).

12. Trade receivables and other receivables

(in € thousand)	2018	2019
Gross trade receivables	101,388	88,814
Impairments allowance	(12,640)	(11,716)
TRADE RECEIVABLES	**88,749**	**78,097**
VAT and other taxes	6,260	5,272
Derivative financial instruments	526	1,009
Prepaid charges	2,158	2,511
Short-term warranties	148	172
Other	1,853	3,051
OTHER RECEIVABLES	**10,945**	**12,015**

Net trade receivables decreased € 10.7 million due to shorter payment terms and lower sales partly compensated by higher selling prices. Total factoring amounted to € 35.7 million at 31 December 2019 (2018: € 36.2 million).

Days sales outstanding (DSO) decreased year-on-year from 52 days in 2018 to 44 days in 2019.

The factoring and related cost for 2019 amounts to € 6.050 thousand (2018: € 3.667 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 2018	88,749	73,899	7,350	1,490	837	1,067	4,107
As per 31 December 2019	78,097	58,879	10,905	2,207	1,725	573	3,808

As per 31 December 2019 an amount of € 13,402 thousand (2018: € 14,326 thousand) was recognized as impairment allowance on trade receivables.

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

IMPAIRMENT ALLOWANCE (in € thousand)	2018	2019
At the beginning of	**(16,690)**	**(12,640)**
Additions	(4,294)	1,260
Reversals	5,921	(811)
Utilizations	31	48
Transfers	453	(11)
Translation adjustments	1,941	437
At the end of	**(12,640)**	**(11,716)**

13. Cash and cash equivalents

(in € thousand)	2018	2019
Cash and current bank accounts	24,498	22,286
Short term deposits	41,333	30,513
TOTAL	**65,831**	**52,799**

14. Fixed assets held for sale

FIXED ASSETS HELD FOR SALE (in € thousand)	2018	2019
Cost	3,108	1,673
Accumulated depreciations and impairments	(78)	(92)
NET CARRYING VALUE	**3,030**	**1,580**

The non-current assets held for sale mainly relate to apartments in Turkey and land held for sale in Poland. 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 2020.

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

15. Issued capital and reserves

Issued capital

ISSUED CAPITAL	2018	2019
Amount (in € thousand)	53,901	53,925
Number of shares (without nominal value)	136,670,838	136,732,506

Share premiums

SHARE PREMIUMS	2018	2019
Amount (in € thousand)	88,193	88,261

As per 31 December 2019, issued capital is set at € 53,925 thousand and is composed of 136,732 thousand shares without a nominal value.

Treasury shares

TREASURY SHARES	2018	2019
Amount (in € thousand)	(75)	(75)
Number of shares (without nominal value)	69,769	69,769

On 31 December 2019, the Group held 69,769 treasury shares to fulfill 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 cumulative currency translation adjustments amount to € (103,783) thousand at 31 December 2019. An overview of the currency translation adjustments by currency is given below:

CURRENCY TRANSLATION ADJUSTMENTS (in € thousand)	2018	2019
USD	(9,589)	(8,050)
TRY	(77,443)	(82,788)
RUB	(10,151)	(9,032)
PLN	(2,286)	(2,174)
GBP	(3,084)	(2,317)
CZK	204	369
Other	(289)	210
TOTAL	**(102,637)**	**(103,783)**

16. Provisions for post-employment employee benefits

NET LIABILITY (ASSET) RECONCILIATION (in € thousands)	INOUTIC / DECEUNINCK GMBH AND PRODUCTIONS GMBH (GERMANY)	DECEUNINCK NV (BELGIUM)	EGE PROFIL AS (TURKEY)	OTHER	TOTAL
AS PER 31 DECEMBER 2018	**13,949**	**3,432**	**2,095**	**402**	**19,879**
Pension cost recognized in income statement	362	904	741	(45)	**1,962**
Remeasurements recognized in OCI	1,679	1,676	922	(0)	**4,278**
Benefits paid directly	(530)	(762)	(697)	60	**(1,929)**
Transfers	0	0	0	(101)	**(101)**
Translation adjustments	0	0	(240)	0	**(240)**
AS PER 31 DECEMBER 2019	**15,461**	**5,251**	**2,821**	**316**	**23,848**
Non-current	14,936	4,517	2,821	316	**22,589**
Current	525	734	0	0	**1,259**

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. 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 applicable legal minimum rates.

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.

Deceuninck NV has a number of defined contribution plans, applicable to different categories of personnel. Those pension plans have been set up by Deceuninck and are thus not multi-employer plans. All plans are funded through group insurances with an insurance company. Contributions are made by the employer and employee.

Deceuninck NV operates an early retirement plan under the legal framework in Belgium and allows that employees reaching the legal pre-pension age (currently 62 years with certain additional conditions linked to the length of career) can benefit from an early pension and retire before the legal pension age (currently 65 years). The elderly employees accepting such offers will receive a temporary supplement paid by Deceuninck until their legal retirement age on top of the unemployment allowance. The currently applicable collective labour agreement (CLA) establishes the main characteristics of the plan and it results in a constructive obligation to the company. The plan is available for all employees meeting the requirements. It is unfunded and administered by Deceuninck.

In accordance with IFRS, the actuarial present value of the defined pension benefit plans must be calculated, as that value represents the total of the amounts that can currently be allocated to each participant in the plan. The actuarial present value was calculated based on the mortality tables IA/BE (age correction -1 years) and the following actuarial assumptions:

DECEUNINCK NV (BELGIUM) – PRINCIPAL ACTUARIAL ASSUMPTIONS	2018	2019
Discount rate	1.75%	0.75%
Increase in compensations – white collar	2.55%	2.45%
Increase in compensations – blue collar	2.30%	2.20%
Increase in social security	1.80%	1.70%
Increase in pensions	1.90%	1.80%
Inflation	1.80%	1.70%

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

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 which is unfunded.

The pension plan entitles the beneficiary to a lump sum amount at the start of their pension. The plan was available to all employees started to work for Inoutic/Deceuninck GmbH before 1999. For one manager there is an individual pension plan which provides an annuity payment after retirement. The plan is based on the collective agreement of IGBCE and the respective company agreement.

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	2018	2019
Discount rate	1.80%	0.90%
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%	1.50%
Inflation	1.75%	1.50%

EGE PROFIL AS (TURKEY)

For Ege Profil AS, the provisions for employee benefits refer to the provision for pensions as per Law No. 6740. "Amending the Law on Individual Pension Savings and Investment System". Contributions are made by the employer and employee.

The company is required to pay a termination indemnity upon the date of retirement. This plan is legally required for all employees and is unfunded. The actuarial present value was calculated based on the following assumptions:

EGE PROFIL AS (TURKEY) – PRINCIPAL ACTUARIAL ASSUMPTIONS	2018	2019
Discount rate	20.50%	15.34%
Increase in compensations - white collar	15.00%	12.15%
Increase in compensations - blue collar	15.00%	12.15%
Increase in social security	15.00%	12.15%
Increase in pensions	N/A	N/A
Inflation	9.00%	8.68%

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 two years:

COMPONENTS OF PENSION COST (in € thousand)	2018				2019			
	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	127	345	657	**1,129**	116	517	839	**1,472**
Interest cost	226	359	181	**766**	246	224	205	**675**
RECOGNIZED IN INCOME STATEMENT	**353**	**704**	**838**	**1,895**	**362**	**741**	**1,044**	**2,147**

The current service cost and interest costs are included in the other operating results.

AMOUNTS RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION (in € thousand)	2018				2019			
	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	13,948	2,096	11,186	**27,230**	15,461	2,821	13,218	**31,499**
Fair value of plan assets			(7,754)	**(7,754)**			(7,967)	**(7,967)**
NET LIABILITY (ASSET)	**13,948**	**2,096**	**3,432**	**19,476**	**15,461**	**2,821**	**5,251**	**23,532**

CHANGE IN PENSION OBLIGATIONS (in € thousand)	2018				2019			
	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	**14,412**	**2,590**	**13,767**	**30,769**	**13,948**	**2,096**	**11,186**	**27,230**
Current service cost	127	345	657	**1,129**	116	517	839	**1,472**
Interest cost	226	359	181	**766**	246	224	205	**675**
Plan participants contributions			182	**182**			186	**186**
Actuarial (gain) / loss	(285)	71	(2,163)	**(2,377)**	1,680	922	1,503	**4,105**
- Arising from changes in demographic assumptions	139		(1,680)		0		0	
- Arising from changes in financial assumptions	(466)		(354)		1,717		1,738	
- Experience adjustments	42		(129)		(37)		(235)	
- Changes in the effect of asset ceiling								
Benefits paid directly	(532)	(536)	(1,438)	**(2,505)**	(530)	(697)	(702)	**(1,929)**
Exchange rate differences		(734)		**(734)**		(240)		**(240)**
At the end of	**13,948**	**2,096**	**11,186**	**27,230**	**15,461**	**2,821**	**13,218**	**31,498**

CHANGE IN PLAN ASSETS (in € thousand)	2018				2019			
	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	**0**	**0**	**7,963**	**7,963**	**0**	**0**	**7,754**	**7,754**
Interest income on plan assets			115	**115**			140	**140**
Actuarial (gain) / loss			206	**206**	0	0	(173)	**(173)**
- Return on plan asset			206	**206**			(173)	**(173)**
Employer contributions			568	**568**			689	**689**
Plan participants contributions			182	**182**			186	**186**
Benefits paid directly			(1,280)	**(1,280)**			(629)	**(629)**
At the end of	**0**	**0**	**7,754**	**7,754**	**0**	**0**	**7,967**	**7,967**

OTHER (in € thousand)	2019		
	INOUTIC / DECEUNINCK GMBH (GERMANY)	EGE PROFIL (TURKEY)	DECEUNINCK NV (BELGIUM)
CONTRIBUTIONS			
Expected contribution to the plan for the next annual reporting period	N/A	N/A	564
MATURITY PROFILE			
Duration jubilee benefits	9.1 / 10.1		6.2
Duration prepensions	2.0 / 1.9		11.1
Duration DC pension plans	17.0 / 25.0	18.34 / 22.51	14.9
EXPECTED PAYMENTS FROM THE DEFINED BENEFIT PLAN WITHIN			
CashFlow Year 1	540	252	734
CashFlow Year 2	541	112	
CashFlow Year 3	551	121	
CashFlow Year 4	542	147	
CashFlow Year 5	534	122	
CashFlow Year 6-10	2,728	609	

Sensitivity analysis shows the following impacts:

AS PER 31 DECEMBER 2019	INOUTIC / DECEUNINCK GMBH (GERMANY)		DECEUNINCK NV (BELGIUM)	
Change in discount rate	(0.20%)	0.20%	(0.25%)	
Impact on present value of defined benefit obligation (in € thousand)	**543**	**(514)**	**478**	
Change in inflation rate	(0.20%)	0.20%		0.25%
Impact on present value of defined benefit obligation (in € thousand)	**543**	**(514)**		**(43)**
Change in pension increase rate	(0.50%)	0.50%		
Impact on present value of defined benefit obligation (in € thousand)	**(960)**	**1,023**		
Change in longevity	- one year life expectancy	+ one year life expectancy		
Impact on present value of defined benefit obligation (in € thousand)	**(621)**	**647**		

17. Provisions

(in € thousand)	RESTRUCTURING	WARRANTIES	CLAIMS	OTHER	TOTAL
AS PER 31 DECEMBER 2018	**0**	**1,024**	**1,115**	**3,688**	**5,828**
Additions	6,993	1,422	276	(38)	**8,653**
Utilizations	0	0	0	0	**0**
Reversals	0	(1,422)	(135)	(1,044)	**(2,601)**
Transfers	0	0	(0)	(79)	**(79)**
Translation adjustments	0	(20)	1	(67)	**(87)**
AS PER 31 DECEMBER 2019	**6,993**	**1,005**	**1,257**	**2,460**	**11,715**
Non-current	0	1,005	1,228	2,460	**4,693**
Current	6,993	0	29	0	**7,022**

Restructuring provisions are recognized when conditions of IAS 37 are fulfilled, and represent in 2019 the restructuring provision for the strategic repositioning of Europe region.

Provisions are recognized for indemnities related to warranties on products sold during the past ten 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 two to three years.

The provisions for claims mainly relate to claims for quality issues of products sold.

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

18. Interest bearing debts

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

LONG-TERM INTEREST BEARING LOANS (in € thousand)	2018	2019
Loans from financial institutions	23,962	17.621
Leasing	410	23,059
Retail Bond 3.75% - 08 Dec 2022	99,820	99,866
Long-term interest bearing loans	**124,192**	**140,546**

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 debts is a term loan (initially € 25 million with a fixed interest rate of 3.17%) with the European Bank for Reconstruction and Development ('EBRD loan') to finance the construction of the new factory in Menemen (TR). The remainder of the long-term debts consists of working capital loans received from commercial banks in Turkey.

Short-term interest bearing debts mainly consist of working capital loans under the € 60 million committed credit facility or under bilateral loan agreements with commercial banks in Turkey.

SHORT-TERM INTEREST BEARING LOANS (in € thousand)	2018	2019
Short-term interest bearing loans	35,317	52,405
TOTAL	**35,317**	**52,405**

				NON-CASH CHANGES				
INTEREST BEARING LOANS (in € thousand)	2017	IFRS16 INITIAL RECOGNITION	CASH FLOWS	CAPITALISED INTEREST	FOREIGN EXCHANGE REVALUATION IN (PROFIT) OR LOSS	IFRS 16 NEW LEASES	FOREIGN EXCHANGE TRANSITION	2018
Loans from financial institutions	60,546	0	8,979	133	5,552	0	(15,970)	59,242
Leasing	(0)	0	448	0	0	0	0	448
Retail Bond 3.75% - 08 Dec 2022	99,773	0	0	46	0	0	0	99,820
INTEREST BEARING LOANS	**160,320**	**0**	**9,427**	**180**	**5,552**	**0**	**(15,970)**	**159,509**

				NON-CASH CHANGES				
INTEREST BEARING LOANS (in € thousand)	2018	IFRS16 INITIAL RECOGNITION	CASH FLOWS	CAPITALISED INTEREST	FOREIGN EXCHANGE REVALUATION IN (PROFIT) OR LOSS	IFRS 16 NEW LEASES	FOREIGN EXCHANGE TRANSITION	2019
Loans from financial institutions	59,242	0	11,099	(243)	150	0	(5,965)	64,283
Leasing	448	32,109	(6,819)	0	712	2,650	(299)	28,802
Retail Bond 3.75% - 08 Dec 2022	99,820	0	0	46	0	0	0	99,866
INTEREST BEARING LOANS	**159,509**	**32,109**	**4,280**	**(196)**	**862**	**2,650**	**(6,263)**	**192,951**

As of 31 December 2019 € 16.9 million of the € 60 million committed bank facility was drawn and recognized in the short-term interest bearing loans.

All interest bearing debt of Deceuninck is unsecured. Usual financial covenants (Leverage, Interest Cover...) are applicable to the committed credit facility, the retail bond and the EBRD loan.

As per 31 December 2019 and at all preceding testing dates throughout 2019 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 2019:

TERMS AND MATURITY PROFILE (in € thousand)	INTEREST %	DUE WITHIN 1 YEAR	DUE BETWEEN 1 AND 5 YEARS	DUE AFTER 5 YEARS	TOTAL
2018		**35,317**	**122,769**	**1,423**	**159,509**
2019		**59,874**	**149,539**	**2,406**	**211,819**
Of which					0
EUR	3.19%	41,861	128,076	1,156	171,092
TRY	17.64%	13,488	532	0	14,020
USD	5.88%	2,808	18,151	948	21,907
Other foreign currencies	6.90%	1,717	2,781	302	4,800

19. Trade payables and other liabilities

(in € thousand)	2018	2019
TRADE DEBTS	**113,872**	**92,656**
Derivative financial instruments	2,689	564
Guarantees from Customers	882	904
Accrued interests	1,965	1,006
Accrued charges	1,018	841
Deferred income	480	450
Other	571	938
OTHER LIABILITIES	**7,605**	**4,702**

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 25.
- 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.

20. Leasing

The Group has lease contracts for various items of buildings, vehicles, machines and other equipment used in its operations. Leases of buildings and machinery generally have lease terms between 2 and 5 years and a contract with a term of 10 years, while motor vehicles and other equipment generally have lease terms between 2 and 4 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.
The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

(in € thousand)	BUILDINGS	CARS	MACHINES & EQUIPMENT	OTHER	TOTAL
As at 1 January 2019	25,117	2,941	4,739	1	32,797
Additions	143	1,758	808	0	2,709
Disposals	(217)	(4)	(35)	0	(255)
Depreciation	(4,049)	(1,620)	(1,748)	(1)	(7,418)
Translation adjustments	27	(30)	(162)	(0)	(166)
AS AT 31 DECEMBER 2019	**21,021**	**3,044**	**3,601**	**1**	**27,667**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

(in € thousand)	LEASE LIABILITY
As at 1 January 2019	32,557
Additions	2,709
Disposals	(255)
Accreation of interest	1,883
Payments	(8,702)
Translation adjustments	**611**
AS AT 31 DECEMBER 2019	**28,802**
Current	5,744
Non-Current	23,059

The maturity analysis of lease liabilities are disclosed in Note 18.

The following are the amounts recognized in profit or loss:

(in € thousand)	IMPACT IS
Depreciation expense of right-of-use assets	(7,418)
Interest expense on lease liabilities	(1,883)
Expenses relating to short-term leases and low-value assets	(2,421)
TOTAL AMOUNT RECOGNIZED IN PROFIT OR LOSS	**(11,722)**

The Group had total cash outflows for leases of € 11.1 million in 2019. The Group also had non-cash additions to right-of-use assets and lease liabilities of € 2.7 million in 2019.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Most of the extension and termination options are related to lease contracts for cars and have a limited value due to the shorter lease periods, lower lease payments and due to the fact that the Group generally replaces the ending contract with a new asset. The largest contracts are related to buildings in Turkey and North America. For the building in Turkey, the contract does not include such option so the recognized lease liability covers the entire lease term of the contract. For the contract in North America, the Group has a termination option but the contract does not have variability linked with the option due to the relating payment linked with the option.

21. Share-based payments

The Group offers the possibility to the members of the board of directors, staff members, senior management members and the members of the Executive Team to register for warrants on Deceuninck NV shares. 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 2019 is 70,750. 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, 2002, 2003, 2004 and 2008 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	
To be accepted by	17/02/04	21/02/05	20/02/06	17/02/08	11/02/09	26/12/09	22/02/11	
N° of beneficiaries at grant date	42	33	53	74	68	2	4	
Exercise price (EUR)	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		1,250	73,102	70,000	**144,352**
Forfeited	15,000	12,750	25,250	32,750	29,650	0	5,000	**120,400**
Expired	32,500	22,625	0	0	33,250	1,898	0	**90,273**
OUTSTANDING 31/12/2019	**0**	**0**	**39,000**	**31,750**	**0**	**0**	**0**	**70,750**
Excercisable 31/12/2019	0	0	39,000	31,750	0	0	0	**70,750**
Exercisable 31/12/2019	0	0	39,000	31,750	0	0	0	
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 2017	2003	2004	2005	2007	2008	2009	2010	TOTAL	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding 2017	32,500	23,625	40,500	35,250	36,000	25,000	5,000	197,875	15
Accepted								0	N/A
Exercised					(1,250)	(23,102)	(5,000)	**(29,352)**	N/A
Forfeited				(1,000)	(1,500)			**(2,500)**	8
Expired	(32,500)				(33,250)			**(65,750)**	N/A
OUTSTANDING 2018	**0**	**23,625**	**40,500**	**34,250**	**0**	**1,898**	**0**	**100,273**	**17.54**

OPTIONS MOVEMENTS IN 2018	2003	2004	2005	2007	2008	2009	2010	TOTAL	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding 2018	0	23,625	40,500	34,250	0	1,898	0	100,273	15.04
Accepted								0	N/A
Exercised								0	N/A
Forfeited	0	(1,000)	(1,500)	(2,500)				**(5,000)**	7.99
Expired		(22,625)				(1,898)		**(24,523)**	N/A
OUTSTANDING 2019	**0**	**0**	**39,000**	**31,750**	**0**	**0**	**0**	**70,750**	**17.54**

Warrant plans

The balance of the outstanding warrants at the end of December 2019 is 4,845,935. One warrant entitles the holder to buy one Deceuninck share at a fixed exercise price. Within the scope of the warrant plans. 58,334 warrants were exercised in the course of 2019. 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 2010	PLAN 2011	PLAN 2011	PLAN 2011	PLAN 2011	PLAN 2013
Grant date	23/12/10	21/12/11	21/12/11	21/12/12	21/12/12	17/12/13
Acceptance date	22/02/11	15/02/12	15/02/12	17/02/13	17/02/13	14/02/14
Number of beneficiaries at grant date	37	42	1	49	1	59
Exercise price (in €)	**1.7**	**0.73**	**0.85**	**1.17**	**1.18**	**1.71**
Share price on acceptance date (in €)	**1.88**	**1.22**	**1.22**	**1.35**	**1.35**	**2.19**
Granted	607,500	490,000	300,000	485,000	350,000	332,500
Accepted	562,500	487,500	300,000	482,500	350,000	332,500
Exercised	404,999	344,999	300,000	304,162	298,217	119,987
Forfeited	132,501	142,501	0	157,503	0	131,674
Expired	25,000	0	0	0	0	0
Outstanding 31/12/2019	0	0	0	20,835	51,783	80,839
Exercisable 31/12/2019	0	0	0	20,835	51,783	80,839
Exercise periods	2014-2019	2015-2021	2015-2021	2016-2021	2016-2021	2017-2023
ASSUMPTIONS						
Volatility	40%	40%	40%	40%	40%	45%
Risk-free interest	3.51%	2.49%	2.49%	0.99%	0.99%	0.99%
Dividend as from 2019 (in €)	0.03	0.03	0.03	0.03	0.03	0.03
Early exercised - Minimum gain	25%	25%	25%	25%	25%	25%
Early exercised - Probability to exercise	50%	50%	50%	50%	50%	50%

WARRANTS MOVEMENTS 2018	PLAN 2010	PLAN 2011	PLAN 2011	PLAN 2011	PLAN 2011	PLAN 2013	PLAN 2013
Outstanding 2017	25,000	22,500	0	143,341	116,667	179,180	343,336
Accepted	0	0	0	0	0	0	0
Exercised	0	0	0	(83,338)	(64,884)	(36,669)	(36,667)
Forfeited	0	(7,500)	0	(20,001)	0	(35,004)	0
Expired	0	0	0	0	0	0	0
OUTSTANDING 2018	**25,000**	**15,000**	**0**	**40,002**	**51,783**	**107,507**	**306,669**

WARRANTS MOVEMENTS 2019	PLAN 2010	PLAN 2011	PLAN 2011	PLAN 2011	PLAN 2011	PLAN 2013	PLAN 2013
Outstanding 2018	25,000	15,000	0	40,002	51,783	107,507	306,669
Accepted	0	0	0	0	0	0	0
Exercised	0	(7,500)	0	(14,167)	0	(21,668)	0
Forfeited	0	(7,500)	0	(5,000)	0	(5,000)	0
Expired	(25,000)	0	0	0	0	0	0
OUTSTANDING 2019	**0**	**0**	**0**	**20,835**	**51,783**	**80,839**	**306,669**

	PLAN 2013	PLAN 2013	PLAN 2015	PLAN 2015	PLAN 2015	PLAN 2017	PLAN 2018	TOTAL
	17/12/13	17/12/14	16/12/15	21/12/16	21/12/16	21/12/17	21/12/18	
	14/02/14	16/02/15	15/02/16	21/02/17	21/02/17	19/02/18	19/02/19	
	9	66	78	8	66	61	51	
	1.76	**1.79**	**2,395**	**2,395**	**2,2271**	**3,060**	**1,820**	
	2.19	**1.88**	**2,079**	**2,215**	**2,2215**	**2,875**	**2.18**	
	570,000	910,000	630,000	710,000	524,000	1,334,000	1,227,000	**9,371,999**
	570,000	892,500	607,500	710,000	524,000	1,233,500	1,227,000	**9,106,499**
	189,997	84,357	0	0	0	0	0	**2,666,717**
	73,334	195,000	195,000	30,000	133,000	85,000	86,334	**1,568,847**
	0	0	0	0	0	0	0	**25,000**
	306,669	613,143	412,500	680,000	391,000	1,148,500	1,140,666	**4,845,935**
	204,446	408,762	137,500	0	0	0	0	**904,165**
	2017-2023	2018-2023	2019-2025	2020-2024	2020-2024	2021-2027	2022-2028	
	45%	45%	45.00%	40.00%	40.00%	30.00%	30.00%	
	0.99%	(0.03%)	(0.28%)	(0.32%)	(0.32%)	0.13%	(0.12%)	
	0.03	0.03	0.03	0.03	0.03	0.03	0.03	
	25%	25%	25%	25%	25%	25%	25%	
	50%	50%	50%	50%	50%	50%	50%	

	PLAN 2013	PLAN 2015	PLAN 2015	PLAN 2015	PLAN 2017	PLAN 2018	TOTAL	WEIGHTED AVERAGE EXERCISE PRICE
	752,500	**505,000**	**682,500**	**455,000**	**0**		**3,225,024**	**1.66**
	0	0	0	0	1,233,500		1,233,500	2.32
	(66,024)	0	0	0			(287,582)	1.22
	(50,000)	(60,000)	0	(37,000)	(67,000)		(324,505)	2.01
	0	0	0	0			0	n/a
	636,476	**445,000**	**682,500**	**418,000**	**1,166,500**		**3,894,437**	**2.01**

	PLAN 2013	PLAN 2015	PLAN 2015	PLAN 2015	PLAN 2017	PLAN 2018	TOTAL	WEIGHTED AVERAGE EXERCISE PRICE
	636,476	**445,000**	**682,500**	**418,000**	**1,166,500**		**3,894,437**	**1.66**
	0	0	0	0	0	1,227,000	1,227,000	2.32
	(14,999)	0	0	0			(58,334)	1.22
	(8,334)	(32,500)	(2,500)	(27,000)	(18,000)	(86,334)	(192,168)	2.01
	0	0	0	0			(25,000)	n/a
	613,143	**412,500**	**680,000**	**391,000**	**1,148,500**	**1,140,666**	**4,845,935**	**2.01**

Performance share plan

The balance of the outstanding Performance Share Rights granted to the members of the Executive Management ('Beneficiaries') is 441,691. One Performance Share Right can be converted into "matching" or Performance Shares of Deceuninck NV at the vesting date (i.e. the third calendar year following the year of the grant), provided the Beneficiaries invested in Deceuninck 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 Beneficiary will be entitled to one or more matching Deceuninck 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. In the course of 2019, 32,703 Performance Share Rights are forfeited and will no longer vest.

PERFORMANCE SHARE PLAN	PLAN 2018
Grant date	31/01/18
Acceptance date	30/06/18
Number of beneficiaries at grant date	8
Share price at date of grant	3,050
Granted	474.394
Accepted	474.394
Exercised	0
Forfeited	32.703
Expired	0
Outstanding 31/12/2018	441.691
Exercisable 31/12/2018	0
Exercise period	2021
Assumptions	
Volatility	25%
Risk-free interest	(0,30%)

PERFORMANCE SHARE PLAN MOVEMENTS	2018
Outstanding 2017	0
Accepted	474.394
Exercised	0
Forfeited	0
Expired	0
Outstanding 2018	474.394

PERFORMANCE SHARE PLAN MOVEMENTS	2019
Outstanding 2018	474.394
Accepted	
Exercised	0
Forfeited	(32.703)
Expired	0
Outstanding 2019	441.691

IFRS 2 has a negative impact of € 913 thousand on the results of 2019 (2018: € 811 thousand). Stock option, warrant plans and performance share plans were valued on the basis of the binominal tree structure. Volatility was determined on the basis of historical data.

22. Related parties

During 2019, the Group made purchases of € 122,774 (€ 3,600,000 in 2018) and sales of € 80,188 (€ 1,004,000 in 2018), under normal market conditions, from or to companies to which Directors of the company are related to.
The purchases mainly relate to repair and maintenance of cars.

Total remuneration of members of the Board of Directors in 2019 amounted to € 267,000 (€ 253,500 in 2018). 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 2019, the CEO received a total remuneration (fixed + variable) in the amount of € 525,000 (€ 923,185 in 2018). The members of the Executive Committee excluding CEO received total remunerations of € 598,570 (€ 2,147,577 in 2018). The members of the Executive Committee did not receive a variable remuneration in 2019. The split of the remuneration is further disclosed in the section 'Corporate Governance Statement' on page 26 to 54.

The evaluation criteria for the performance of the CEO and the other members of the Executive Committee were: REBITDA Group (50%) and Adjusted Free Cash Flow Group (50%). If the manner in which results were obtained is not in line with the core values (Candor, Top Performance and Entrepreneurship), the Remuneration and Nomination Committee reserves the right to decide not to pay any bonus.

Options and/or warrants on the shares of the company are granted to members of the Executive Committee. Pursuant to a warrant plan issued in 2018 470,000 warrants were granted to the members of the Executive Team. These option and warrant plans are not related to the performance of the Group.

23. Services provided by the external auditor

During 2019 the following charges of the external auditor were included in the Group's income statement:

Audit related services	€ 620,930
Other services	€ 1,200

24. Going concern

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

25. 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 subsidiary Ege Profil. Sales in euro by this subsidiary 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 euro taken by the Turkish subsidiary Ege Profil. It is important to note that loans in euro on the balance sheet of Ege Profil are to some extent 'naturally hedged' by the net position of trade receivables and payables in euro on the same local balance sheet. Any remaining exposure is hedged financially with forward contracts. See also further below.

Some intercompany loans for which repayment is neither planned nor likely in the foreseeable 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 Profil 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 2019:

PURCHASE OR SALE	CURRENCY	AMOUNT	MATURITY DATE	MTM 2019 (IN €)
Forward sales	BRL	(6,808,050)	Q1 2020	(6,161)
	CLP	(4,784,024,400)	Q1 2020	357,500
	COP	(5,205,105,000)	Q1 2020	(75,722)
	HRK	(43,200,000)	Q1 2020	939
	INR	(159,280,000)	Q1 2020	17,190
	PLN	(84,500,000)	Q1 2020	(124,125)
	RUB	(285,000,000)	Q1 2020	53,721
	TRY	(3,400,000)	Q1 2020	10,436
	USD	(1,400,000)	Q1 2020	12,080
Forward purchases	CZK	305,000,000	Q1 2020	27,388
	GBP	3,400,000	Q1 2020	(11,572)
	EUR	17,000,000	Q1 2020	168,384
	USD	2,000,000	Q1 2020	15,450

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 euro or 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 POSITION IN FOREIGN CURRENCIES AS PER 31 DECEMBER 2019 (*)

CURRENCY	AMOUNT (IN THOUSAND)	CLOSING RATE 31/12/2019	POSSIBLE VOLATILITY OF THE EXCHANGE RATE IN %**	RATE USED FOR THE SENSITIVITY ANALYSIS		EFFECT ON REVALUATION (IN € THOUSAND)	
USD	856	1,1234	2.49%	1,1514	1,0954	(18)	19
GBP	(87)	0,8508	3.49%	0,8805	0,8211	3	(4)
PLN	1,093	4,2568	1.59%	4,3244	4,1892	(4)	4
CZK	(917)	25,4080	1.12%	25,6930	25,1230	0	0
TRY	19,290	6,6506	6.03%	7,0513	6,2499	(165)	186
RUB	27,881	69,3406	3.64%	71,8642	66,8170	(14)	15
TOTAL						**(198)**	**221**

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

If the euro would have weakened/strengthened during 2019 in line with the above mentioned possible rates, the profit of the financial year would have been about € 221 thousand higher / € 198 thousand lower.

Interest rate risk

Most of the financial debt outstanding on 31 December 2019 is at a fixed interest rate. Only a small part (€ 16.9 million) is at a variable interest rate (Euribor + margin). An increase of the interest rates by 1.00% would therefore have a short-term impact on our financial results of about € 169 thousand. The impact of higher interest rates could however gradually increase when loans have to be refinanced upon their maturity.

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 behaviour 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 at Restricted Group level 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.

For the Turkish subsidiary Ege Profil, liquidity problems could arise if loans becoming due could not be refinanced through local Turkish banks. However, thanks to the excellent reputation and solid financials of Ege Profil. Turkish banks are still eager to grant loans to it.

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.

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	
	2018	2019	2018	2019
FINANCIAL ASSETS				
Cash and cash equivalents	65,831	52,799	65,831	52,799
Long-term trade receivables	365	356	365	356
Trade receivables	88,749	78,097	88,749	78,097
Financial fixed assets	9,498	2,939	9,498	2,939
Derivative financial instruments	526	1,009	526	1,009
FINANCIAL LIABILITIES				
Loans with a variable interest rate	0	0	0	0
Loans with a fixed interest rate	159,061	164,149	160,218	170,242
Financial leasing	448	28,802	448	28,802
Derivative financial instruments	2,689	564	2,689	564

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 2019, 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)	2018	LEVEL 1	LEVEL 2	LEVEL 3
FX forward contracts	526		526	
Assets at fair value	**526**	**0**	**526**	**0**
Interest rate swaps			0	
FX forward contracts	2,689		2,689	
Liabilities at fair value	**2,689**	**0**	**2,689**	**0**

As per 31 December 2019 the Group has the following financial instruments

DERIVATIVE FINANCIAL INSTRUMENTS - HIERARCHICAL CLASSIFICATION OF FAIR VALUE (in € thousand)	2019	LEVEL 1	LEVEL 2	LEVEL 3
FX forward contracts	1,009		1,009	
Assets at fair value	**1,009**	**0**	**1,009**	**0**
Interest rate swaps			0	
FX forward contracts	563		563	
Liabilities at fair value	**563**	**0**	**563**	**0**

26. Events after the balance sheet

No significant events have occurred after the balance sheet date.

27. List of subsidiaries

All financial periods close on 31 December 2019
Fully consolidated subsidiaries:

NAME OF THE COMPANY	REGISTERED OFFICE	OWNERSHIP PERCENTAGE	
		2018	2019
AUSTRALIA			
Deceuninck Pty. Ltd.	71 Premier Drive Campbellfield VIC 3061 Victoria	100.00	**100.00**
BELGIUM			
Solardec CVBA	Bruggesteenweg 360 8830 Hooglede-Gits	28.77	**28.77**
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	Rue Amador Buenoua Amador Bueno 171 - sala 22 - centro 11013 - 151 Santo-Estado de São Paulo	99.99	**99.99**
BULGARIA			
Deceuninck Bulgaria EOOD	41 Sankt Peterburg Blvd 4000 Plovdiv	100.00	**100.00**
CHILE			
Deceuninck Importadora Limitada	Volcán Lascar number 801. 9031078 Pudahuel. Santiago	99.99	**99.99**
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	100.00	**100.00**
CZECH REPUBLIC			
Deceuninck Spol. s r.o	Tuřanka 1519/115a 627 00 Brno-Slatina	100.00	**100.00**
COLOMBIA			
Deceuninck S.A.S.	Zona France Parque Central - Variante Turbaco. Cll 1 Cra 2-5 DUP 1 Bdg 15 Turbaco - Colombia	100.00	**100.00**
FRANCE			
Deceuninck SAS	Zone Industrielle – Impasse des Bleuets 80700 Roye	100.00	**100.00**
GERMANY			
Deceuninck Germany GmbH	Bayerwaldstrasse 18 94327 Bogen	100.00	**100.00**
Deceuninck Germany Produktions GmbH & Co KG	Bayerwaldstrasse 18 94327 Bogen	100.00	**100.00**
Deceuninck Holding Germany GmbH	Bayerwaldstrasse 18 94327 Bogen	100.00	**100.00**

NAME OF THE COMPANY	REGISTERED OFFICE	OWNERSHIP PERCENTAGE	
		2018	2019
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**
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**
MEXICO			
Deceuninck de Mexico	Lateral Autopista México Puabla km 115 N°851 Bodega 1M Parque Industrial CP. 72680 Ocotlan. Coronango. Puebla	100.00	**100.00**
POLAND			
Deceuninck Poland 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**
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**

NAME OF THE COMPANY	REGISTERED OFFICE	OWNERSHIP PERCENTAGE	
		2018	2019
TURKEY			
Ege Profil Ticaret ve Sanayi AS	Atatürk Plastik OSB Mahallesi. 5. Cadde No: 4 Menemen/İZMİR 35660 IZMIR	95.88	**95.88**
Ege Pen AS	Atatürk Plastik OSB Mahallesi. 5. Cadde No: 4 Menemen/İZMİR 35660 IZMIR	99.99	**100.00**
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**

Equity investees, refer to Note 8:

NAME OF THE COMPANY	REGISTERED OFFICE	OWNERSHIP PERCENTAGE	
		2018	2019
BELGIUM			
So Easy Belgium BVBA	Stokkelaar 13 9160 Lokeren	50.00	**50.00**
POLAND			
So Easy System Sp. Z.o.o.	ul. Dunska 4 05-152 Czosnow	50.00	**50.00**
Decalu Solutions Sp. z.o.o.	ul. Dunska 4 05-152 Czosnow	0 .00	**51.00**
Winco Sp. z.o.o.	ul. Dunska 4 05-152 Czosnow	50.00	**50.00**

28. Guarantees and securities

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 has been finalized in 2019.

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 2019 is presented below:

INCOME STATEMENT (in € thousand)	2018	2019
Operating revenues	182.945	183.724
Operating costs	(186.560)	(201.253)
Operating profit / (loss)	**(3.615)**	**(17.529)**
Financial income	106.330	12.732
Financial costs	(27.153)	(14.846)
Profit (+) / loss (-) for the financial year before taxes	**75.562**	**(19.643)**
Transfer from deferred taxes	0	0
Income tax	(400)	(619)
Profit (+) / loss (-) for the financial year before taxes	**75.162**	**(20.262)**
Transfer from tax-free reserves	0	0
PROFIT (+) / LOSS (-) FOR THE FINANCIAL YEAR AVAILABLE FOR APPROPRIATION	**75.162**	**(20.262)**

The operating result of the year is impacted by an increase in sales and marketing spent, higher depreciations because of recent investments e.g. in the Diksmuide recycling plant and the outcome of the new central entrepreneur transfer pricing model where Deceuninck NV acts as a central entrepreneur for the European business.

Financial result of 2018 was impacted by the liquidation of a subsidiary, Deceuninck Beheer, which resulted in a € 94 million liquidation dividend.

Balance sheet

BALANCE SHEET (in € thousand)	2018	2019
Intangible fixed assets	5,092	4,309
Tangible fixed assets	46,525	46,420
Financial fixed assets	264,588	267,668
Non-current assets	**316,205**	**318,397**
Inventories	25,447	24,845
Trade receivables	34,985	27,444
Other receivables	30,502	41,252
Cash and cash equivalents	1,921	1,522
Other current assets	4,616	6,370
Current assets	**97,471**	**101,433**
TOTAL ASSETS	**413,676**	**419,830**
Issues capital	53,901	53,925
Share premiums	92,474	92,542
Reserves	15,466	15,466
Retained earnings	84,403	64,141
Equity	**246,244**	**226,074**
Provisions and deferred taxes	**2,409**	**1,652**
Long-term debts	100,000	100,000
Short-term debts	63,897	90,746
Other liabilities	1,126	1,358
Liabilities	**165,023**	**192,104**
TOTAL EQUITY AND LIABILITIES	**413,676**	**419,830**

The most important fluctuations are:
- Fixed assets remain stable because the capital expenditures almost equal the 2019 depreciation expenses
- Decrease in trade receivables due to a decrease in intercompany receivables
- Increase in other receivables due to an increase in the intercompany current account positions
- Decrease in equity due to result of the year
- Increase in the short term debts due to an increase in short term bank debt

External auditor's report

Independent auditor's report to the general meeting of Deceuninck NV for the year ended on 31 December 2019

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 on 31 December 2019, 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 on 31 December 2019 and the disclosures (all elements together the 'Consolidated Financial Statements') as well as our report on other legal and regulatory requirements. These two reports are considered 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 following recommendation of the workers' council. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ended on 31 December 2019. We have been performing the audit of the Consolidated Financial Statements since before 1990.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Deceuninck NV, that comprise of the consolidated statement of financial position as on 31 December 2019, 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 on 31 December 2019 and the disclosures, which show a consolidated balance sheet total of € 575.374.000 and of which the consolidated income statement shows a net loss for the year of € 14.739.000.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as on 31 December 2019, and of its consolidated results for the year then ended, prepared 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 'Our responsibilities for the audit of the Consolidated Financial Statements' section 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 to 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 € 11.7 million as on 31 December 2019 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 (€ 89.8 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 on 31 December 2019, their existence and valuation through external confirmation procedures, subsequent cash collections in 2020, or reconciliation with delivery notes proving delivery to the customer effectively took place in 2019;
- Testing on a sample basis whether individual trade receivables were classified appropriately 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 customer;
- Assessing the adequacy of the disclosures in Note 12 (Allowance for bad debts) and Note 24 (Credit risk) of the Consolidated Financial Statements.

ONE EUROPE INTEGRATION PROGRAM

Description of the matter

In 2019, the Group launched its 'One Europe' integration program. The total cost of the restructuring related to the integration program amounts to € 9 million in the 2019 income statement, of which € 7.2 million is included in the short term provisions on 31 December 2019. The Group recognizes provisions whenever it has to settle a legal or constructive obligation from the past, when it is probable that a cash outflow will be required to settle these obligations, and to the extent that these can be reliably measured.

The change in structure of the European operations also involved the implementation of a new transfer pricing policy in Europe, which had an impact on the future taxable profit of each entity and on the recoverability of their deferred tax assets. 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 or if taxable temporary difference will be available to use those deferred tax assets.

The measurement and presentation of the 'One Europe' integration program is a key audit matter in our audit because it includes management estimates and because it significantly affects the Consolidated Financial Statements.

Summary of the procedures performed

We have, amongst others, performed the following procedures:

- The audit procedures on the measurement of the provision and related restructuring expenses were performed with the assistance of the auditors of our network in the various countries in which the Group operates;
- Our team evaluated the underlying assumptions of management in determining the restructuring provision, tested the mathematical accuracy of the calculations, and reviewed the measurement of the expenses and provision against a sample of underlying base data, documents and contracts;
- We analysed the accounting impacts of the revised transfer pricing methodology under the integrated European structure and tested the calculation of transfer pricing charges within the group between the various countries;
- We discussed and assessed management's forecasts of taxable income including the underlying business and tax planning assumptions, and tested their recoverability analysis of deferred tax assets;
- We used a tax expert in our firm to assist us in these audit procedures;
- We assessed the adequacy of the disclosures in Note 3 (Revenues and expenses), 4 (Income taxes) and 17 (Provisions) 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 € 23.8 million on 31 December 2019. The provisions for post-employment employee benefits of the Group and the underlying plans are described in Note 16 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 participant data 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 16 of the Consolidated Financial Statements.

Responsibilities of the Board of Directors 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 and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company'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 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 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 skepticism 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 resulting from fraud is higher than when such misstatements result from errors, 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 Company'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 the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's 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 to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

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 to 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 Directors' report on the Consolidated Financial Statements 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 ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements and other information included in the annual report, as well as to report on these matters.

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

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations. (former article 119 of the Belgian Company 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 Directors' report and other information included in the annual report, being:

- Message from the Chairman & the CEO (page 4)
- Key figures 2019 (page 1-2)

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported. In addition, we do not provide any assurance regarding the Board of Directors' report and other information included in the annual report.

The non-financial information required by article 3:32, § 2 of the Code of companies and associations has been included in the Board of Directors' report on the Consolidated Financial Statements, which is part of the section 'Report of the Board of Directors' of the annual report. The Group has used the Global Reporting Initiative ('GRI') Standards in preparation of this non-financial information. However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with the GRI Standards. We do not express any form of assurance regarding the individual elements included in this non-financial information.

Independence matters

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

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued 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, 20 February 2020

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

Marnix Van Dooren *
Partner

(*) Acting on behalf of a BV/SRL

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.
- 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

Addresses

AUSTRALIA
Deceuninck Pty. Ltd.
71 Premier Drive
Campbellfield
VIC 3061 Victoria
T +61 3 9357 5033 – F +61 3 9357 5611
deceuninckaustralia@deceuninck.com

BELGIUM
Deceuninck NV
Plastics Deceuninck NV
Bruggesteenweg 360
8830 Hooglede-Gits
T +32 51 239 211 – F +32 51 227 993
www.deceuninck.com
info@deceuninck.com

Deceuninck NV - Divisie Compound
Cardijnlaan 15
8600 Diksmuide
T +32 51 502 021 – F +32 51 504 948

Decalu NV
Bruggesteenweg 360
8830 Hooglede-Gits
T +32 51 239 211 – F +32 51 227 993

BOSNIA AND HERZEGOVINA
Inoutic/Deceuninck d.o.o.
Prvi mart bb
75270 Zivinice
T +387 35 773313 – F +387 35 773312
infobih@inoutic.com

BRAZIL
Deceuninck do Brazil
Rua da Barra 242
Parque Rincão
CEP 06705 420
Cotia – São Paulo
Brazil
T +55 11 2338 9190
Info@deceuninck.com.br
www.deceuninck.com.br

BULGARIA
Deceuninck Bulgaria EOOD
41 Sankt Peterburg Blvd.
4006 Plovdiv
T +359 32 63 72 95 – F +359 32 63 72 96
office@deceuninck.bg

CHILE
Deceuninck Importadora Limitada
Av. Las Condes 6932
Las Condes
T +56 232 750 800

Deceuninck Importadora Limitada
Office & warehouse
Volcán Lascar 801, 3G/3H
Pudahuel, Santiago
T +56 95 149 87 54

info@deceuninck.cl
www.deceuninck.cl
www.123ventanas.cl

CHINA
Rep. Office Deceuninck NV China (Qingdao)
8 Dong Chuan Lu
(5#-2-404 Bo Yue Lan Ting)
266000 Licang, Qingdao, Shandong
T +86 532 858 903 57 – F +86 532 858 903 52
liang.zhang@deceuninck.com

COLOMBIA
Deceuninck S.A.S.
Zona Franca Parque Central
Variante Turbaco, Cll 1 Cra 2-5 DUP 1 – Bdg 15
Turbaco – Colombia
T +57 3023992771
cesar.pena@deceuninck.com
www.deceuninck.co

CROATIA
Inoutic d.o.o.
Industrijska ulica 3
10370 Dugo Selo (Zagreb)
T +385 1 278 1353 – F +385 1 278 1351

Deceuninck d.o.o.
Kipišće 13
10434 Strmec Samoborski
T +385 1 278 1353 – F +385 1 278 1351

info@inoutic.hr
www.deceuninck.hr

CZECH REPUBLIC
Deceuninck spol. s r.o.
Tuřanka 1519/115a
627 00 Brno-Slatina
T +420 547 427 777
info@deceuninck.cz
www.inoutic.cz

FRANCE

Deceuninck SAS
Zone Industrielle – Impasse des Bleuets
80700 Roye
T +33 3 22 876 666
deceuninck.sa@deceuninck.com
www.deceuninck.fr

GERMANY

Deceuninck Holding Germany GmbH
Deceuninck Germany Produktions GmbH & Co KG
Deceuninck Germany GmbH
Bayerwaldstraße 18
94327 Bogen
T +49 94 22 821 0 – F +49 94 22 821 379

Warehouse
Industriestrasse 2-4
94336 Hunderdorf
T +49 94 22 821 0 – F +49 04 22 821 379

www.inoutic.com
info@deceuninck.de

INDIA

Deceuninck Profiles India Private Limited
Building 09, Casa Grande Distripark
Satharai Village, Thiruvallur Taluk
631203 Chennai
T +91 87 54 57 40 63

Deceuninck Profiles India Private Limited
Plot No. 46
Sector Ecotech-12, Greater Noida UP
201310 Noida
T +91 87 54 55 01 65

Sales offices

Deceuninck Profiles India Private Limited
41 Ground Floor
MGF Metropolitan Mall, Saket
110017 New Delhi
T +91 87 54 50 10 91

Deceuninck Profiles India Private Limited
3157 Indira Nagar Double Road, Apparddipalya
Indira Nagar, Bengaluru
560008 Bengaluru
T +91 93 84 66 73 25

info@deceuninck.in
www.deceuninck.in

ITALY

Deceuninck Italia S.r.l.
Via Padre Eugenio Barsanti 1
56025 Pontedera (PI)
T +39 0587 484426 – F +39 0587 54432
italia@deceuninck.com
www.deceuninck.it

MEXICO

Deceuninck Mexico SA de CV
Lateral Autopista México Puebla km 115 No. 851
Bodega 1 M, Parque Industrial
Ocotlán, Coronango
72680 Puebla
T +52 222 1443552 – F +52 122 24595382

THE NETHERLANDS

Deceuninck Kunststof B.V.
Prins Bernhardplein 200
1097JB Amsterdam
deceuninck.kunststof@deceuninck.com

POLAND

Deceuninck Poland Sp. z o.o.
Jasin, Ul. Poznanska 34
62-020 Swarzedz
T +48 61 81 87000 – F +48 61 81 87001
deceuninck.polska@deceuninck.com

EMABO Waldemar Ślebioda
Warehouse
Sepn.o ul. Parkowa 3
64-060 Wolkowo

Deceuninck Poland Sp. z o.o.
Warehouse
Jasin, ul.Rabowicka 67
62-020 Swarzedz

ROMANIA

Deceuninck Romania SRL
Soseaua de Centura 13A
Complex KLC
Chiajna town, judetul ILFOV
T +40 21 327 49 52 – F +40 213 191733
officedeceuninck.ro@deceuninck.com

RUSSIA

Deceuninck RUS OOO
Obrucheva str. 36, bld. 1
117342 Moscow
info@deceuninck.ru

Deceuninck RUS OOO
pr. Naumova 5
Moscow region
142281 Protvino
info@deceuninck.ru

Deceuninck RUS OOO
Chapaeva str. 39a
Sverdlov region
623704 Berezovsky

T +7 (499) 110-05-22
info@deceuninck.ru

SERBIA

Inoutic / Deceuninck d.o.o.
Kruzni put bb
Lestane
11309 Beograd
T +381 11 3443 217 – F +382 11 2442 43

SPAIN

Deceuninck NV Sucursal en España
Avda. de la Industria 1007
Pol. Ind. Antonio del Rincón
45222 Borox – Toledo
T +34 925 527 241
www.deceuninck.es
info@deceuninck.es

THAILAND

Deceuninck (Thailand) Co.Ltd.
79/74 Moo 12, Bangna-Trad Rd
Bangkaew Bangplee
10540 Samutprakarn
T +66 2 751 9544 5
info@deceuninck.co.th

Deceuninck (Thailand) Co.Ltd.
79/81 Moo 12, Bangna-Trad Rd
Bangkaew Bangplee
10540 Samutprakarn
info@deceuninck.co.th

TURKEY

Ege Profil Tic.ve San.A.Ş
Atatürk Plastik OSB Mahallesi, 5. Cadde No. 4
Menemen – 35660 İzmir
T +90 232 398 98 98 – F +90 232 376 71 63
info@egeprofil.com.tr

Ege Profil Tic.ve San.A.Ş
Sarımeşe Mah. Suadiye Cad. Winsa İdari Bina Apt. No. 5
Kartepe – 41400 İzmir
T +90 262 371 57 27 – F +90 262 371 57 28
info@egeprofil.com.tr

Ege Profil Tic.ve San.A.Ş
Çepni Mah. Bağdat Cad. No. 35 Suadiye
Kartepe – 41250 İzmir
T +90 262 371 57 27 – F +90 262 371 57 28
info@egeprofil.com.tr

Ege Profil Tic.ve San.A.Ş
Atatürk Plastik OSB Mahallesi, 1. Cadde No. 5
Menemen – 35660 İzmir
T +90 232 398 98 98 – F +90 232 376 71 63
info@egeprofil.com.tr

Sales offices

Ege Profil Tic.ve San.A.Ş
Kızılırmak Mah. 1446 Sk. No. 12/17 Çukurambar
Çankaya – 06530 Ankara
T +90 312 442 83 60 – F +90 312 442 71 11
info@egeprofil.com.tr

Ege Profil Tic.ve San.A.Ş
İçerenköy mah. Çayır Yolu Sok. No. 5 Bay Plaza Kat. 3
Ataşehir – 34752 Istanbul
T +90 216 537 13 60 – F +90 216 537 13 64
info@egeprofil.com.tr

Ege Profil Tic.ve San.A.Ş
Yeni Mahalle 87071 Sok. Bozkurtlar Rezidans No. 50 K.3 D.3
Seyhan – 01200 Adana
T +90 322 247 23 90 – F +90 322 247 23 85
info@egeprofil.com.tr

Ege Profil Tic.ve San.A.Ş
Kızılırmak Mah, 1446 Cad. Alternatif Plaza No. 12/26 Çukurambar
Çankaya – 06530 Ankara
T +90 312 440 16 15 – F +90 312 441 11 18
info@egeprofil.com.tr

Ege Profil Tic.ve San.A.Ş
İçerenköy Mah. Çayır Caddesi No. 5 Bay Plaza Kat. 4
Ataşehir – 34752 Istanbul
T +90 216 469 55 70 – F +90 216 574 10 53
info@egeprofil.com.tr

Ege Profil Tic.ve San.A.Ş
Yeni Mahalle 87071 sk. No. 50-1 Bozkurtlar Recidance Kat. 3
Daire: 2
Seyhan – 01200 Adana
T +90 322 247 23 80 – F +90 322 247 23 81
info@egeprofil.com.tr

Ege Profil Tic.ve San.A.Ş
Beylikbağı mah. İstanbul Cad, No. 29
Gebze – 41400 Kocaeli
T +90 262 371 57 27 – F +90 262 371 28 38
info@pimapen.com.tr

Ege Profil Tic.ve San.A.Ş
Yeni Mah. 87071 Sok. Bozkurtlar Rezidans K. 12 No. 20
SEYHAN – 01120 Adana
T +90 322 233 52 13-14 – F +90 322 233 52 15
info@pimapen.com.tr

Ege Profil Tic.ve San.A.Ş
İçerenköy Mah. Çayır Cad. No. 5 Bay Plaza K. 12
Ataşehir – 34752 Istanbul
T +90 216 807 01 70 – F +90 216 469 55 71
info@pimapen.com.tr

Ege Profil Tic.ve San.A.Ş
İçerenköy Mah. Çayır Cad. No. 5 Bay Plaza K. 9
Ataşehir – 34752 Istanbul
T +90 216 807 00 00 – F +90 216 576 74 82
info@pimapen.com.tr

Ege Profil Tic.ve San.A.Ş
Beştepe Mahallesi Yaşam Caddesi No. 13 A/74 Merkez
Yenimahalle – 06560 Ankara
T +90 312 441 73 98 – F +90 312 440 14 04
info@pimapen.com.tr

Ege Profil Tic.ve San.A.Ş
İçerenköy Mah. Çayır Caddesi No. 5 Bay Plaza Kat. -2
Ataşehir – 34752 Istanbul
T +90 216 537 13 60 – F +90 216 537 13 64
info@egeprofil.com.tr

Ege Profil Tic.ve San.A.Ş
İçerenköy Mah. Çayır Caddesi No. 5 Bay Plaza Kat. -1
Ataşehir – 34752 Istanbul
T +90 216 469 55 70 – F +90 216 574 10 53
info@egeprofil.com.tr

UNITED KINGDOM

Deceuninck Holdings Ltd
Deceuninck Ltd
Range Valley Ltd
Status Systems Limited
Unit 2. Stanier Road
Porte Marsh
Calne – Wiltshire SN11 9PX
T +44 1249 810 969 – F +44 1249 815 234

Deceuninck Ltd - warehouse
Beversbrook Industrial Estate
Porte Marsh
Calne – Wiltshire SN11 9PX
T +44 1249 810 969 – F +44 1249 815 234

www.deceuninck.com/uk
deceuninck.ltd@deceuninck.com

UNITED STATES

Deceuninck North America LLC
Deceuninck North America Inc.
351 North Garver Road
Monroe. 45050 Ohio

240 North Pacific Parkway
89408 Fernley, Nevada
T +1 513 539 4444 – F +1 513 539 5404
www.deceuninckna.com
support@deceuninck-info.com

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	Operating profit 11,185 Depreciations & Impairment (40,460) **EBITDA 51,645**
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, e.g, restructuring costs = recurring operating cash flow	EBITDA 51,645 Non recurring income 0 Non recurring expenses 8,997 **Adjusted EBITDA 60,642**
3	EBIT	Earnings before interest and taxes = operational result	EBITDA 51,645 Depreciations & Impairment (40,460) **EBIT 11,185**
4	EPS (non-diluted)	(Non-diluted) earnings per share	
5	EPS (diluted)	(Diluted) earnings per share	
6	Net debt	Financial debts – cash and cash equivalents	Cash & equivalents (52,799) Interest bearing loans - non current 140,546 Interest bearing loans - current 52,405 **Net debt 140,152**
7	Working capital	Trade receivables and inventories – trade debts	Trade receivables 78,097 Inventory 109,073 Trade payables (92,656) **Working Capital 94,514**
8	Liquidity	Current assets/current liabilities	
9	ROCE	Return on capital employed = EBIT/Capital employed (CE)	
10	Capital employed (CE)	The sum of non-current assets and working capital	Working Capital 94,514 Non-current assets 321,809 **Capital Employed (CE) 416,323**
11	Subsidiaries	Companies in which the group owns a participation in excess of 50%	
12	MTM	Marked-to-Market	
13	Headcount (FTE)	Total Full Time Equivalents including temporary and external staff	
14	Restricted Group	The Restricted Group consists of all entities of the Group excluding Turkish subsidiaries and their subsidiaries.	
15	LTM	Last Twelve Months	

GRI Index

DESCRIPTION		PAGE
GRI 100 UNIVERSAL STANDARDS		
GRI 102 GENERAL DISCLOSURES		
1. ORGANIZATIONAL PROFILE		
102-1	Name of the organization	163
102-2	Activities, brands, products, and services	10-23
102-3	Location of headquarters	163
102-4	Location of operations	10-11, 163-166
102-5	Ownership and legal form	54
102-6	Markets served	10-11
102-7	Scale of the organization	10-11, 55, 112-113
102-8	Information on employees and other workers	62-67
102-9	Supply chain	69
102-10	Significant changes to the organization and its supply chain	69
102-12	External initiatives	70-71
102-13	Membership of associations	72, 75
2. STRATEGY		
102-14	Statement from senior decision-maker	5
102-15	Key impacts, risks, and opportunities	14-17, 46-50
3. ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behavior	66-67
102-17	Mechanisms for advice and concerns about ethics	66-67
4. GOVERNANCE		
102-18	Governance structure	26-37
102-19	Delegating authority	58-61
102-20	Executive-level responsibility for economic, environmental, and social topics	26-37, 61
102-21	Consulting stakeholders on economic, environmental, and social topics	59-61
102-22	Composition of the highest governance body and its committees	26-37
102-23	Chair of the highest governance body	27
102-24	Nominating and selecting the highest governance body	52
102-25	Conflicts of interest	39, 51
102-26	Role of highest governance body in setting purpose, values, and strategy	34, 61
102-27	Collective knowledge of highest governance body	31-32
102-28	Evaluating the highest governance body's performance	39
102-29	Identifying and managing economic, environmental, and social impacts	72-79
102-30	Effectiveness of risk management processes	46-50
102-31	Review of economic, environmental, and social topics	58-79
102-32	Highest governance body's role in sustainability reporting	61
102-35	Remuneration policies	40-45, 147
102-36	Process for determining remuneration	40-45, 147

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Responsible editor
Wim Van Acker
Representative of Fienes BVBA
CFO

Creation
www.astrix.be

Registered office & business address:
Deceuninck NV
Bruggesteenweg 360 – B-8830 Hooglede-Gits (Belgium)
VAT BE405.548.486 – RPR GHENT, DIVISION COURTRAI

Deceuninck NV
Bruggesteenweg 360
B-8830 Hooglede-Gits (Belgium)
T +32 51 23 92 11
F +32 51 22 79 93
info@deceuninck.com

www.deceuninck.com