

– CONSOLIDATED & AUDITED RESULTS 2010 –

PICANOL GROUP REALIZES A 58% INCREASE IN TURNOVER AND A STRONG GROWTH IN PROFIT

- In line with the previously outlined forecast, the Picanol Group (NYSE Euronext: PIC) realized a consolidated turnover of 395.77 million euros in 2010, an increase in turnover of 58% compared to 250.23 million euros in 2009.

The strong increase in turnover was realized in both the Weaving Machines division and the Industries division. The Weaving Machines division experienced a strong year in 2010 following the quicker than expected recovery of the weaving machine market, which was mainly driven by a strong demand in Asia. The Industries division also showed a strong external growth in 2010.

As a result of the increase in turnover in both divisions, continued efforts to keep the cost price low, a strict monitoring of the fixed costs and improved productivity in the Industries division, the Picanol Group managed to close the financial year 2010 with a net profit of 35.24 million euros. In 2009, the financial year was closed with a loss of -23.52 million euros.

- The Board of Directors will propose to the General Meeting not to pay out a dividend for the 2010 financial year.
- The Picanol Group expects the world market for weaving machines to remain at the same level in 2011, but remains cautious in light of the volatile world economy.
- At present, the Picanol Group has about 20 vacancies in Ypres, mainly for R&D engineers (mechanics, electronics, hardware).
- In 2011, the Picanol Group will celebrate its 75th anniversary.

NOTES

The consolidated turnover of the Picanol Group for the 2010 financial year amounts to 395.77 million euros, an increase in turnover of 58% compared to the turnover of 250.23 million euros in 2009. The turnover of Picanol NV increased by 55% from 170.21 million euros in 2009 to 264.08 million euros in 2010, mainly as a result of a strong increase in the volume of weaving machines sold. The contribution of Picanol NV's turnover to the consolidated turnover totals 66.7% in 2010.

The gross profit of the Picanol Group for the 2010 financial year was 81.94 million euros, compared to 23.62 million euros in 2009. The gross margin increased from 9.4% to 20.7%, mainly because the fixed production costs did not increase in line with the higher turnover. As a result of the strong increase in turnover, a further

decrease in the general and administrative costs and leaving out the restructuring costs, the operating result increased from -28.17 million euros in 2009 to 46.73 million euros in 2010. The operating result in 2009 included restructuring costs of 12.02 million euros.

Weaving Machines

The Weaving Machines division experienced a strong year in 2010, mainly as a result of the quicker than expected recovery of the weaving machine market in Asia. Particularly in China, the market for locally produced machines started to recover at the end of 2009. The facility in Suzhou (China) was the first to profit from the improving Chinese market. From the second quarter, exporting textile companies were also running at a cruising speed. This resulted in a recovery in the demand for weaving machines produced in Ypres. In the second half of 2010, the market remained good, which was also due to the favorable exchange rate of the Euro. In the fourth quarter of 2010, the Chinese demand for weaving machines slowed down; one of the reasons being the continuously increasing price of cotton and the volatile exchange rates. However, this effect was compensated for by an increasing demand from other regions in the world. Sales of spare parts and weaving accessories also profited from a favorable market in 2010.

Industries

After a difficult first quarter, the Industries division showed a clear recovery from the second quarter of 2010, profiting from a gradually improving economic climate. In 2010, Proferro successfully implemented a new molding line, with larger molds and an automated cast iron transport. As a result of the marketing campaign for the new molding line and a clearer marketing presence, Proferro managed to reach new sectors and customers. PsiControl Mechatronics mainly showed growth in an increase in R&D activities and an improving demand for electronic products and assemblies. This all resulted in a rise in activities in various sectors, such as compressors, earthmoving equipment, textile machines and HVAC (heating, ventilation & air conditioning).

As a result of the strong increase in turnover in both divisions, continued efforts to keep the cost price low, a strict monitoring of the fixed costs and improved productivity in the Industries division, the Picanol Group managed to close the 2010 financial year with a net profit of 35.24 million euros, compared to a net loss of -23.52 million euros in 2009.

DIVIDEND

As the losses transferred from 2008 and 2009 have not yet been eliminated, on 20 April 2011 the Board of Directors will propose to the General Meeting not to pay out a dividend for 2010.

MAIN EVENTS IN 2010

- In the first six months of 2010, Picanol's product offering was extended with a new airjet weaving machine, the OMNI*plus*-X. R&D and product innovation continue to play a central role in the further development of the high-tech activities.
- In June 2010, the 300,000th weaving machine reached the end of the assembly line since production started in Ypres. This was another milestone in the long history of Picanol, which started on 22 September 1936.
- As a result of the improved market conditions, the Picanol Group launched a recruitment campaign in 2010 to hire 200 extra temporary workers for its production plant in Ypres.
- In August 2010, the Picanol Group concentrated all Ypres activities and its registered office in the Karel Steverlyncklaan, where its main production and R&D activities are based.

OUTLOOK

Weaving Machines

The Picanol Group expects the international market for weaving machines to remain at the same level in 2011 as in 2010. The order book for the first months of 2011 has been filled up nicely. The second half of the year is less clear, as the economic recovery in the western world is still quite hesitant, and as the increased prices for energy and raw materials (such as cotton), currency developments or the political situation in North Africa are causes of uncertainty. This might influence decisions to invest in new weaving machines.

Industries

Based on the current economic situation, the Picanol Group is aiming to further grow its Industries division in 2011, by making full use of the advantages of the new molding line (Proferro) and the further expansion of its controller competencies (PsiControl Mechatronics).

The Picanol Group remains cautious, as it is active as an export-oriented company in a volatile world economy.

ANNUAL RESULTS 2010

(Consolidated & audited)

Picanol Group (in '000 of euros)	2010	2009
Sales	395,774	250,232
Cost of sales	-313,832	-226,608
GROSS PROFIT	81,942	23,625
<i>Gross profit as % on sales</i>	20.7%	9.4%
General and administrative costs	-18,011	-23,373
Sales and marketing costs	-16,337	-14,593
Other operating income	609	59
Other operating expenses	-1,474	-13,896
OPERATING RESULT	46,730	-28,178
Net financing expenses	-39	-704
Other financial result	200	-590
PROFIT OR LOSS BEFORE TAXES	46,891	-29,472
Tax expenses	-11,648	5,945
PROFIT OR LOSS	35,244	-23,527
SHARE OF MINORITY INTERESTS	0	0
SHARE OF THE GROUP IN PROFIT/LOSS	35,244	-23,527
SHAREHOLDER'S EQUITY	98,948	60,934
TOTAL BALANCE SHEET	220,671	181,271

Condensed cash flow statement

(in '000 of euros)	2010	2009
Operating result	46,730	-28,178
Gross operating cash flow	56,239	-2,237
Net operating cash flow	25,196	26,538
Net cash flow from investment operations	-3,700	-4,150
Cash flow from finance operations	-14,374	-15,537
Adjustments to cash and cash equivalents	8,918	5,742

Key figures per share*

(in '000 of euros)	2010	2009*
Gross profit	4.63	2.03
Operating result	2.64	-2.42
Profit before taxes	2.65	-2.54
Basic earnings per share	1.99	-2.03
Earnings per share after dilution	1.99	-2.03
Number of shares	17,700,000	17,700,000

**for 2009, on the basis of a weighted average quantity of ordinary outstanding shares of 11,605,495*

REPORT BY THE AUDITOR

The auditor confirms that the audit is substantially completed, and did not reveal any significant adjustments to the financial information included in the press release. The auditor has issued an unqualified opinion on the consolidated financial statements. The full report by the auditor is included in the annual report.

Kortrijk, 7 March 2011
The statutory auditor

DELOITTE Bedrijfsrevisoren
BV ovve CVBA
Represented by Kurt Dehoorne and Mario Dekeyser

RECRUITMENT

After recruiting 200 extra temporary workers for the main production facility in Ypres in 2010, the Picanol Group is again looking for new employees to enable it to keep ahead in the field of technology. There are about 20 vacancies for R&D engineers (mechanics, electronics, hardware and embedded software), process engineers, cost engineers, IT officers and international trainees (Young Engineers Program). The Picanol Group is also looking for deburrers and CNC technicians (bottleneck jobs). Vacancies are announced on the website www.picanolgroup.com/jobs.

75th ANNIVERSARY PICANOL GROUP

In 2011, the Picanol Group will celebrate its 75th anniversary. In these 75 years, the Picanol Group has evolved from a traditional manufacturer of weaving machines into an international supplier of complete solutions for the textile industry and other sectors. To put its rich history in the spotlight, the company launched a blog site: <http://75yearsofpicanolgroup.blogspot.com/>.

FINANCIAL CALENDAR

The annual report for the 2010 financial year and the yearly information are available with effect from 9 March 2011 onwards on the corporate website www.picanolgroup.com.

Trading update Q1	20 April 2011 (after market close)
Publication of half-year results	30 August 2011
Trading update Q3	21 October 2011 (after market close)
Publication of 2009 annual results	7 March 2012
General meeting	18 April 2012

About the Picanol Group

The Picanol Group is an international, customer-oriented group specialized in the development, production and sale of weaving machines and other high-technology products, systems and services.

Division Weaving Machines

The division Weaving Machines (Picanol) develops, manufactures and sells high-tech weaving machines based on air (airjet) or rapier technology (rapier). Picanol supplies weaving machines to weaving mills worldwide, and also offers its customers such products and services as training, upgrade kits, spare parts and service contracts. For 75 years, Picanol has played a pioneering role in the industry worldwide, and is one of the current world leaders in weaving machine production.

Division Industries

The division Industries covers all activities not related to weaving machines: Proferro comprises the foundry and the group's machining activities. It produces cast iron parts for e.g. compressors, pumps and agricultural machinery, and parts for Picanol weaving machines. Through PsiControl Mechatronics, the group specializes in the design, development, manufacturing and support of technological components, services and mechatronical system solutions for original equipment manufacturers in various industries. Melotte develops and produces innovative product solutions using Direct Digital Manufacturing (DDM) and Near-to-Net-Shape Manufacturing (NNSM) technologies.

In addition to the headquarters in Ypres (Belgium), the Picanol Group has production facilities in Asia, Europe and the United States, linked to its own worldwide sales and service network. In 2010, the Picanol Group realized a consolidated turnover of 395.77 million euros. The Picanol Group employs 2,082 employees worldwide and has been listed on NYSE Euronext Brussels (PIC) since 1966.

For further information please contact:

Frederic Dryhoel, Corporate Communication Manager, at +32 (0)57 22 23 64

or by e-mail: frederic.dryhoel@picanol.be

This press release is also available on the Picanol Group's corporate website:

www.picanolgroup.com