PRESS RELEASE
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– CONSOLIDATED & AUDITED RESULTS 2012 –

PICANOL GROUP REALIZES A STRONG FINANCIAL YEAR THANKS TO AN IMPROVED SECOND HALF

INVESTMENTS OF 12 MILLION EUROS APPROVED FOR YPRES

- **In line with earlier forecasts, the Picanol Group (NYSE Euronext: PIC) realized a consolidated turnover of 461.75 million euros in 2012, compared to 466.95 million euros in 2011. In the second half of 2012, the Picanol Group realized a turnover of 242.66 million euros, an increase of 10.7% compared to 219.09 million euros in the first six months of 2012. The group closed 2012 with a REBIT of 71.85 million euros, compared to a REBIT of 67.26 million euros in 2011.**

- **As was the case in 2011, the Weaving Machines division experienced a strong year. Despite a hesitant start resulting from the weaker order book at the end of the previous year, 2012 was characterized by a high global demand for Picanol weaving machines. This was due to, amongst others, the success of the new Picanol weaving machines, the favorable exchange rate of the euro against the yen and the strong global sales and services network. In 2012, the Industries division was commercially successful with both new customers and new orders from existing customers.**

- **The Board of Directors will propose to the General Meeting on 17 April 2013 not to pay out a dividend for the 2012 financial year.**

- **The Board of Directors approved investments at Ypres for an amount of 12 million euros. The plan includes the construction of a new test area for weaving machines and the expansion of the HWS molding line (Industries). In combination with further productivity and quality improvements, the Picanol Group wants to increase its competitiveness with these targeted investments in Ypres.**

- **For the first six months of 2013, the order books for both divisions are well-filled. The outlook for the second half is less clear.**

Weaving Machines
As was the case in 2011, the Weaving Machines division experienced a strong year. Despite a hesitant start resulting from the weaker order book at the end of the previous year, 2012 was characterized by a high global demand for Picanol weaving machines. This was due to, amongst others, the success of new Picanol weaving machines, the favorable exchange rate of the euro against the yen and the strong global sales and services network. In order to handle production peaks, Picanol had to focus strongly on both quality and flexibility in 2012.

Following ITMA Barcelona in September 2011, Picanol successfully participated in a number of international trade fairs in 2012, where it profiled itself as the technological market leader in rapier and airjet weaving machines. Picanol focused mainly on the new weaving machines – the OMNI*plus* Summum and positive rapier – as well as its added value in the weaving of technical textiles. The ambition of Picanol will remain to further develop its technological market leadership. Picanol strongly focuses on (weaving) performance, quality, energy consumption, robustness, waste reduction and the ease of use of its weaving machines.

In 2012, the Picanol Group also invested in the further expansion of its global sales and services network, including a new headquarters in India and a new office for Picanol of America. Furthermore, a new warehouse was built at the production site in Suzhou (China) to optimize logistics.

Industries
In 2012, the Industries division was commercially successful with its *engineered casting solutions* and *customized controllers*, both with new customers and new orders from existing customers. From the second half of the year, the activities came under pressure due to the increasing economic and financial uncertainty among customers, despite the well-filled order book for the Weaving Machines division.

NOTES
The Picanol Group's consolidated turnover for the full financial year 2012 was 461.75 million euros, a slight decrease of 1% compared to 466.95 million euros in 2011. The turnover of Picanol NV in 2012 amounted to 329.45 million euros, compared to 348.87 million euros in 2011. The turnover decreased by 5.6% as a result of a weaker first half year.

The Picanol Group's gross profit for the financial year 2012 was 103.09 million euros, a slight increase compared to 101.14 million euros in 2011. The gross margin increased from 21.7% to 22.3%. The operation result decreased from 76.07 million euros in 2011 to 72.27 million euros in 2012, as the result in 2011 includes other income related to the sale of the Steel Heddle activities for an amount of 9.5 million euros. The recurrent profit (without other operating income and expenses) increased by 4.6 million euros despite the lower turnover.

Thanks to the continued cost control and the favorable exchange rate of the euro against the yen, the Picanol Group managed to close 2012 with a REBIT of 71.85 million euros, compared to a REBIT of 67.26 million euros in 2011. The Picanol Group closed 2012 with a net profit of 55.30 million euros, compared to 61.01 million euros in 2011 (including non-recurring income of 9.5 million euros realized by the sale of the Steel Heddle activities).

DIVIDEND

The Board of Directors will propose to the General Meeting on 17 April 2013 not to pay out a dividend for the 2012 financial year.

MAIN EVENTS 2012

- On Saturday 14 April 2012, Emmanuel Steverlynck, Honorary Chairman of the Picanol Group, sadly passed away.
- In early July 2012, the Picanol Group announced that it was recruiting 50 additional temporary workers for the production site in Ypres to handle production peaks.
- In August 2012, the new Indian headquarters in New Delhi was inaugurated in the presence of Mr. Didier Reynders, Deputy Prime Minister and Minister of Foreign Affairs, Foreign Trade and European Affairs.

Outlook

For the first six months of 2013, the order books for both divisions are well-filled. The outlook for the second half is less clear, since exchange rate changes and/or volatile energy and commodity prices may cause uncertainty in the market.

Innovation, technology and ongoing R&D efforts remain crucial to the international success of Picanol. In 2013, Picanol will continue to expand its role as technological market leader by increasing the product range of its weaving machines and by offering applications for new market segments. The Industries division will increase its activities on the market in 2013. In addition, increasing the competitiveness through further productivity and quality improvements, and targeted investments is a top priority in 2013.

To this end, the Board of Directors approved investments at Ypres for an amount of 12 million euros. The plan includes the construction of a new test area for weaving machines, the expansion of the HWS molding line and the purchase of several production machines.

The Picanol Group remains cautious, as it is active as an export-oriented company in a volatile world economy with ever-changing exchange rates. Due to the cyclical nature of the textile market, strict cost-control remains of the essence.

ANNUAL RESULTS 2012 (Consolidated & audited)

Picanol Group (in ‘000 of euros)	2012	2011
Sales	461,751	466,953
Cost of sales	-358,659	-365,814
GROSS PROFIT	**103,092**	**101,139**
Gross profit as % on sales	***22.3%***	***21.7%***
General and administrative costs	-16,077	-17,538
Sales and marketing costs	-15,165	-16,337
Other operating income	558	9,721
Other operating expenses	-133	-916
OPERATING RESULT	**72,275**	**76,069**
Total interest income	3,997	1,138
Total interest expenses	-1,233	-750
Other financial income	942	892
Other financial expenses	-914	-621
PROFIT OR LOSS BEFORE TAXES	**75,067**	**76,728**
Taxes	-19,766	-15,716
PROFIT OR LOSS	**55,302**	**61,013**
SHARE OF MINORITY INTERESTS	**0**	**0**
SHARE OF THE GROUP IN PROFIT/LOSS	**55,302**	**61,013**
SHAREHOLDER’S EQUITY	**217,661**	**162,828**
TOTAL BALANCE SHEET	**349,812**	**288,263**
REBIT	*71,850*	*67,263*

REBIT: Operating result – other operating income + other operating expenses

Condensed cash flow statement

(in ‘000 of euros)	2012	2011*
Operating result	72,275	76,069
Gross operating cash flow	79,912	77,696
Net operating cash flow**	38,245	74,564
Net cash flow from investment operations***	-3,494	9,906
Cash flow from finance operations	208	-4,605
Adjustments to cash and cash equivalents	34,703	82,860

**An adjustment was made to the figures for the 2011 financial year as a result of the sale of the Steel Heddle activities of GTP Greenville*

*** The net operating cash flow decreased compared to last year due to the increase in working capital resulting from the increased production*

**** The net cash flow from investment operations was in 2011 significantly influenced by the sale of the Steel Heddle activities of GTP Greenville.*

Key figures per share

(in ‘000 of euros)	2012	2011
Gross profit	5.82	5.71
Operating results	4.08	4.29
Profit before taxes	4.24	4.33
Basic earnings per share	3.12	3.45
Earnings per share after dilution	3.12	3.45
Number of shares	17,700,000	17,700,000

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.

Deloitte Bedrijfsrevisoren BV ovve CVBA
Represented by Mario Dekeyser

RECRUITMENT

Currently, the Picanol Group has some 15 vacancies for engineers and technically skilled workers at its headquarters in Ypres. The vacancies are published on the website www.picanolgroup.com/jobs.

FINANCIAL CALENDAR

The annual report for the 2012 financial year and the yearly information are available with effect from 27 February 2013 on the corporate website www.picanolgroup.com.

General meeting	17/04/2013
Trading update Q1	17/04/2013 (after market closing)
Publication of half-year results	27/08/2013 (before market opening)
Trading update Q3	29/10/2013 (before market opening)
Publication of 2013 annual results	25/02/2014 (before market opening)
General meeting	16/04/2014

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: Picanol develops, manufactures and sells high-tech weaving machines based on air (airjet) or rapier technology. Picanol supplies weaving machines to weaving mills worldwide, and also offers its customers such products and services as weaving accessories, training, upgrade kits and spare parts. For more than 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: Proferro comprises the foundry and the group's machining activities. It produces cast iron parts for e.g. compressors, agricultural machinery, and Picanol weaving machines. Through PsiControl Mechatronics, the group specializes in the design, development, manufacturing and support of a.o. controllers for 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 and Europe, linked to its own worldwide sales and service network. In 2012, the Picanol Group realized a consolidated turnover of 461.75 million euros. The Picanol Group employs more than 1,950 employees worldwide and is listed on NYSE Euronext Brussels (PIC). The Picanol Group was founded in 1936 and celebrated its 75th anniversary in 2011.

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This press release is also available on the Picanol Group's corporate website: www.picanolgroup.com