

– CONSOLIDATED & AUDITED RESULTS 2013 –

PICANOL GROUP REALIZES ITS STRONGEST EVER YEAR THANKS TO EXTRAORDINARY FIRST HALF OF 2013

A SIGNIFICANT SLOWDOWN IS EXPECTED IN THE WEAVING MACHINE MARKET FOR 2014

In line with earlier forecasts, the Picanol Group (NYSE Euronext: PIC) realized a consolidated turnover of 559.98 million in 2013, representing an increase of 21% compared to revenues of 2012.

The Weaving Machines division experienced a record breaking year in 2013. Picanol had a strong start to 2013 based on the well-filled order book at the end of 2012. The high global demand for Picanol weaving machines in the first half of the year resulted in the production of a record number of weaving machines, whereby increased attention was paid to handling the various production peaks. The second half of the year was characterized by an increasing pressure on volumes and margins, partly due to the strong euro and the slowdown in major textile markets.

The Industries division was able to continue the positive trend of recent years in the second half of 2013, by successfully focusing on its engineered casting solutions (Proferro) and controller competences (PsiControl).

The Picanol Group closed the year 2013 with a net profit of 73.17 million euros, compared to 55.30 million euros in 2012.

- The Board of Directors will propose to the General Meeting on 16 April 2014 not to pay out a dividend.
- The construction of a new test area and new training center for weaving machines in Ypres remains on schedule. According to the planning, construction in Ypres should be completed by the summer of 2014.
- The Picanol Group expects a significant slowdown in the global weaving machine market for 2014. For the first half of 2014 the Picanol Group expects to realize a turnover below that of 2013, more in line with the first half of 2012.

Weaving Machines

The Weaving Machines division had a strong start to 2013 based on the well-filled order book at the end of 2012. The first half of the year was characterized by a persistent high global demand for Picanol weaving machines. This resulted in the production of a record number of weaving machines, whereby increased attention was paid to handling the various production peaks. The sale of parts and accessories followed the positive trend of the weaving machines. The second half of the year was characterized by an increasing pressure on volumes and margins, which was partly due to the strong euro.

In 2013, Picanol successfully participated in a number of international trade fairs where it profiled itself as the technological market leader in rapier and airjet weaving machines. Among other events, it participated in the Dhaka International Textile & Garment Machinery Exhibition (Bangladesh), Tecnotextil Sao Paulo (Brazil), Indo InterTex Jakarta (Indonesia), ITM Istanbul (Turkey), TechTextil Frankfurt (Germany), CAITME Uzbekistan and TechTextil Mumbai (India). Picanol focused mainly on the new weaving machines – the OMNI*plus* Summum and positive rapier OptiMax – as well as its added value in the weaving of technical textiles.

In 2013, Picanol also invested in the further expansion of its international network. For instance, a new logistics zone for weaving machines was put into use at the production facility in Suzhou (China) in early 2013. In March 2013, Picanol opened its new U.S. headquarters in Greenville (South Carolina). Still in 2013, Picanol was the first European weaving machine manufacturer to achieve the status of Authorized Economic Operator, a customs standard awarded to companies that meet strict standards in the field of control systems for supply chain and financial ratios.

Industries

The Industries division experienced a strong year in 2013 thanks to an increase in demand from Weaving Machines and projects for customers in other sectors. At Proferro, the three-pillar strategy of casting - finishing - assembly and the HWS molding line are increasingly appreciated by the market. This allowed Proferro to further expand its customer portfolio in 2013 with new customers in both casting and for the finishing of castings. It resulted in an increase in activities in the markets for compressors, agricultural machinery and construction machinery.

In 2013, PsiControl Mechatronics again focused strongly on its custom made controllers and its expertise in Electronic Manufacturing Services. This resulted in an increase in both the R&D activities and the electronics assemblies with a positive impact on the production facilities in Ypres and Rasnov. In the field of R&D, PsiControl is responding to the increasing demand for interfaces based on touch technology with its new user interface SwipeStat. Due to the flexible design, the SwipeStat can be used in various environments and applications that require a compact, budget-friendly and intuitive user interface, such as a room thermostat or an industrial machine controller.

Also in 2013, the Industries Division continued to invest in the renewal and modernization of its technology and production facilities, including a new core shooter (Proferro) and a new coating line (PsiControl).

NOTES TO THE PROFIT AND LOSS ACCOUNT

In 2013, the Picanol Group realized a consolidated turnover of 559.98 million euros over the full financial year, which represented an increase in turnover of 21% compared to the 461.75 million euros in 2012. The turnover of Picanol NV increased in 2013 by 31% compared to 2012, from 329.5 million to 431.9 million euros, driven by the strong order book in the first half of the year.

The gross profit of the Picanol Group for the 2013 financial year amounted to 137.41 million, a significant increase compared to the 103.09 million euros in 2012. The gross profit percentage increased from 22.3% to 24.5%. By applying a strict cost-control, the operating result increased by 43%, from 72.28 million in 2012 to 103.66 million in 2013.

The Picanol Group closed 2013 with a net profit of 73.17 million euros, compared to a net profit of 55.30 million euros in 2012. The share of the results of Tessenderlo Chemie NV for the period from 6 November 2013 until the end of the financial year was -2.4 million euros.

Dividend

The Board of Directors will propose to the General Meeting on 16 April 2014 not to pay out a dividend.

Investment plan

Innovation, technology and ongoing R&D efforts remain crucial for the international success of the Picanol Group. It is still the ambition of Picanol to continue to strengthen its role as technological market leader by expanding the product range of its weaving machines and by offering applications for new market segments. In combination with a global sales and service network, Picanol strongly focusses on (weaving) performance, quality, energy consumption, robustness, waste reduction and the ease of use of its weaving machines.

Since improving the competitiveness through further productivity and quality improvements and targeted investments is a top priority, the Board of Directors approved investments at Ypres for an amount of 17.5 million euros in 2013. This investment plan includes a new test area for weaving machines, the expansion of the HWS molding line and the purchase of several production machines. According to the planning, construction in Ypres should be completed by the summer of 2014.

Outlook

The Picanol Group expects a significant slowdown in the global weaving machine market for 2014, partly as a result of lower growth expectations and currency fluctuations in major textile markets in Asia. Despite signs of recovery in the U.S. and Europe, the Weaving Machines division expects a more difficult 2014, with a considerably weaker order book than at the start of 2013. Due to the expected slowdown in the weaving machine market, Industries is mainly aiming for further growth with customers in other markets in 2014. For the first half of 2014 the Picanol Group expects to realize a turnover below that of 2013, more in line with the first half of 2012.

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

ANNUAL RESULTS 2013 (Consolidated & audited)

Picanol Group (in '000 of euros)	2013	2012
Sales	559,979	461,751
Cost of sales	-422,569	-358,659
GROSS PROFIT	137,411	103,092
<i>Gross profit as % on sales</i>	24.5%	22.3%
General and administrative costs	-17,349	-16,077
Sales and marketing costs	-16,779	-15,165
Other operating income	377	558
Other operating expenses	-4	-133
OPERATING RESULT	103,656	72,275
Total interest income	4,590	3,997
Total interest expenses	-1,963	-1,233
Other financial income	1,022	942
Other financial expenses	-917	-914
PROFIT BEFORE TAXES	106,387	75,067
Taxes	-30,830	-19,766
PROFIT AFTER TAXES	75,556	55,302
Share in the results of associated companies	-2,387	0
PROFIT	73,168	55,302
SHARE OF THE GROUP IN PROFIT	73,168	55,302
SHAREHOLDER'S EQUITY	288,527	217,661
TOTAL BALANCE SHEET	420,955	349,812

Condensed cash flow statement

(in '000 of euros)	2013	2012
Operating result	103,656	72,275
Gross operating cash flow	110,193	79,012
Net operating cash flow	92,527	38,345
Net cash flow from investment operations	-198,052	-3,594
Cash flow from finance operations	1,449	208
Adjustments to cash and cash equivalents	-104,855	34,703

Key figures per share

(in '000 of euros)	2013	2012
Gross profit	7.76	5.82
Operating result	5.86	4.08
Profit before taxes	6.01	4.24
Basic earnings per share	4.13	3.12
Earnings per share after dilution	4.13	3.12
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

The Picanol Group has some 10 vacancies for engineers en 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 2013 financial year is available with effect from 26 February 2014 on the corporate website www.picanolgroup.com.

General meeting	16/04/2014
Trading update Q1	30/04/2014 (after market closing)
Publication of half-year results	27/08/2014 (before market opening)
Trading update Q3	29/10/2014 (before market opening)
Publication of 2014 annual results	25/02/2015 (before market opening)
General meeting	15/04/2015

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, 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 2013, the Picanol Group realized a consolidated turnover of 559.9 million euros. The Picanol Group employs some 2,000 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