

– CONSOLIDATED & AUDITED RESULTS 2011 –

## **PICANOL GROUP HAS A WEAKER SECOND HALF YEAR, BUT OVERALL REALIZES A STRONG FINANCIAL YEAR IN 2011**

### **PICANOL GROUP EXPECTS A MORE DIFFICULT 2012**

- In line with earlier forecasts, the Picanol Group (NYSE Euronext: PIC) realized a consolidated turnover of 466.95 million euros in 2011, which represents an increase in turnover of 18%, compared to 395.77 million euros in 2010.
- In the second half of 2011, the Picanol Group realized a turnover of 206.89 million euros, a decrease of 20.5% compared to 260.06 million euros in the first half of 2011. The revenue decline occurred in both divisions.
- The Weaving Machines division experienced another strong year in 2011, where the first half in particular was characterized by a sustained high global demand for Picanol weaving machines, also supported by the favorable exchange rate of the yen and the weaker euro. In the second half of the year global demand for weaving machines slowed, under the influence of the increasing uncertainty due to the European debt crisis and limited availability of funding for investments.

In 2011, the Industries division was able to continue the positive trend of 2010 by taking full advantage of its new molding line (Proferro), and its controller capacities (PsiControl Mechatronics).

Thanks to the strong turnover increase in both divisions over the full year and a continued cost control, Picanol managed to close 2011 with a REBIT of 67.26 million euros, compared to a REBIT of 47.59 million euros in 2010.

- The Board of Directors will propose to the General Meeting on 18 April 2012 not to pay out a dividend for the 2011 financial year.
- For 2012, the Picanol Group takes into account a further slowdown of the weaving machine market. The Picanol Group remains cautious, as it is active as an export-oriented company in a volatile world economy.
- The Picanol Group has currently some 15 vacancies at its headquarters in Ypres.

### **Weaving Machines**

The first half of 2011 was characterized by a sustained high global demand for Picanol weaving machines, supported by the favorable exchange rate of the yen and the weaker euro. This resulted in a strong demand for weaving machines produced in Ypres, whereby increased attention was paid to handling the various production peaks caused by the strong order book. Sales of spare parts and accessories also did well. In the second half of the year, global demand for weaving machines slowed, under the influence of the increasing uncertainty due to the European debt crisis and limited availability of funding for investments.

### **Industries**

By strongly focusing on a broader presence in the market and supported by a positive investment climate, Proferro managed to expand its customer portfolio with new customers in various sectors for both castings and for the finishing of castings. Last year, PsiControl Mechatronics again strongly focused on its customized controllers. This resulted in an increase in R&D activities and an increasing demand for electronic products and assemblies.

### **NOTES**

In the second half of 2011, the Picanol Group realized a turnover of 206.89 million euros, which represents a decrease of 20.5% compared to 260.06 million euros in the first half of 2011, and a decrease of 4.3% compared to the second half of 2010. The gross profit of the Picanol Group in the first half of 2011 amounted to 62.64 million euros, compared to 38.49 million euros in the second half of 2011 and 42.71 million euros in the second half of 2010. The gross margin decreased from 24.1% in the first half of 2011 to 18.6% in the second half of 2011.

The Picanol Group's consolidated turnover for the full financial year 2011 was 466.95 million euros, which represents an increase in turnover of 18% compared to 395.77 million euros in 2010. The turnover of Picanol NV increased to 348.87 million euros in 2011, an increase of 32.1% compared to 264.08 million euros in 2010. This was mainly due to strong volume increase in the sale of weaving machines.

The Picanol Group's gross profit for the financial year 2011 was 101.14 million euros, compared to 81.94 million euros in 2010. The gross margin increased from 20.7% to 21.7%. The operating result increased from 46.73 million euros in 2010 to 76.07 million euros in 2011. This was due to the strong turnover growth, strict cost control, and the capital gain linked to the sale of GTP Greenville, for an amount of 9.5 million euros.

As a result of the strong turnover growth in both divisions and sustained cost control, the Picanol Group managed to close 2011 with a REBIT of 67.26 million euros, compared to a REBIT of 47.59 million euros in 2010. Including non-recurring income of 9.5 million euros realized by the sale of GTP Greenville, the Picanol Group closed 2011 with a net profit of 61.01 million euros, compared to a net profit of 35.24 million euros in 2010.

### **DIVIDEND**

The Board of Directors will propose to the General Meeting on 18 April 2012 not to pay out a dividend for the 2011 financial year. The Board believes that more value can be created within the group by investing in R&D, automation and robotics, and other investment projects.

### **MAIN EVENTS IN 2011**

- In September, Picanol celebrated its 75<sup>th</sup> anniversary with the launch of two new products at ITMA Barcelona, the four-yearly textile machinery exhibition. The new airjet weaving machine OMNI*plus* Summum and the positive rapier (a newer version of the OptiMax) were introduced.
- In order to put its rich history in the spotlight, the Picanol Group published the book 'Picanol – more than weaving machines' in the fall of 2011.
- In September 2011, the Picanol Group signed an agreement with Groz-Beckert KG for the sale of the Steel Heddle activities of GTP Greenville. The Picanol gravity point in Greenville, which is responsible for sales and service of Picanol weaving machines and spare parts in the US, continues to operate as Picanol of America Inc.

- In October 2011, the Picanol Group acquired the high-tech machinery of TBP Electronics Belgium NV from Geel. The acquisition fits into the growth plans of PsiControl Mechatronics focusing fully to the further expansion of its controller capacities.

## OUTLOOK

For 2012, the Picanol Group takes into account a further slowdown of the weaving machine market. This is partly because of the growing economic uncertainty and limited availability of funding for investments, which means that customers are more cautious and investment decisions may be delayed or postponed. For 2012, the Picanol Group expects a further growth in the Industries activities, albeit differentiated into the different markets. The Picanol Group remains cautious, as it is active as an export-oriented company in a volatile world economy. In view of the cyclical nature of the textile market, strict cost control remains of the essence.

## ANNUAL RESULTS 2011 (Consolidated & audited)

Picanol Group (in '000 of euros)	2011	2010
Sales	466,953	395,774
Cost of sales	-365,814	-313,832
<b>GROSS PROFIT</b>	<b>101,139</b>	<b>81,942</b>
<i>Gross profit as % on sales</i>	<b>21.7%</b>	<b>20.7%</b>
General and administrative costs	-17,538	-18,011
Sales and marketing costs	-16,337	-16,337
Other operating income	9,721	609
Other operating expenses	-916	-1,474
<b>OPERATING RESULT</b>	<b>76,069</b>	<b>46,730</b>
Total interest income	1,138	1,077
Total interest expenses	-750	-1,116
Other financial income	892	1,178
Other financial expenses	-621	-978
<b>PROFIT OR LOSS BEFORE TAXES</b>	<b>76,728</b>	<b>46,891</b>
Taxes	-15,716	-11,648
<b>PROFIT OR LOSS</b>	<b>61,013</b>	<b>35,244</b>
<b>SHARE OF MINORITY INTERESTS</b>	<b>0</b>	<b>0</b>
<b>SHARE OF THE GROUP IN PROFIT/LOSS</b>	<b>61,013</b>	<b>35,244</b>
<b>SHAREHOLDER'S EQUITY</b>	<b>162,828</b>	<b>98,948</b>
<b>TOTAL BALANCE SHEET</b>	<b>288,263</b>	<b>220,671</b>
<i>REBIT</i>	<i>67,263</i>	<i>47,595</i>

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

**RESULTS 2010-2011 ON HALF-YEARLY BASIS** (Consolidated & audited)

Picanol Group (in '000 of euros)	H1 2010	H2 2010	H1 2011	H2 2011
Sales	179,687	216,088	260,057	206,896
Cost of sales	-140,459	-173,373	-197,415	-168,398
<b>GROSS PROFIT</b>	<b>39,228</b>	<b>42,715</b>	<b>62,641</b>	<b>38,498</b>
<i>Gross profit as % on sales</i>	<b>21.8%</b>	<b>19.8%</b>	<b>24.1%</b>	<b>18.6%</b>
General and administrative costs	-9,478	-8,533	-7,975	-9,563
Sales and marketing costs	-7,463	-8,874	-8,041	-8,296
Other operating income	102	508	95	9,626
Other operating expenses	-1,394	-80	-80	-836
<b>OPERATING RESULT</b>	<b>20,994</b>	<b>25,737</b>	<b>46,640</b>	<b>29,429</b>
Net financing expenses	-93	54	186	203
Other financial result	175	24	31	240
<b>PROFIT OR LOSS BEFORE TAXES</b>	<b>21,077</b>	<b>25,815</b>	<b>46,857</b>	<b>29,871</b>
Taxes	-5,155	-6,493	-12,260	-3,456
<b>PROFIT OR LOSS</b>	<b>15,922</b>	<b>19,322</b>	<b>34,597</b>	<b>26,416</b>
<b>SHARE OF THE GROUP IN PROFIT/LOSS</b>	<b>15,922</b>	<b>19,322</b>	<b>34,597</b>	<b>26,416</b>
<i>REBIT*</i>	<i>22,286</i>	<i>25,308</i>	<i>46,624</i>	<i>20,639</i>

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

**Condensed cash flow statement**

(in '000 of euros)	2011	2010
Operating result	76,069	46,730
Gross operating cash flow	87,162	56,239
Net operating cash flow	81,292	25,196
Net cash flow from investment operations	3,178*	-3,700
Cash flow from finance operations	-4,605	-14,374
Adjustments to cash and cash equivalents	82,860	8,918

\*The net cash flow from investment operations was substantially impacted by the sale of GTP Greenville.

**Key figures per share**

(in '000 of euros)	2011	2010
Gross profit	5.71	4.63
Operating result	4.29	2.64
Profit before taxes	4.33	2.65
Basic earnings per share	3.45	1.99
Earnings per share after dilution	3.45	1.99
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.

Kortrijk, 28 February 2012

The statutory auditor

DELOITTE Bedrijfsrevisoren

BV ovve CVBA

Represented by Kurt Dehoorne and Mario Dekeyser

## RECRUITMENT

The Picanol Group is currently looking for about 15 new employees for its headquarters and main production plant in Ypres. There are vacancies for R&D Engineers, Quality Engineer (Proferro), Service Manager China (Picanol), Financial Controller, Senior Developer Dynamics AX, Senior Developer SharePoint, Field Technicians and International Trainees (Young Engineers Program). The Picanol Group is also looking for CNC technicians (bottleneck job). Vacancies are announced on the website [www.picanolgroup.com/jobs](http://www.picanolgroup.com/jobs).

## FINANCIAL CALENDAR

The annual report for the 2011 financial year and the yearly information are available with effect from 7 March 2012 onwards on the corporate website [www.picanolgroup.com](http://www.picanolgroup.com).

General meeting	18 April 2012
Trading update Q1	18 April 2012 (after market closing)
Publication of half-year results	28 August 2012 (before market opening)
Trading update Q3	30 October 2012 (before market opening)
Publication of 2012 annual results	27 February 2013 (before market opening)
General meeting	17 April 2013

### **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 Weaving Machines division (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 Industries division 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 and Europe, linked to its own worldwide sales and service network. In 2011, the Picanol Group realized a consolidated turnover of 466.95 million euros. The Picanol Group employs more than 1,900 employees worldwide and is listed on NYSE Euronext Brussels (PIC).*

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This press release is also available on the Picanol Group's corporate website: [www.picanolgroup.com](http://www.picanolgroup.com)