

– CONSOLIDATED & AUDITED RESULTS 2014 –

## 2014 RESULTS IN LINE WITH EXPECTATIONS

### PICANOL GROUP STARTS 2015 WITH A WELL-FILLED ORDER BOOK

In line with the previously announced forecasts, the Picanol Group (Euronext: PIC) realized a consolidated turnover of 418.2 million euros over the full 2014 financial year. This compared to 559.9 million euros in 2013, which was the best year in the history of the group.

The Weaving Machines division made a hesitant start to 2014 based on the weaker order book at the end of 2013. The first half of the year was characterized by a lower demand for weaving machines worldwide. This resulted in a sharp decline in orders compared to the record year of 2013. The demand for Picanol weaving machines increased in the fourth quarter of 2014 with the technological leadership of Picanol being further bolstered by the weaker euro.

Lower demand from the Weaving Machines division also translated into a decrease in turnover for Industries in 2014. The decrease in turnover was partly offset by rising sales to other customers, while Industries strongly focused on engineered casting solutions (Proferro) and its controller capacities (PsiControl) to attract new projects.

The Picanol Group closed the year 2014 with a net profit of 52.4 million euros, compared to 73.1 million euros in 2013.

- For the first time since the financial year 2007, the board of directors will propose the payment of a gross dividend of 0.1 euros at the annual general meeting on 15 April 2015, for a total amount of 1.8 million euros.
- The Picanol Group is currently recruiting some 30 temporary workers for its production site in Ypres, to meet the deadlines on a number of projects. In addition, the group has 10 vacancies for engineers and technically skilled workers.
- For the first half of 2015, the Picanol Group expects to realize an increase in turnover. This is anticipated to be between the turnover recorded during the first half of 2013 and the turnover of the first half of 2014.

### ***Weaving Machines***

The Weaving Machines division made a hesitant start to 2014 based on the weaker order book at the end of 2013. The first half of the year was characterized by lower demand for weaving machines worldwide. This resulted in a sharp decline in orders compared to the record year of 2013. The demand for Picanol weaving machines increased in the fourth quarter of 2014 with the technological leadership of Picanol being further bolstered by the weaker euro.

In 2014, Picanol successfully participated in a number of international trade fairs where it confirmed itself as the technological market leader in rapier and airjet weaving machines. It participated in Techtextil Middle East (Dubai), the Dhaka International Textile & Garment Machinery Exhibition (Bangladesh), Kortex Korea (Korea), Textile Asia and Iगतex (Pakistan), Marquetry Mash Moscow (Russia), Indo Inter Tex Jakarta (Indonesia) and Techtextil North America (US). At the ITMA ASIA + CITME 2014, Picanol introduced its GTMax-i rapier weaving machine for the first time. This is the high-performance version of the GT-Max. In October 2014, Picanol also organized an open day in South Korea to present the benefits of its rapier technology to Korean weavers.

In 2014, Picanol continued to invest in the renewal and modernization of its production facilities. In combination with further productivity and quality improvements, the Picanol Group is aiming to improve its competitiveness in Ypres. In addition to the acquisition of several new finishing machines, Picanol invested in a new test area and a new training center for weaving machines in Ypres, which enables Picanol to offer an even higher level of quality and service. The new buildings were officially inaugurated in the presence of Geert Bourgeois, Minister-President of the Flemish Government. In 2014, Picanol celebrated the 20<sup>th</sup> anniversary of its production plant in Suzhou and over 50 years of presence in the Chinese market.

### ***Industries***

Lower demand from the Weaving Machines division also translated into a decrease in turnover for Industries in 2014. The decrease in turnover was partly offset by rising sales to other customers.

In 2014, Proferro once again strongly focused on its engineered casting solutions. The three pillar strategy of casting-finishing-assembling and the HWS molding line are increasingly valued by the market. This allowed Proferro to further expand its customer portfolio in 2014, both in terms of casting and the finishing of castings.

By placing a strong emphasis on its custom-made controllers for medium-sized series and its expertise in Electronic Manufacturing Services (EMS), PsiControl obtained a number of new customer projects. These included projects in both the industrial machinery and healthcare industries. Thereby, the tandem between the production sites in Ypres and Rasnov is an important asset for PsiControl. In 2014, PsiControl participated in a number of exhibitions to introduce its SwipeStat platform, which responds to the increasing demand for interfaces based on touch technology.

In 2014, the Industries division continued to invest in the renewal and modernization of its technology and production facilities. Proferro, for instance, invested in an expansion of the casting area to increase the production rate of nodular cast iron on the HWS molding line. The investments of PsiControl in 2014 included new warehouse space and a new 3D Automated Optical Inspection (AOI) installation in Ypres.

## **NOTES TO THE PROFIT AND LOSS ACCOUNT**

In 2014, the Picanol Group realized a consolidated turnover of 418.2 million euros over the full financial year, which represented a decrease in turnover of 25% compared to the 559.9 million euros in 2013. The turnover of Picanol NV decreased in 2014 by 29% compared to 2013, from 431.9 million euros to 305.6 million euros, due to the decrease in the worldwide market for weaving machines.

The gross profit of the Picanol Group for the 2014 financial year amounted to 86.4 million euros, compared to 137.4 million euros in 2013. The gross profit percentage decreased from 24.5% to 20.7%. The operating result decreased by 47%, from 103.7 million euros in 2013 to 54.2 million euros in 2014.

The Picanol Group closed 2014 with a net profit of 52.4 million euros, compared to a net profit of 73.1 million euros in 2013. The share of the results of Tessenderlo Chemie NV for the full financial year 2014 was 11.7 million euros.

### **Dividend**

For the first time since the financial year 2007, the board of directors will propose the payment of a gross dividend of 0.1 euros at the annual general meeting on 15 April 2015, for a total amount of 1.8 million euros.

### **Outlook**

Picanol anticipates that the global market for weaving machines in 2015 will remain at approximately the same level as that of 2014. The order book is well-filled for the first half of 2015 thanks to the increasing demand for quality and technology, and this is supported by the favorable exchange rate offered by the euro. The second half of the year is currently less clear as investment decisions regarding new machinery may be affected by the prices of energy and raw materials as well as exchange rate developments. Based on the outlook of Weaving Machines, Industries also predominantly aims at further growth in 2015, albeit differentiated across the various markets.

For the first half of 2015, the Picanol Group expects to realize an increase in turnover. This is anticipated to be between the turnover recorded during the first half of 2013 and the turnover of the first half of 2014.

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 2014** (Consolidated & audited)

Picanol Group (in '000 of euros)	2014	2013
Sales	418,165	559,979
Cost of sales	-331,793	-422,569
<b>GROSS PROFIT</b>	<b>86,372</b>	<b>137,411</b>
<i>Gross profit as % on sales</i>	<b>20.7%</b>	<b>24.5%</b>
General and administrative costs	-16,216	-17,349
Sales and marketing costs	-16,294	-16,779
Other operating income	502	377
Other operating expenses	-183	-4
<b>OPERATING RESULT</b>	<b>54,180</b>	<b>103,656</b>
Total interest income	2,180	4,590
Total interest expenses	-738	-1,963
Other financial income	1,245	1,022
Other financial expenses	-1,125	-917
<b>PROFIT BEFORE TAXES</b>	<b>55,742</b>	<b>106,387</b>
Taxes	-15,075	-30,830
<b>PROFIT AFTER TAXES</b>	<b>40,667</b>	<b>75,556</b>
Share in the results of associated companies	11,735	-2,387
<b>PROFIT</b>	<b>52,402</b>	<b>73,168</b>
<b>SHARE OF THE GROUP IN PROFIT</b>	<b>52,402</b>	<b>73,168</b>
Total comprehensive income for the period	47,876	70,806
<b>SHAREHOLDER'S EQUITY</b>	<b>336,343</b>	<b>288,467</b>
<b>TOTAL BALANCE SHEET</b>	<b>460,004</b>	<b>420,895</b>

**Condensed cash flow statement**

(in '000 of euros)	2014	2013
<b>Net operating cash flow</b>	<b>73,049</b>	<b>97,116</b>
Acquisitions of tangible and intangible fixed assets	-12,806	-10,270
<b>Operating cash flow - acquisitions</b>	<b>60,243</b>	<b>86,846</b>
Investments in associated companies	-71,870	-192,370
Cash flow from finance operations	-2,689	1,449
<b>Adjustments to cash and cash equivalents</b>	<b>-10,962</b>	<b>-104,855</b>

**Key figures per share**

(in '000 of euros)	2014	2013
Gross profit	4.87	7.76
Operating result	3.06	5.86
Profit before taxes	3.15	6.01
Basic earnings per share	2.96	4.13
Earnings per share after dilution	2.96	4.13
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

To meet the deadlines on a number of projects, the Picanol Group is currently recruiting some 30 temporary workers for its production site in Ypres. In addition, the group has 10 vacancies for engineers and technically skilled workers. The vacancies are published on the website [www.picanolgroup.com](http://www.picanolgroup.com).

## FINANCIAL CALENDAR

The annual report for the 2014 financial year is available with effect from 11 March 2015 on the corporate website [www.picanolgroup.com](http://www.picanolgroup.com).

General meeting	15/04/2015
Publication of half-year results	26/08/2015 (before market opening)
Publication of 2015 annual results	09/03/2016 (before market opening)
General meeting	20/04/2016

### **About the Picanol Group**

*The Picanol Group is an international, customer-oriented group specialized in the development, production and sale of weaving machines engineered casting solutions and custom-made controllers.*

*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. PsiContro specializes in the design, development, manufacturing and support custom-made controllers for various industries. In addition to the manufacture of high-precision metal parts, mold making and the revision of dies, Melotte has been involved in the 3D printing of parts for several years. 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 2014, the Picanol Group realized a consolidated turnover of 418.2 million euros. The Picanol Group employs some 2,000 employees worldwide and is listed on Euronext Brussels (PIC). The Picanol Group was founded in 1936 and celebrated its 75th anniversary in 2011. Since 2013, the Picanol Group has also had a reference interest in the Tessenderlo Group (Euronext: TESB).*

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](mailto:frederic.dryhoel@picanol.be)

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