

- Consolidated results H1 2015 -

PICANOL GROUP REALIZES AN INCREASE IN TURNOVER FOR THE FIRST HALF OF 2015 IN LINE WITH EXPECTATIONS

WELL-FILLED ORDER BOOK FOR SECOND HALF OF THE YEAR

- The Picanol Group (Euronext: PIC) realized a consolidated turnover of 259.8 million euros in the first half of 2015, as announced previously between the turnover recorded during the first half of 2014 (219.9 mio euros) and the turnover of the first half of 2013 (304.1 mio euros).

In the first half of 2015, the Weaving Machines division experienced a high global demand for Picanol weaving machines, which meant that the group had to focus strongly on flexibility in order to handle production peaks. The Industries division benefited in the first half of 2015 from the higher demand from Weaving Machines and also realized a slight sales growth with other customers.

These activities resulted in the first half of 2015 in a net profit of 30.3 million euros compared to 24.6 million euros in the same period in 2014. In addition, Tessenderlo Chemie NV contributed 11.7 million euros to the net result in the first half of 2015 (compared to 4.8 million euros in the same period last year). The Picanol Group closed the first half of 2015 with a net result of 42.0 million euros, compared to 29.4 million euros in the first half of 2014.

- In order to handle all customer inquiries in a timely manner, the Picanol Group started a campaign in June to recruit 75 temporary workers for the production site in Ypres. In addition, the group currently has some 15 vacancies, mainly for technical profiles (engineers, technicians etc). The vacancies are published on the website www.picanolgroup.com.
- The order book for the second half of 2015 is also strong. Based on the current market situation, the Picanol Group expects the turnover for its activities for the second half of 2015 to be in line with the second half of 2013.
- The Picanol Group continues to focus on product development and innovation to further expand its high-tech activities. In November 2015, Picanol will participate in the 17th edition of ITMA in Milan, the most important four-yearly textile machinery exhibition in the world, where it will once again demonstrate it is the technology leader in airjet and rapier weaving machines.

Half-yearly information – H1 2015 figures in accordance with IFRS accounting standards

I. KEY FIGURES

Consolidated results (in '000 euros)	30/06/2015	30/06/2014*
Sales	259,799	219,926
Cost of sales	-202,114	-170,955
GROSS PROFIT	57,685	48,971
Gross profit as % of sales	22.2%	22.3%
General and administrative expenses	-8,436	-7,331
Selling and marketing expenses	-8,937	-9,028
Other operating income	35	500
Other operating expenses	-144	-63
EBITDA**	43,179	38,512
EBIT***	40,203	33,049
Net financing expenses	566	1,042
Other financial result	-48	-29
PROFIT OR LOSS BEFORE TAXES	40,721	34,062
Income taxes	-10,432	-9,431
PROFIT OR LOSS	30,288	24,631
Share in the result of associated companies	11,740	4,794
SHARE OF THE GROUP IN PROFIT	42,028	29,425
Balance sheet information (in '000 euros)	30/06/2015	30/06/2014
SHAREHOLDERS' EQUITY	380,089	314,633
BALANCE SHEET TOTAL	522,911	435,174
Key figures per share (in euros, except number of shares)	30/06/2015	30/06/2014
Basic earnings per share	2.37	1.66
Diluted earnings per share	2.37	1.66
Number of shares	17,700,000	17,700,000

* The half-year figures for 2014 in this report have been adjusted to account for the retroactive application of IFRIC 21 (Levies)

** EBITDA: EBIT + depreciation and impairment of assets

+ adjustments of write-offs on inventories and trade receivables

+ adjustments of other provisions.

***EBIT: Operating result

II. ABBREVIATED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

PICANOL GROUP (in '000 euros)	30/06/2015	30/06/2014
Sales	259,799	219,926
Cost of sales	-202,114	-170,955
GROSS PROFIT	57,685	48,971
<i>Gross profit as % on turnover</i>	<i>22.2%</i>	<i>22.3%</i>
General and administrative expenses	-8,436	-7,331
Selling and marketing expenses	-8,937	-9,028
Other operating income	35	500
Other operating expenses	-144	-63
OPERATING RESULT	40,203	33,049
Total interest income	1,156	1,278
Total interest expenses	-589	-236
Other financial income	465	507
Other financial expenses	-514	-536
PROFIT OR LOSS BEFORE TAXES	40,721	34,062
Taxes	-10,432	-9,431
PROFIT OR LOSS	30,288	24,631
Share in the result of associated companies	11,740	4,794
SHARE OF THE GROUP IN PROFIT	42,028	29,425

PICANOL GROUP (in euros)	30/06/2015	30/06/2014
Basic earnings per share	2.37	1.66
Diluted earnings per share	2.37	1.66

ABBREVIATED CONSOLIDATED OVERVIEW OF THE TOTAL RESULT

PICANOL GROUP (in '000 euros)	30/06/2015	30/06/2014
PROFIT/(LOSS) OF THE PERIOD	42,028	29,425
Total other comprehensive income		
Items that will not be subsequently transferred to profit and loss:		
Actuarial gains / (losses)		
Actuarial gains / (losses) at associated companies	2,701	-2,206
Items that will subsequently be transferred to profit and loss if specific conditions are met:		
Currency exchange differences as a result of the conversion of foreign operations	3,477	-434
Currency exchange differences as a result of the conversion of foreign operations at associated companies	-2,946	-346
Share of other comprehensive income of associated companies	255	-333
Total other comprehensive income after taxes	3,487	-3,319
TOTAL RESULT	45,514	26,106

CONSOLIDATED BALANCE SHEET

PICANOL GROUP (in '000 euros)	30/06/2015	31/12/2014
FIXED ASSETS	357,717	326,913
Intangible assets	2,050	2,801
Goodwill	0	0
Tangible fixed assets	60,049	59,003
Interests in associated companies	294,512	263,743
Other financial investments	58	58
Non-current receivables	377	493
Deferred tax assets	671	815
CURRENT ASSETS	165,193	133,091
Inventories and contracts in progress	60,649	45,613
Trade receivables	56,885	39,465
Other receivables	27,196	18,504
Cash and cash equivalents	20,463	29,509
TOTAL ASSETS	522,911	460,004
SHAREHOLDER'S EQUITY	380,089	336,343
Share capital	21,720	21,720
Share premiums	1,518	1,518
Reserves	345,843	305,574
Translation differences	11,008	7,531
Minority interests	0	0
NON-CURRENT LIABILITIES	17,497	18,009
Employee benefit obligations	7,163	7,721
Provisions	1,501	1,501
Deferred tax liabilities	8,833	8,787
Interest-bearing debt	0	0
Other liabilities	0	0
CURRENT LIABILITIES	125,326	105,651
Employee benefit obligations	1,415	1,603
Provisions	7,019	7,118
Interest-bearing debt	10,171	11,640
Trade payables	61,181	46,459
Income taxes payable	6,001	2,044
Other current liabilities	39,539	36,787
TOTAL LIABILITIES	522,911	460,004

CONSOLIDATED CASH FLOW STATEMENT

PICANOL GROUP (in '000 euros)	30/06/2015	30/06/2014
Operating result	40,203	33,049
Depreciation on intangible and tangible fixed assets	4,585	4,300
Impairment losses of assets	236	0
Increase/(decrease) of write-offs on current assets	-1,000	437
Changes in provisions	-845	668
Profit/(loss) on disposals of assets	0	58
Gross cash flow from operating activities	43,179	38,512
Changes in working capital	-22,560	-8,006
Income taxes	-6,235	-6,140
Interest received	1,156	1,277
Net cash flow from operating activities	15,540	25,643
Acquisitions of intangible fixed assets	-7	-159
Acquisitions of tangible fixed assets	-4,192	-6,614
Acquisitions of associated companies	-19,019	0
Net cash flow from investment activities	-23,218	-6,773
Interest paid	-589	-236
Dividends paid	-1,770	0
Increase/(decrease) of export financing	1,168	-4,543
Repayments of interest-bearing financial debt	-2,638	-738
Net cash flow from financing activities	-3,829	-5,516
Effect of exchange rate fluctuations	2,462	-413
Adjustments to cash and cash equivalents	-9,046	12,940
Net cash position – opening balance	29,509	40,471
Net cash position – closing balance	20,463	53,411
	-9,046	12,940

SHAREHOLDERS' EQUITY

The modifications in shareholders' equity can be detailed as follows:

Per 30 June 2015:

PICANOL GROUP (in '000 euros)	Share capital	Share premiums	Retained earnings	Translation differences	Total before minority interests	Minority interests	Total after minority interests
Per einde van de vorige verslagperiode	21,720	1,518	305,574	7,531	336,343	0	336,343
Changes in scope of consolidation	0	0	0	0	0	0	0
Result over the reporting period	0	0	42,028	0	42,028	0	42,028
Translation differences	0	0	0	3,477	3,477	0	3,477
Other	0	0	10	0	10	0	10
<i>Total recognized profits and losses</i>	<i>0</i>	<i>0</i>	<i>42,028</i>	<i>3,477</i>	<i>45,514</i>	<i>0</i>	<i>45,514</i>
Dividends	0	0	-1,770	0	-1,770	0	-1,770
At the end of the reporting period	21,720	1,518	345,843	11,008	380,089	0	380,089

Per 30 June 2014:

PICANOL GROUP (in '000 euros)	Share capital	Share premiums	Retained earnings	Translation differences	Total before minority interests	Minority interests	Total after minority interests
At the end of the preceding period	21,720	1,518	262,127	3,161	288,526	0	288,527
Changes in scope of consolidation	0	0	0	0	0	0	0
Result over the reporting period	0	0	29,425	0	29,425	0	29,425
Translation differences	0	0	0	-432	-432	0	-432
Share in other elements of the result of associated companies			-2,885		-2,885		-2,855
Other	0	0	0	0	0	0	0
<i>Total recognized profits and losses</i>	<i>0</i>	<i>0</i>	<i>26,540</i>	<i>-432</i>	<i>26,108</i>	<i>0</i>	<i>26,108</i>
Dividends	0	0	0	0	0	0	0
At the end of the reporting period	21,720	1,518	288,667	2,729	314,633	0	314,633

STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

The abbreviated interim consolidated statements comprise the financial statements of Picanol NV and all the subsidiaries over which the group has control. The abbreviated interim consolidated statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as applied by the European Union. The abbreviated interim consolidated statements have been approved by the board of directors for publication on 25 August 2015. The amounts are expressed in thousands of euros, unless stated otherwise.

The accounting standards applied in the preparation of this abbreviated consolidated intermediate financial information are in line with the standards used in preparing the consolidated annual accounts closed on 31 December 2014.

In comparison to the consolidated annual report on 31 December 2014, the following Standards and Interpretations came into application:

Standards and interpretations applicable for the annual period beginning on 1 January 2015

- Improvements to IFRS (2011-2013) (applicable for annual periods beginning on or after 1 January 2015)
- IFRIC 21 *Levies* (applicable for annual periods beginning on or after 17 June 2014)

The impact of the entry into force of IFRIC 21 was processed in the interim consolidated financial statements and a retroactive adjustment was also made to its share of results of associated companies for the first half of 2014 (impact: EUR -0.7 million). The analysis by management of the potential impact upon the initial adoption of the other standards and interpretations is ongoing.

Changes in the scope of consolidation

In the first half of 2015 there were no changes in the scope of consolidation.

III. HALF-YEARLY REPORT

1. NOTES TO THE INCOME STATEMENT

During the first half of 2015, the Picanol Group realized a consolidated turnover of 259.8 million euros, an 18% increase in comparison to 219.9 million euros in the first half of 2014. Both divisions saw their turnover increase based on the higher volumes in the first half of 2015.

Gross profit in the first half of 2015 amounted to 57.7 million euros compared to 48.9 million euros in the first six months of 2014 with an unchanged gross margin percentage. The operating result (EBIT) amounted to 40.2 million euros compared to 33.0 million euros last year, or an EBIT-margin of +15.5% versus +15.0% in the first half of last year. The net financial result amounted to +0.5 million euros versus +1.0 million euros last year. Income taxes amounted to -10.4 million euros compared to -9.4 million euros last year, or an effective tax rate of 25.6% versus 27.7% last year.

The share of the results of Tessenderlo Chemie NV for the first half of 2015 is 11.7 million euros. The result of Tessenderlo Chemie for the period is 40.4 million euros. A fair value adjustment was made of -1.7 million euros (depreciation of revalued fixed assets after tax). The average participation rate over the first half year amounted to 30.3%, as a result of which the share in the result of Tessenderlo Chemie amounts to 11.7 million euros. For further information on the interim consolidated financial statements of Tessenderlo Chemie, we refer to the press release of the half-yearly information of Tessenderlo Chemie on www.tessenderlo.com.

The Picanol Group closed the first half of 2015 with a net result of 42.0 million euros, compared to 29.4 million euros in the same period in 2014.

2. SEGMENT INFORMATION

<i>(in '000 euros)</i>	Weaving Machines		Industries		Non-segment/ (eliminations)		Picanol Group	
	2015	2014	2015	2014	2015	2014	2015	2014
External sales	220,973	181,575	38,826	38,350			259,799	219,926
Inter-segment sales	520	486	34,293	27,928	-34,813	-28,414	0	0
Total sales	221,493	182,061	73,119	66,278	-34,813	-28,414	259,799	219,926
Operating profit	35,288	29,345	4,915	3,703			40,203	33,049
Other segment information:								
Interest income	1,151	1,263	5	14			1,156	1,278
Interest expenses	-479	-105	-110	-131			-589	-236
Depreciations	2,739	2,410	1,847	1,891			4,585	4,300
Investments	729	5,480	3,470	1,293			4,199	6,773

NOTES TO THE INCOME STATEMENT PER SEGMENT

In accordance with the organizational structure and the internal reporting process, the two divisions - Weaving Machines and Industries - form the primary segmentation basis of the group. The supporting Finance, IT, HR and Corporate activities were allocated to the business segments on the basis of various factors (activity, contribution to turnover %, etc.), in accordance with the management reporting.

WEAVING MACHINES

The turnover of the Weaving Machines division amounted to 221.5 million euros, an increase of 22% compared to 182.1 million euros in the same period last year. As expected and as previously announced, the Weaving Machines division experienced a strong start in 2015 due to the increasing demand for quality and technology and backed by the favorable exchange rate of the euro. The operating result of the Weaving Machines division amounted to 35.3 million euros versus 29.3 million euros last year.

INDUSTRIES

The turnover of the Industries division amounted to 73.1 million euros, an increase of 10% in comparison to 66.3 million euros in the same period in 2014. The higher demand from Weaving Machines resulted in a turnover increase for Industries in the first half of 2015. Moreover, the Industries division realized a slight increase in sales to other customers with a strong focus on engineered casting solutions (Proferro) and its controller capacities (PsiControl) to attract new projects. The operating result of the Industries division amounted to 4.9 million euros in comparison to 3.7 million euros in the first half of 2014.

3. NOTES TO THE BALANCE SHEET AND CASH FLOW

The balance sheet total of the Picanol Group increased by 14% from 460.0 million euros on 31 December 2014, to 522.9 million euros on 30 June 2015. The working capital rose by 22.6 million euros as a result of the increase of inventories and trade receivables due to the increased activity. Cash decreased from 29.5 million euros to 20.4 million euros. During the first half of the year, the net cash flow from operational activities amounted to 15.5 million euros. The Picanol Group invested in the first half of the year 4.2 million euros in fixed assets and 19.0 million euros in its associated company Tessenderlo Chemie. As at 30 June 2015, the Picanol Group has 13,363,951 shares in Tessenderlo Chemie (or 31.52% of the outstanding shares as at 06/30/2015).

4. DIVIDENDS

In the first half of 2015, dividends for a total amount of 1.8 million euros were paid by Picanol NV.

5. EVENTS AFTER THE BALANCE SHEET DATE

There are no important events after balance sheet date.

6. RELATED PARTY TRANSACTIONS

There are no substantial changes in the related party transactions compared to the situation on 31 December 2014.

7. OUTLOOK

The order book for the second half of 2015 is also strong. Based on the current market situation, the Picanol Group expects the turnover for the second half of 2015 to be in line with the second half of 2013.

The Picanol Group remains cautious, as it is active as an export-oriented company in a volatile world economy. Moreover, the current uncertain economic and financial situation of the world market does not allow for long-term forecasts.

8. RISKS AND UNCERTAINTIES

The risks and uncertainties for the remaining months of the financial year are described below. In the annual report a full overview can be found.

Picanol's operating results are influenced by exchange rate fluctuations

Picanol earns a majority of its income from countries that use currency other than the euro. Consequently, since Picanol presents its consolidated results in euros, any fluctuation in the exchange rates between the operating currencies of its competitors and the euro has an impact on its consolidated income statement and balance sheet when the results of these operating companies are converted into euros for reporting purposes.

Risk associated with the state of the economy and business cycles

The company's future results are strongly dependent on developments in the textile industry. Unexpected changes in the economic climate, the investment cycles of customers, significant developments in the field of production and the acceptance of technology by the market can all have an influence on this industry, and consequently on the company's results.

Picanol is exposed to risks associated with growth economies

A significant proportion of Picanol's activities is derived from rapidly-developing Asian and South American markets. Picanol's activities in these markets are subject to the usual risks associated with doing business in developing economies, such as political and economic uncertainties, currency controls, exchange rate fluctuations and shifts in government policy.

Risk associated with suppliers

Picanol's products are made up of materials and components from various suppliers. To be able to produce, sell and deliver its products, Picanol has to rely on correct and timely delivery by third parties. Should the company's suppliers fail to supply correctly, in time or indeed at all, this could lead to Picanol's deliveries in turn being delayed or incomplete, which could lead to lower turnover.

FINANCIAL CALENDAR

Publication annual results 2015 03/09/2016 (before market opening)

General meeting 04/20/2016

STATEMENT BY THE MANAGEMENT

Mr. Stefaan Haspeslagh (Chairman) and Mr. Luc Tack (Managing Director) declare, on behalf and for the account of the Picanol Group, that, in as far as they know,

- the abbreviated financial overviews dated 30 June 2015 have been drawn up according to IFRS, and that they provide a true and fair view of the assets, the financial status and the results of Picanol and the companies included in the consolidation;
- the interim (half-yearly) report provides a fair and true view of the notable events and main transactions with affiliated companies that occurred during the first six months of the financial year and of their impact on the abbreviated financial statements, as well as a description of the most significant risks and uncertainties for the remaining months of the financial year.

REPORT ON REVIEW OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015

To the board of directors

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated balance sheet as at 30 June 2015, the consolidated income statement, the condensed consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period of six months then ended, as well as selective notes 1 to 8.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Picanol NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standard IAS 34 – *Interim Financial Reporting* as adopted by the European Union. The consolidated balance sheet shows total assets of 522,911 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the period then ended of 42,028 (000) EUR. The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410 – *Review of interim financial information performed by the independent auditor of the entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Picanol NV has not been prepared, in all material respects, in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

Kortrijk, 25 August 2015

The statutory auditor

DELOITTE Bedrijfsrevisoren/Reviseurs d'Entreprises

BV o.v.v.e. CVBA/ SC s.f.d. SCRL

Represented by Kurt Dehoorne

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. PsiControl 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

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