

- Consolidated results H1 2017 -

PICANOL GROUP INCREASES TURNOVER BY 11% IN THE FIRST HALF OF 2017

WELL-FILLED ORDER BOOK FOR SECOND HALF-YEAR

- In line with the previously announced forecast, the Picanol Group (Euronext: PIC) realized a consolidated turnover of 364.7 million euros in the first half of 2017, an increase of 11% compared to 329.7 million euros in the first half of 2016.

The Weaving Machines division again experienced a strong first half in 2017, having ended 2016 with a well-filled order book. Increasing demand for technology and quality brought strong sales, especially in Asia, with market share increases in many markets. As a result, Picanol placed a record number of weaving machines on the market in H1 2017. The Industries division also had a strong first half-year thanks to the increased demand from Weaving Machines and projects at other customers, which allowed Proferro (foundry and mechanical finishing activities) and PsiControl (controllers) to realize strong revenue growth.

These activities resulted in the first half of 2017 in a net profit of 52.2 million euros compared to 48.1 million euros in the same period in 2016. In addition, Tessenderlo Group nv contributed 5.8 million euros to the net result in the first half of 2017 (compared to 12.3 million euros in the same period last year). The Picanol Group closed the first half of 2017 with a net profit of 58.1 million euros, compared to 60.4 million euros in the first half of 2016.

- The Picanol Group expects a slight increase in turnover over the full 2017 financial year compared to 2016 – the best year in the history of the group – but is taking into account a limited impact of rising commodity prices.
- The Picanol Group has currently some 40 vacancies at its headquarters in Ypres. The vacancies are published on the website www.picanolgroup.com.

Half-yearly information – H1 2017 figures in accordance with IFRS accounting standards

I. KEY FIGURES

Consolidated results (in '000 euros)	30/06/2017	30/06/2016
Sales	364,712	329,707
Cost of sales	-274,546	-243,933
GROSS PROFIT	90,256	85,774
Gross profit as % of sales	25%	26%
General and administrative expenses	-9,988	-8,949
Selling and marketing expenses	-9,191	-9,805
Other operating income	85	330
Other operating expenses	-5	-461
EBITDA*	73,999	70,020
EBIT**	71,156	66,889
Net financing expenses	997	578
Other financial result	170	-113
PROFIT OR LOSS BEFORE TAXES	72,323	67,354
Income taxes	-20,107	-19,260
PROFIT OR LOSS	52,217	48,094
Share in the result of associated companies	5,834	12,290
SHARE OF THE GROUP IN PROFIT	58,051	60,384

Balance sheet information (in '000 euros)	30/06/2017	30/06/2016
SHAREHOLDERS' EQUITY	587,693	472,724
BALANCE SHEET TOTAL	749,348	629,087

Key figures per share (in euros, except number of shares)	30/06/2017	30/06/2016
Basic earnings per share	3.28	3.41
Diluted earnings per share	3.28	3.41
Number of shares	17,700,000	17,700,000

*EBITDA : EBIT	71,156
+ depreciation and impairment of assets	+ 4,191
+ adjustments of write-offs on inventories and trade receivables	- 1,294
+ adjustments of other provisions	- 54
**EBIT : Operating result	

II. ABBREVIATED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

PICANOL GROUP (in '000 euros)	30/06/2017	30/06/2016
Sales	364,712	329,707
Cost of sales	-274,456	-243,933
GROSS PROFIT	90,256	85,774
<i>Gross profit as % on turnover</i>	<i>25%</i>	<i>26%</i>
General and administrative expenses	-9,988	-8,949
Selling and marketing expenses	-9,191	-9,805
Other operating income	85	330
Other operating expenses	-5	-461
OPERATING RESULT	71,156	66,889
Total interest income	2,399	1,340
Total interest expenses	-1,402	-762
Other financial income	784	216
Other financial expenses	-614	-329
PROFIT OR LOSS BEFORE TAXES	72,323	67,354
Taxes	-20,107	-19,260
PROFIT OR LOSS	52,217	48,094
Share in the result of associated companies	5,834	12,290
SHARE OF THE GROUP IN PROFIT	58,051	60,384

PICANOL GROUP (in euros)	30/06/2017	30/06/2016
Basic earnings per share	3.28	3.41
Diluted earnings per share	3.28	3.41

ABBREVIATED CONSOLIDATED OVERVIEW OF THE TOTAL RESULT

PICANOL GROUP (in '000 euros)	30/06/2017	30/06/2016
PROFIT/(LOSS) OF THE PERIOD	58,051	60,384
Total other comprehensive income		
Items that will not be subsequently transferred to profit and loss:		
Actuarial gains / (losses)	3,106	-4,410
Actuarial gains / (losses) at associated companies	3,106	-4,410
Items that will subsequently be transferred to profit and loss if specific conditions are met:	-3,037	-729
Currency exchange differences as a result of the conversion of foreign operations	-2,141	-1,147
Currency exchange differences as a result of the conversion of foreign operations at associated companies	-1,227	1,129
Share of other comprehensive income of associated companies	331	-711
Total other comprehensive income after taxes	69	-5,139
TOTAL RESULT	58,120	55,245

CONSOLIDATED BALANCE SHEET

PICANOL GROUP (in '000 euros)	30/06/2017	31/12/2016
FIXED ASSETS	475,476	458,205
Intangible assets	994	1,041
Goodwill	0	0
Tangible fixed assets	59,809	58,950
Interests in associated companies	413,124	397,196
Other financial investments	44	44
Non-current receivables	1,037	311
Deferred tax assets	468	663
CURRENT ASSETS	273,872	220,299
Inventories and contracts in progress	67,534	60,253
Trade receivables	80,796	55,389
Other receivables	25,376	23,372
Cash and cash equivalents	100,166	81,285
TOTAL ASSETS	749,348	678,504
SHAREHOLDER'S EQUITY	587,693	531,344
Share capital	21,720	21,720
Share premiums	1,518	1,518
Reserves	557,332	498,842
Translation differences	7,123	9,264
Minority interests	0	0
NON-CURRENT LIABILITIES	11,698	12,132
Employee benefit obligations	4,762	5,128
Provisions	118	118
Deferred tax liabilities	6,818	6,886
Interest-bearing debt	0	0
Other liabilities	0	0
CURRENT LIABILITIES	149,957	135,028
Employee benefit obligations	1,362	1,362
Provisions	7,425	7,113
Interest-bearing debt	3,850	1,942
Trade payables	79,529	75,499
Income taxes payable	11,361	3,893
Other current liabilities	46,430	45,219
TOTAL LIABILITIES	749,348	678,504

CONSOLIDATED CASH FLOW STATEMENT

PICANOL GROUP (in '000 euros)	30/06/2017	30/06/2016
Operating result	71,156	66,889
Depreciation on intangible and tangible fixed assets	4,119	4,572
Impairment losses of assets	72	48
Increase/(decrease) of write-offs on current assets	-1,294	-1,514
Changes in provisions	-54	25
Profit/(loss) on disposals of assets	0	0
Gross cash flow from operating activities	73,999	70,020
Changes in working capital	-28,884	-21,870
Income taxes	-12,537	-10,634
Interest received	2,399	1,340
Net cash flow from operating activities	34,977	38,856
Acquisitions of intangible fixed assets	-82	-248
Acquisitions of tangible fixed assets	-5,429	-3,138
Acquisitions of associated companies	-7,883	-14,006
Net cash flow from investment activities	-13,394	-17,392
Interest paid	-1,402	-762
Dividends paid	-1,770	-1,770
Increase/(decrease) of export financing	2,007	-380
Repayments of interest-bearing financial debt	-98	-1,263
Net cash flow from financing activities	-1,264	-4,175
Effect of exchange rate fluctuations	-1,438	-1,093
Adjustments to cash and cash equivalents	18,881	16,196
Net cash position – opening balance	81,285	77,351
Net cash position – closing balance	100,166	93,547
	18,881	16,196

SHAREHOLDERS' EQUITY

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

On 30 June 2017:

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	498,842	9,264	531,344	0	531,344
Changes in scope of consolidation	0	0	0	0	0	0	0
Result over the reporting period	0	0	58,051	0	58,051	0	58,051
Translation differences	0	0	0	-2,141	-2,141	0	-2,141
Share in other elements of the result of associated companies	0	0	2,210	0	0	0	2,210
<i>Total recognized profits and losses</i>	<i>0</i>	<i>0</i>	<i>60,261</i>	<i>-2,141</i>	<i>58,120</i>	<i>0</i>	<i>58,120</i>
Dividends	0	0	-1,770	0	-1,770	0	-1,770
At the end of the reporting period	21,720	1,518	557,332	7,123	587,693	0	587,693

On 30 June 2016:

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	385,648	10,363	419,249	0	419,249
Changes in scope of consolidation	0	0	0	0	0	0	0
Result over the reporting period	0	0	60,384	0	60,384	0	60,384
Translation differences	0	0	0	-1,147	-1,147	0	-1,147
Share in other elements of the result of associated companies	0	0	-3,992	0	-3,992	0	-3,992
<i>Total recognized profits and losses</i>	<i>0</i>	<i>0</i>	<i>60,384</i>	<i>-1,147</i>	<i>55,245</i>	<i>0</i>	<i>55,245</i>
Dividends	0	0	-1,770	0	-1,770	0	-1,770
At the end of the reporting period	21,720	1,518	440,270	9,216	472,724	0	472,724

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 22 August 2017. The amounts are expressed in thousands of euros, unless stated otherwise.

The accounting standards applied in the preparation of this abbreviated interim consolidated statements are in line with the standards used in preparing the consolidated annual accounts closed on 31 December 2016.

In comparison to the consolidated annual report on 31 December 2016, the following Standards and Interpretations came into application:

Standards and interpretations applicable for the annual period beginning on 1 January 2017

- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 12 (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed by the EU)
- Amendments to IAS 7 Statement of Cash Flows - Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed by the EU)
- Amendments to IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed by the EU)

Standards and interpretations published, but not yet applicable for the annual period beginning on 1 January 2017

- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 and IAS 28 (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)

The application of the standards applicable for the annual period beginning on 1 January 2017 has had no material impact on the reported, consolidated interim financial information. Analysis and interpretation of the potential impact on the initial application of the standards published, but not yet applicable for the annual period beginning on 1 January 2017 is currently taking place. A more detailed treatment of the Application of IFRS 15 (revenue from client contracts) and IFRS 16 (lease agreements) can be found in the 2016 annual report. No material impact is expected, however, on the basis of the current analysis.

Changes in the scope of consolidation

In the first half of 2017 there were no changes in the scope of consolidation.

III. HALF-YEARLY REPORT

1. NOTES TO THE INCOME STATEMENT

During the first half of 2017, the Picanol Group realized a consolidated turnover of 364.7 million euros, a 11% increase in comparison to 329.7 million euros in the first half of 2016. Both divisions saw their turnover increase based on the higher volumes in the first half of 2017.

Gross profit in the first half of 2017 amounted to 90.3 million euros compared to 85.8 million euros in the first six months of 2016 with a gross margin percentage of 25%. The operating result (EBIT) amounted to 71.2 million euros compared to 66.9 million euros last year, or an EBIT-margin of +19.5% versus +20.3% in the first half of last year. Income taxes amounted to -20.1 million euros compared to -19.3 million euros last year, or an effective tax rate of 27.8% versus 28.6% last year.

The share of the results of Tessenderlo Group nv for the first half of 2017 is 5.8 million euros. The result of Tessenderlo Group for the period is 17.6 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 36.6%, as a result of which the share in the result of Tessenderlo Group amounts to 5.8 million euros. For further information on the interim consolidated financial statements of Tessenderlo Group, we refer to the press release of the half-yearly information of Tessenderlo Group on www.tessenderlo.com.

The Picanol Group closed the first half of 2017 with a net result of 58.1 million euros, compared to 60.4 million euros in the same period in 2016.

2. SEGMENT INFORMATION

<i>(in '000 euros)</i>	Weaving Machines		Industries		Non-segment/ (eliminations)		Picanol Group	
	2017	2016	2017	2016	2017	2016	2017	2016
External sales	315,404	288,205	49,309	41,502			364,712	329,707
Inter-segment sales	942	642	51,123	45,601	-52,064	-46,243	0	0
Total sales	316,346	288,847	100,431	87,103	-52,064	-46,243	364,712	329,707
Operating profit	62,348	57,926	8,808	8,962			71,156	66,889
Interest income	2,399	1,338	0	2			2,399	1,340
Interest expenses	-1,327	-688	-75	-73			-1,402	-762
Other financial income/(expenses)	-131	-128	301	15			170	-113
Result before taxes	63,288	58,448	9,035	8,905			72,323	67,354
Other segment information:								
Depreciations	2,123	2,538	1,996	2,034			4,119	4,572
Investments	1,537	1,824	3,974	1,607			5,511	3,431

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 316.3 million euros, an increase of 10% compared to 288.8 million euros in the same period last year. As expected and as previously announced, the Weaving Machines division experienced a strong first half in 2017, having ended 2016 with a well-filled order book. Increased demand for technology and quality (mainly from Asia), which was partly due to the success of new weaving machines such as the GTMax-*i* rapier weaving machine, resulted in strong sales and increased market share in many markets. As a result, Picanol placed a record number of weaving machines on the market in H1 2017. Sales of parts and accessories have followed the positive trend of the weaving machines. The operating result of the Weaving Machines division amounted to 62.3 million euros versus 57.9 million euros last year.

INDUSTRIES

The turnover of the Industries division amounted to 100.4 million euros, an increase of 15% in comparison to 87.1 million euros in the same period in 2016. The higher demand from Weaving Machines resulted in a turnover increase for Industries in the first half of 2017. Moreover, the Industries division realized a turnover increase of 19% to other customers with a strong focus on castings and machining (Proferro) and its controller capacities (PsiControl) to attract new projects. Proferro further expanded its client portfolio for castings and mechanical finishing thanks to, among other things, the improved economic outlook in the agribusiness sector. The first half of 2017 also saw Proferro introducing, for the first time, a night shift at the leper foundry in order to deal with this increased activity. PsiControl achieved further growth with existing customers and also undertook a number of new customer projects, including projects in the engineering industry and in the HVAC sector. The Industries division achieved an operating result of 8.8 million euros, compared to 8.9 million euros in the first half of 2016. Profit margins, however, were affected by increasing material prices.

3. NOTES TO THE BALANCE SHEET AND CASH FLOW

The balance sheet total of the Picanol Group increased by 10% from 678.5 million euros on 31 December 2016, to 749.3 million euros on 30 June 2017. The working capital rose by 28.9 million euros due to, on the one hand, the increased activity and, on the other hand, the fact that long term fully insured receivables were not discounted as a result of negative interest rates. Cash increased from 81.3 million euros to 100.2 million euros. During the first half of the year, the net cash flow from operational activities amounted to 35.0 million euros. The Picanol Group invested in the first half of the year 5.5 million euros in fixed assets and 7.9 million euros in its associated company Tessengerlo Group. As at 30 June 2017, the Picanol Group has 15,841,547 shares in Tessengerlo Group (or 36.8% of the outstanding shares as at 30/06/2017).

4. DIVIDENDS

In the first half of 2017, 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 2016.

7. OUTLOOK

The order book for the second half of 2017 is well-filled. The Picanol Group expects a slight increase in turnover over the full 2017 financial year compared to 2016 – the best result in the history of the group – but is taking into account a limited impact of rising commodity prices.

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. Picanol Group's reliance on the cyclic textile market has been considerably reduced, as a result of the strong Industries growth and the contribution of Tessengerlo Group to the results.

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 and seasonal influences

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 Group results show no seasonal fluctuations.

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 2017	14 March 2018 (before opening of the stock exchange)
Annual general meeting	18 April 2018

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 2017 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 THE REVIEW OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION OF PICANOL NV FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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 statement of financial position as at 30 June 2017, the consolidated income statement, the consolidated condensed 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 Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The consolidated condensed statement of financial position shows total assets of 749,348 (000) EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 58,051 (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.

Gent, 22 August 2017

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs 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 (division Weaving Machines), engineered casting solutions and custom-made controllers (division Industries). In 2016, the Picanol Group realized a consolidated turnover of 639.78 million euros. The Picanol Group employs some 2,200 employees worldwide and is listed on Euronext Brussels (PIC). Since 2013, the Picanol Group has also had a reference interest in the Tessenderlo Group (Euronext: TESB).

For further information please contact:

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