

– CONSOLIDATED & AUDITED RESULTS 2018 –

PICANOL GROUP REPORTS NINTH CONSECUTIVE YEAR OF STRONG RESULTS

GROWING ECONOMIC UNCERTAINTY CAUSES COOLING OF GLOBAL WEAVING MACHINE MARKET

- In line with the previously announced forecast, the Picanol Group (Euronext: PIC) realized a consolidated revenue of 666.71 million euros over the full 2018 financial year, a decrease in revenue of 3% compared to the 688.93 million euros recorded in 2017 (the best year in the history of the Picanol Group).

Following an absolute record year in 2017, the Weaving Machines division again experienced an excellent year. Based on the well-filled order book at the end of 2017, it achieved a strong first half-year, with high demand for quality and technology resulting in strong sales. In the second half of the year, increasing geopolitical uncertainty in the markets caused a slowdown in demand for weaving machines.

The Industries division also had another strong year, which was driven by Weaving Machines and this was mainly thanks to the strong growth in new projects. The Industries division thus continues to contribute to the growing diversification of the group by fully focusing on castings and mechanical finishing (Proferro), controller capacities (PsiControl) and precision parts (Melotte). In 2018, Industries continued to further modernize its machine park in order to increase efficiency and quality.

The activities of the Picanol Group resulted in 2018 in a profit after tax (consolidated companies) of 77.98 million euros compared to 91.64 million euros in 2017. In addition, Tessengerlo Group nv made a positive contribution to the net profit of 32.95 million euros in 2018 (compared to 10.07 million euros in 2017). The group closed 2018 with a net profit of 110.92 million euros, compared to 101.71 million euros in 2017.

- The Board of Directors will propose the payment of a gross dividend of 0.2 euros at the annual general meeting on April 17, 2019, for a total amount of 3.54 million euros.
- The Board of Directors approved an investment plan for 2019 for Ypres for an amount of 25 million euros.

- **For 2019, the Picanol Group is taking into account a slowdown in the global weaving machine market. This is due to the current macroeconomic and geopolitical climate, in which customers are more cautious and investment decisions might either be delayed or postponed. In 2019, Industries will mainly aim for further growth with customers in other markets. For the first half of 2019, Picanol Group expects a decrease in revenue of approximately 25% compared to the first half of 2018.**

NOTES TO THE PROFIT AND LOSS ACCOUNT

In 2018, the Picanol Group realized a consolidated revenue of 666.71 million euros over the full financial year, which represented a decrease in revenue of 3% compared to the 688.93 million euros in 2017. The revenue of Picanol nv decreased in 2018 by 1.4% compared to 2017, from 526.9 million euros to 519.4 million euros. The gross profit of the Picanol Group for the 2018 financial year amounted to 143.56 million euros, compared to 159.39 million euros in 2017. The gross profit percentage decreased slightly from 23% to 22%. The operating profit decreased to 102.02 million euros in 2018 compared to 120.77 million euros in 2017.

The Picanol Group closed 2018 with a net profit of 110.92 million euros, compared to a net profit of 101.71 million euros in 2017. The share of the results of Tessenderlo Group nv for the full financial year 2018 was 32.95 million euros (compared to 10.07 million euros in 2017).

Dividend

The Board of Directors will propose the payment of a gross dividend of 0.2 euros at the annual general meeting on April 17, 2019, for a total amount of 3.54 million euros.

Outlook

The following statements are forward looking statements and actual results may vary considerably.

For 2019, the Picanol Group is taking into account a slowdown in the global weaving machine market. This is due to the current macroeconomic and geopolitical climate, in which customers are more cautious and investment decisions might either be delayed or postponed. In 2019, Industries will mainly aim for further growth with customers in other markets. For the first half of 2019, Picanol Group expects sales to fall by approximately 25% compared to the first half of 2018.

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 reduced, as a result of the increased contribution of the Industries division and Tessenderlo Group to the results.

Let's Make it Together

In 2018, the group continued to work in Ypres on the internal Let's Make it Together campaign, which was launched in 2017. With this campaign, the group intends to fully commit to the future and sustainable growth of the Picanol Group in Ypres, focusing on three main pillars: world class manufacturing technologies, a digital company and a human-centered company. In 2018, for instance, further investments were made in Ypres in many new finishing machines, adapted processes and employee training.

2018 was also the year in which the technology box The Cube was launched. This has already provided some 700 employees with the opportunity to get up close and personal with a number of new relevant technologies, challenges and associated opportunities in an accessible manner.

Given that improving the competitiveness through further productivity and quality improvements as well as targeted investments is a top priority, the Board of Directors approved investments for Ypres for 2019 for an amount of 25 million euros. This investment plan includes an automated high-bay warehouse and a major modernization of the machine capacity at Proferro and Picanol. In addition, the Picanol Group also plans investments at Melotte and PsiControl in Romania.

ANNUAL RESULTS 2018 (Consolidated & audited)

Picanol Group (in '000 of euros)	2018	2017
Revenue	666,710	688,928
Cost of sales	-523,149	-529,532
GROSS PROFIT	143,561	159,396
General and administrative costs	-23,532	-20,449
Sales and marketing costs	-18,025	-18,305
Other operating income	56	138
Other operating expenses	-44	-10
OPERATING PROFIT	102,017	120,771
Total interest income	3,740	4,677
Total interest expenses	-1,860	-2,122
Other financial income	804	1,206
Other financial expenses	-1,117	-1,152
Financial income/(expense) net	1,567	2,609
PROFIT BEFORE TAX (consolidated companies)	103,584	123,380
Taxes	-25,608	-31,741
PROFIT AFTER TAX (consolidated companies)	77,976	91,640
Share of profit of equity-accounted investees, net of tax *	32,947	10,074
PROFIT (LOSS) OF THE PERIOD	110,923	101,714
PROFIT (LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY	110,923	101,714
Total comprehensive income for the period	112,199	100,640
SHAREHOLDER'S EQUITY	738,873	630,214
TOTAL BALANCE SHEET	868,304	777,690

* In accordance with IAS1, Picanol Group has opted to show its share of profit of equity-accounted investees, net of tax.

Condensed cash flow statement

(in '000 of euros)	2018	2017
Net cash flow from operating activities	89,038	77,944
Acquisitions of tangible and intangible fixed assets	-11,853	-12,319
Investments in associated companies	-30,406	-7,883
Cash flow from finance operations	-6,206	-3,576
Net increase in cash and cash equivalents	39,683	52,065

Key figures per share

(in '000 of euros)	2018	2017
Gross profit	8.11	9.01
Operating profit	5.76	6.82
Profit before taxes (consolidated companies)	5.85	6.97
Basic earnings per share	6.27	5.75
Earnings per share after dilution	6.27	5.75
Number of shares	17,700,000	17,700,000

REPORT BY THE AUDITOR

The statutory auditor, KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises, represented by Patrick De Schutter, has confirmed that the audit procedures, which have been substantially completed, have not revealed any material misstatement in the accounting information included in the Company's annual announcement.

FINANCIAL CALENDAR

The annual report for the 2018 financial year and the sustainability report are available with effect from March 15, 2019, on the corporate website www.picanolgroup.com.

Annual general meeting	April 17, 2019
Publication of half-year results H1 2019	August 26, 2019

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 2018, the Picanol Group realized a consolidated revenue of 666.71 million euros. The Picanol Group employs more than 2,300 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:
Frederic Dryhoel, Corporate Communication Manager, at +32 (0)57 222 364
or by e-mail: frederic.dryhoel@picanol.be.

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