

– CONSOLIDATED & AUDITED RESULTS 2009 –

STRONGER SECOND HALF OF WEAVING MACHINES DIVISION SLOWS DOWN DECLINE IN TURNOVER

**ANNUAL RESULTS 2009 NEGATIVELY IMPACTED BY
12 MILLION EUROS RESTRUCTURING COSTS**

- **The Picanol Group (Euronext: PIC) realized in 2009 a consolidated turnover of 250.23 million euros, compared with 282.62 million euros in 2008. After a weak first half 2009 (108.83 million euros), the Picanol Group realized a consolidated turnover of 141.39 million euros in the second half of 2009. This represents an increase of 29% compared with 109.54 million euros in the second half of 2008.**

As expected, the Weaving Machines division faced a difficult start in 2009 as a consequence of the poor order intake at the end of 2008. During the second half of the year, however, the order book improved thanks to the increasing demand in Asia.

The activities not related to weaving machines had a hard time in 2009. Following the very weak 2008, the activities of Proferro and PsiControl Mechatronics remained under continued pressure in 2009 as a result of the general economic downturn.

The saving measures of 2009 were able to partially compensate the impact of the turnover decrease. The recurrent operating result (REBIT) improved to -14.34 million euros in 2009, compared to -23.22 million euros in 2008, and includes an additional depreciation of the stock of maintenance materials amounting to 5.0 million euros. The recurrent operating cash flow (REBITDA) improved to 1.12 million euros in 2009, compared to -10.67 million euros in 2008.

- **The Picanol Group expects the global market for weaving machines to gradually start improving in 2010, although it is not expected to reach the level of 2000-2007. The current economic situation does not allow much optimism with regard to the other activities.**
- **R&D and product innovation continue to play a central role in the further development of the high-technology activities of the Picanol Group.**
- **In view of the new shareholders structure of the group, it will be proposed to the Annual General Meeting to reduce the Board of Directors from 8 to 6 directors, of whom 3 will be independent director (Baron Hugo Vandamme, Frank Meysman and Luc Van Nevel) and 3 will represent the majority shareholder (Patrick Steverlynck, Stefaan Haspeslagh and Luc Tack). Next to this, the Board of Directors intends to appoint Stefaan Haspeslagh as Chairman.**

The Picanol Group would like to thank the outgoing directors Filiep Libeert, Johan Tack and Chris Dewulf for their year-long efforts.

- **The Board of Directors will propose to the General Meeting not to pay out a dividend for the financial year 2009.**

NOTES

The Picanol Group's consolidated turnover for the financial year 2009 amounts to 250.23 million euros, a turnover decrease of 11% compared with 282.62 million euros in 2008. The turnover of Picanol NV decreased by 9.6 % from 188.26 million euros in 2008 to 170.21 million euros in 2009, mainly as a consequence of a volume decrease of weaving machines sold. The contribution of Picanol NV's turnover to the consolidated turnover totals 68% in 2009.

The gross profit of the Picanol Group for the financial year 2009 was 23.62 million euros, compared with 23.14 million euros in 2008. The gross margin increased from 8.2% to 9.4%. This is a result of the saving measures that were introduced, in particular the restructurings that were implemented, the savings on external services, the temporary introduction of a collective time credit for white collars and economic unemployment for blue collars. The operating result in 2009 amounted to -28.17 million euros, and this includes restructuring costs amounting to 12.02 million euros and impairments (1.5 million euros impairment of Verbrugge goodwill). The restructuring costs include provisions to an amount of 8.93 million euros for severance pay/early retirement and costs already incurred to the amount of 3.09 million euros.

Weaving Machines

As expected the Weaving Machines division faced a difficult start in 2009, due to a very weak order intake for weaving machines in the fourth quarter of 2008. In the second quarter, the economic incentives policy of the Chinese Government, the availability of credit and revised taxes on imported rapier weaving machines had a minor positive impact on orders. The third and fourth quarter of 2009 of Weaving Machines were marked by an improvement of the order book, thanks to the increasing demand in Asia. The spare parts and accessories business was also influenced by the unstable market situation. Sales of spare parts and accessories generally remained below expectations in 2009.

Industries

Following the very weak 2008, the activities not related to weaving machines remained under continued pressure in 2009 due to the general economic downturn. Despite the crisis, Proferro continued its investments in 2009. As part of its ambitious investment plan for renewal and growth, Proferro invested in a new moulding line with larger mould boxes in its production plant in Ypres. With this investment of 16 million euros, Proferro aims to respond to the demand for technically more difficult and larger parts, thereby increasingly expanding its market potential with both existing customers and customers/sectors that are not currently covered. The economic crisis continued to weigh heavily on PsiControl Mechatronics in 2009, with particular impact on R&D activities.

In addition to the saving measures that were carried out in 2008, and in view of the extreme market conditions, the Picanol Group took additional restructuring measures as early as the beginning of 2009. These included a.o. the reduction of the Picanol Group's global personnel costs by approximately 20% by the end of 2010 and the termination or transfer of the activities of Günne (Germany) and Te Strake Textile (the Netherlands). Additional organizational changes were also carried out during the autumn of 2009. The organizational structure of the group was further simplified and streamlined centring around two core divisions (Weaving Machines and Industries).

The saving measures that were introduced and carried out in 2009 only managed to partially compensate for the effects of the turnover decrease. In view of the heavy restructuring costs, the financial year 2009 was therefore closed with a consolidated net result of -23.52 million euros.

DIVIDEND

In view of these results the Board of Directors will propose to the Annual General Meeting on 21 April 2010 not to pay out a dividend for 2009.

OUTLOOK

The Picanol Group reaffirms its confidence in its previously established strategy to grow further in 2 areas: Weaving Machines and Industries. R&D and product innovation will continue to play a central role in the further development of the high-technology activities of the group. As announced earlier, the ambition is still to market the core competencies available within the group to customers outside of the weaving machines industry as much as possible.

The Picanol Group expects the global market for weaving machines to gradually improve in 2010, but has taken into account that the demand for new weaving machines will be lower than during the period 2000-2007. The current economic situation does not allow much optimism with regard to the Picanol Group activities that are not related to weaving machines in 2010. Proferro will continue the course it has already taken to achieve more activities in new sectors, and will thereby make full use of the advantages offered by its new moulding line. PsiControl Mechatronics will particularly focus on the continued development of its controller competences during 2010.

ANNUAL RESULTS 2009

Consolidated & audited

Picanol Group (in '000 of euros)	2009	2008
Sales	250,232	282,622
Cost of sales	-226,608	-259,481
GROSS PROFIT	23,625	23,141
Gross profit as % on sales	9.4%	8.2%
General and administrative costs	-23,373	-30,941
Sales and marketing costs	-14,593	-15,422
Other operating income	59	1,994
Other operating expenses	-13,896	-67
OPERATING RESULT	-28,178	-21,294
Net financing expenses	-704	-1,635
Other financial result	-589	-5
PROFIT OR LOSS BEFORE TAXES	-29,472	-22,933
Tax expenses	5,945	7,385
PROFIT OR LOSS	-23,527	-15,547
SHARE OF MINORITY INTERESTS	0	0
SHARE OF THE GROUP IN PROFIT/LOSS	-23,527	-15,547
SHAREHOLDER'S EQUITY	60,934	70,823
TOTAL BALANCE SHEET	181,271	190,683
REBIT*	-14,341	-23,222
REBITDA**	1,126	-10,674

*REBIT = EBIT – other operating income + other operating expenses

**REBITDA = REBIT + depreciation + impairment on assets + adjustments of write-offs (excl. restructuring provisions)

Condensed cash flow statement

(in '000 of euros)	2009	2008
Operating result	-28,178	-21,294
Gross operating cash flow	-2,238	-10,571
Net operating cash flow	26,538	-6,061
Net cash flow from investment operations	-4,150	-7,918
Cash flow from finance operations	-15,537	7,261
Adjustments to cash and cash equivalents	5,742	-5,791

Key figures per share*

(in '000 of euros)	2009	2008
Gross profit	2.03	3.92
Operating result	-2.42	-3.61
Profit before taxes	-2.54	-3.89
Basic earnings per share	-2.03	-2.64
Earnings per share after dilution	-2.03	-2.64
Number of shares	17,700,000	5,900,000

*for 2009, on the basis of a weighted average quantity of ordinary outstanding shares of 11,605,495

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 with an explanatory paragraph relating to the consolidated financial statements. The full report by the auditor is included in the annual report.

Kortrijk, 8 March 2010

The statutory auditor
DELOITTE Bedrijfsrevisoren
BV ovve CVBA
Represented by Kurt Dehoorne and Mario Dekeyser

FINANCIAL CALENDAR

The annual report for financial year 2009 and the yearly information are available from 10 March 2010 onwards on the corporate website www.picanolgroup.com.

Trading update Q1	21 April 2010 (after market close)
Publication of half-year results	31 August 2010
Trading update Q3	22 October 2010 (after market close)
Publication of 2009 annual results	9 March 2011
General meeting	20 April 2011

About the Picanol Group

The Picanol Group is an international, customer-oriented group specialized in development, production and sale of weaving machines and other high-technology products, systems and services.

Division Weaving Machines

The division Weaving Machines (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 more than seventy years, Picanol has played a pioneering role in the industry worldwide, and is one of the current world leaders in weaving machine production. It also markets accessories via GTP Global Textile Partner.

Division Industries

The division Industries 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 head office in Ypres (Belgium), the Picanol Group has production facilities in Asia, Europe and the United States, linked to its own worldwide sales and service network. The Picanol Group employs 1,983 employees worldwide and has been listed on Euronext Brussels (PIC).

For further information please contact Frederic Dryhoel,
Corporate Communication Manager, for more information 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