PRESS RELEASE
Regulated information
Half-yearly information – figures H1 2018
August 22, 2018 – 8:00 am CET

RESULTS OF THE FIRST HALF OF 2018 IN LINE WITH EXPECTATIONS

WELL-FILLED ORDER BOOK FOR THE SECOND HALF-YEAR

I. CONSOLIDATED RESULTS H1 2018

- **In line with the previously announced forecast, the Picanol Group (Euronext: PIC) realized a consolidated turnover of 357.4 million euros in the first half of 2018, which was in line with the turnover of 364.7 million euros in the first half of 2017.**

  The Weaving Machines division had a very strong half-year based on the well-filled order book at the end of 2017, although it experienced a slight decrease in turnover compared to the exceptionally strong first half of 2017. Despite the lower demand from the Weaving Machines division, the Industries division again realized a strong first half-year thanks to higher demand and projects from other customers. 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).

  These activities resulted in the first half of 2018 in a net profit of 47.8 million euros compared to 52.2 million euros in the same period in 2017. In addition, Tessenderlo Group nv contributed 19.4 million euros to the net result in the first half of 2018 (compared to 5.8 million euros in the same period last year). The Picanol Group closed the first half of 2018 with a net profit of 67.1 million euros, compared to 58.1 million euros in the first half of 2017.

- **The order book for the second half of 2018 is well-filled. The Picanol Group expects a slight decrease in turnover over the full 2018 financial year compared to 2017 – the best result in the history of the group – and is taking into account a further impact of rising commodity prices.**

- **The Picanol Group has currently some 70 vacancies at its headquarters in Ypres. The vacancies are published on the website www.picanolgroup.com.**

KEY FIGURES:

Consolidated results (in '000 euros)	**30/06/2018**	**30/06/2017**
Sales	357,393	364,712
Cost of sales	-274,961	-274,546
GROSS PROFIT	**82,432**	**90,256**
Gross profit as % of sales	**23%**	**25%**
General and administrative expenses	-11,147	-9,988
Selling and marketing expenses	-8,731	-9,191
Other operating income	6	85
Other operating expenses	-49	-5
EBITDA*	**66,418**	**73,999**
EBIT**	**62,511**	**71,156**
Net financing expenses	1,373	997
Other financial result	-160	170
PROFIT OR LOSS BEFORE TAXES	**63,724**	**72,323**
Income taxes	-15,952	-20,107
PROFIT OR LOSS AFTER TAX EXCLUDING THE SHARE IN THE RESULT OF ASSOCIATED COMPANIES ***	**47,772**	**52,217**
Share in the result of associated companies	19,361	5,834
SHARE OF THE GROUP IN PROFIT	**67,133**	**58,051**

Balance sheet information (in '000 euros)	**30/06/2018**	**30/06/2017**
SHAREHOLDERS' EQUITY	693,313	587,693
BALANCE SHEET TOTAL	843,025	749,348

Key figures per share (in euros, except number of shares)	**30/06/2018**	**30/06/2017**
Basic earnings per share	3.79	3.28
Diluted earnings per share	3.79	3.28
Number of shares	**17,700,000**	**17,700,000**

*EBITDA: EBIT	62,511
+ depreciation and impairment of assets	+ 4,592
+ adjustments of write-offs on inventories and trade receivables	+ 882
+ adjustments of other provisions	- 1,568

**EBIT: Operating result

*** In order to make a clear distinction between the results achieved by Picanol Group and the other results generated through the associated company, it was decided to present the share in the result of associated companies after the profit after taxes.

II. ABBREVIATED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

II.1. CONSOLIDATED INCOME STATEMENT

PICANOL GROUP (in '000 euros)	**30/06/2018**	**30/06/2017**
Sales	357,393	364,712
Cost of sales	-274,961	-274,546
GROSS PROFIT	**82,432**	**90,256**
Gross profit as % on turnover	***23%***	***25%***
General and administrative expenses	-11,147	-9,988
Selling and marketing expenses	-8,731	-9,191
Other operating income	6	85
Other operating expenses	-49	-5
OPERATING RESULT	**62,511**	**71,156**
Total interest income	2,267	2,399
Total interest expenses	-894	-1,402
Other financial income	423	784
Other financial expenses	-583	-614
PROFIT OR LOSS BEFORE TAXES	**63,724**	**72,323**
Taxes	-15,952	-20,107
PROFIT OR LOSS AFTER TAX EXCLUDING THE SHARE IN THE RESULT OF ASSOCIATED COMPANIES	**47,772**	**52,217**
Share in the result of associated companies	19,361	5,834
SHARE OF THE GROUP IN PROFIT	**67,133**	**58,051**

PICANOL GROUP (in euros)	**30/06/2018**	**30/06/2017**
Basic earnings per share	3.79	3.28
Diluted earnings per share	3.79	3.28

ABBREVIATED CONSOLIDATED OVERVIEW OF THE TOTAL RESULT

PICANOL GROUP (in '000 euros)	**30/06/2018**	**30/06/2017**
PROFIT/(LOSS) OF THE PERIOD	**67,133**	**58,051**
Total other comprehensive income		
Items that will not be subsequently transferred to profit and loss:	**1,141**	**3,106**
Actuarial gains / (losses)		
Actuarial gains / (losses) at associated companies	1,141	3,106
Items that will subsequently be transferred to profit and loss if specific conditions are met:	**-1,635**	**-3,037**
Currency exchange differences as a result of the conversion of foreign operations	124	-2,141
Currency exchange differences as a result of the conversion of foreign operations at associated companies	-1,907	-1,227
Share of other comprehensive income of associated companies	148	331
Total other comprehensive income after taxes	**-494**	**69**
TOTAL RESULT	**66,639**	**58,120**

II.2. CONSOLIDATED BALANCE SHEET

PICANOL GROUP (in '000 euros)	**30/06/2018**	**31/12/2017**
FIXED ASSETS	**510,422**	**481,398**
Intangible assets	972	1,014
Goodwill	0	0
Tangible fixed assets	62,964	62,129
Interests in associated companies	444,026	417,000
Other financial investments	44	44
Non-current receivables	1,710	699
Deferred tax assets	706	512
CURRENT ASSETS	**332,603**	**296,292**
Inventories	69,589	63,767
Trade receivables	81,187	70,295
Other receivables	22,403	28,881
Cash and cash equivalents	159,424	133,350
TOTAL ASSETS	**843,025**	**777,690**
SHAREHOLDER'S EQUITY	**693,313**	**630,214**
Share capital	21,720	21,720
Share premiums	1,518	1,518
Reserves	663,617	600,642
Translation differences	6,458	6,334
Minority interests	0	0
NON-CURRENT LIABILITIES	**9,788**	**10,313**
Employee benefit obligations	4,272	4,821
Provisions	27	27
Deferred tax liabilities	5,192	5,190
Interest-bearing debt	297	275
Other liabilities	0	0
CURRENT LIABILITIES	**139,924**	**137,163**
Employee benefit obligations	1,060	1,060
Provisions	7,371	8,390
Interest-bearing debt	3,649	1,983
Trade payables	75,653	73,810
Income taxes payable	2,865	3,401
Other current liabilities	49,326	48,519
TOTAL LIABILITIES	**843,025**	**777,690**

II.3. CONSOLIDATED CASH FLOW STATEMENT

PICANOL GROUP (in '000 euros)	**30/06/2018**	**30/06/2017**
Operating result	**62,511**	**71,156**
Depreciation on intangible and tangible fixed assets	4,452	4,119
Impairment losses of assets	140	72
Increase/(decrease) of write-offs on current assets	882	-1,294
Changes in provisions	-1,568	-54
Profit/(loss) on disposals of assets	0	0
Gross cash flow from operating activities	**66,418**	**73,999**
Changes in working capital	-9,480	-28,884
Income taxes	-16,719	-12,537
Interest received	2,267	2,399
Net cash flow from operating activities	**42,486**	**34,977**
Acquisitions of intangible fixed assets	-60	-82
Acquisitions of tangible fixed assets	-5,286	-5,429
Acquisitions of associated companies	-8,283	-7,883
Net cash flow from investment activities	**-13,629**	**-13,394**
Interest paid	-894	-1,402
Dividends paid	-3,540	-1,770
Increase/(decrease) of export financing	1,762	2,007
Repayments of interest-bearing financial debt	-74	-98
Net cash flow from financing activities	**-2,746**	**-1,264**
Effect of exchange rate fluctuations	-36	-1,438
Adjustments to cash and cash equivalents	**26,074**	**18,881**
Net cash position – opening balance	133,350	81,285
Net cash position – closing balance	159,424	100,166
	26,074	**18,881**

II.4. SHAREHOLDERS' EQUITY

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

On 30 June 2018:

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**	**600,642**	**6,334**	**630,214**	**0**	**630,214**
Changes in scope of consolidation	0	0	0	0	0	0	0
Result over the reporting period	0	0	67,133	0	67,133	0	67,133
Translation differences	0	0	0	124	124	0	124
Share in other elements of the result of associated companies	0	0	-618	0	-618	0	-618
Total recognized profits and losses	*0*	*0*	*66,515*	*124*	*66,639*	*0*	*66,639*
Dividends	0	0	-3,540	0	-3,540	0	-3,540
At the end of the reporting period	**21,720**	**1,518**	**663,617**	**6,458**	**693,313**	**0**	**693,313**

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
Total recognized profits and losses	*0*	*0*	*60,261*	*-2,141*	*58,120*	*0*	*58,120*
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**

II.5. 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 August 21, 2018. 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 December 31, 2017. This interim financial report should be read in conjunction with the financial statements for the financial year ending December 31, 2017. In 2018, Picanol nv applied two new IFRS standards for the preparation of the interim financial information. The adjustments to the accounting policies will also be reflected in the end-of-year report on December 31, 2018. The remaining accounting policies are the same as those applied to the financial year ending December 31, 2017. In comparison to the consolidated annual report on December 31, 2017, the following Standards and Interpretations came into application:

Standards and interpretations applicable to the financial year commencing January 1, 2018:

- IFRS 15 replaces the current provisions relating to revenue recognition under IFRS and is applicable with effect from the 2018 financial year. The new standard stipulates that a selling price must be allocated to all identifiable performance obligations in a contract and that revenue must be recognized when the performance obligation has been fulfilled. As early as 2017, Picanol Group made a further analysis of the impact of the application of IFRS 15 on the financial statements. The adjustments detected were already included in the financial statements as at December 31, 2017, but only had a non-material classification impact.

Classification changes applied to the 2017 financial statements:
- servicing of the weaving machines: the revenue related to the installation of the machines is deferred (whereas it was previously provisioned as an attributable cost);
- performance guarantees: to the extent that part of the revenue is subject to certain performance obligations, this has been deferred (whereas it was previously provisioned).

- IFRS 9 Financial Instruments (as revised in 2014) (applicable to financial years beginning either on or after January 1, 2018).

In July 2014, the IASB finalized the reform of accounting for financial instruments and published IFRS 9 (as revised in 2014), which contains the requirements for (a) classification and measurement of financial assets and financial obligations, (b) methodology for impairment, and (c) general hedge accounting. IFRS 9 (as revised in 2014) replaces IAS 39 Financial Instruments: Recognition and Measurement on the Effective Date. The Group has chosen not to restate the comparative amounts of 2017 for the impact of IFRS 9. Picanol nv has applied this standard with effect from January 1, 2018. This application did not have a significant impact on the half-yearly accounts as at June 30, 2018. IFRS 9 consists of three components: classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification and measurement of financial assets and liabilities: the date of first adoption (i.e. the date when the Group assessed its existing financial assets and financial obligations in terms of the requirements of IFRS 9) is January 1, 2018. Accordingly, the Group applies the requirements of IFRS 9 to instruments that have not been derecognized as at January 1, 2018 and does not apply the requirements of IFRS 9 to instruments that have already been derecognized as at January 1, 2018. The group's management assessed the group's existing financial assets and obligations at January 1, 2018 on the basis of the facts and circumstances existing at that date and concluded that the initial application of IFRS 9 has no impact on the group's financial assets in terms of their classification and measurement.

Impairment of financial assets: with respect to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to the incurred credit loss model under IAS 39. The expected credit loss model requires the group to recognize the expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since the initial recognition of the financial assets. In particular, IFRS 9 requires the group to recognize a loss for expected credit losses on 1) trade receivables; 2) contract assets; 3) loans to related parties; 4) loan commitments and financial guarantee contracts to which the requirements for impairment of IFRS 9 apply; 5) cash and cash equivalents. The introduction of the expected loss model by IFRS 9 has no material impact on the group's financial position or total comprehensive income at the date of the first application of IFRS 9.

General hedge accounting: the group does not apply hedge accounting in its financial statements. Therefore, the requirements under IFRS 9 hedge accounting have no impact on the group's financial position or total comprehensive income at the date of the first application of IFRS 9.

The application of the standards applicable to the financial year commencing January 1, 2018 has no material impact on the consolidated interim financial information.

Standards and interpretations published, but not yet applicable to the financial year commencing January 1, 2018:

IFRS 16 replaces existing lease guidelines, including IAS 17 Lease Agreements, IFRIC 4 Determination whether an agreement contains a lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluation of the Economic Reality of Transactions in the Legal Form of a Lease agreement.

The standard is effective for financial years commencing either on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 either on or before the date of first adoption of IFRS 16. IFRS 16 introduces a single reporting model for all lessees, based on the principle of recognizing leases in the balance sheet. The lessee shall recognize an asset for its right to use the underlying asset and a lease obligation for the lease payments it owes. Exemptions are available for short-term and low-value leases. Lessors' recognition remains largely the same as in the current standard - thus lessors must continue to classify leases as financial or operating leases. With regard to the application of the standards published but not yet applicable to the financial year beginning January 1, 2018, the analysis of the potential impact of the initial application of these standards and interpretations is ongoing. Based on the current analysis, as stated in the annual report for the 2017 financial year, the application of IFRS 16 will not have a significant impact on the group's consolidated financial statements. The ongoing analysis shows that Picanol Group has a very limited number of operating leases (this is limited to company cars and some building leases) and therefore the expected impact on the financial statements will not be material.

II.6. CHANGES IN THE SCOPE OF CONSOLIDATION

In the first half of 2018 there were no changes in the scope of consolidation.

II.7. NOTES TO THE INCOME STATEMENT

During the first half of 2018, the Picanol Group realized a consolidated turnover of 357.4 million euros, a 2% decrease in comparison to 364.7 million euros in the first half of 2017. This decrease in turnover is attributable to the Weaving Machines division (-5%), while the Industries division saw turnover rise again by 5%.

Gross profit in the first half of 2018 amounted to 82.4 million euros compared to 90.3 million euros in the first six months of 2017, as a result of which the gross margin percentage decreased from 25% to 23%. This decrease is the consequence of rising commodity prices and because the fixed costs (which are included in the costs of sales) did not decrease proportionately with the turnover. The operating result (EBIT) amounted to 62.5 million euros compared to 71.2 million euros last year, or an EBIT-margin of +17% versus +20% in the first half of last year. The tax rate fell to 25% versus 28% last year, mainly as a result of the tax reform in Belgium.

The share of the results of Tessenderlo Group nv for the first half of 2018 is 19.4 million euros. The result of Tessenderlo Group for the period is 54.6 million euros. A fair value adjustment was made of -2.0 million euros (depreciation of revalued fixed assets after tax). The average participation rate over the first half year amounted to 36.8%, as a result of which the share in the result of Tessenderlo Group amounts to 19.4 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 2018 with a net result of 67.1 million euros, compared to 58.1 million euros in the same period in 2017.

II.8 SEGMENT INFORMATION & DISAGGREGATION OF TURNOVER

BUSINESS SEGMENTS

(in '000 euros)	Weaving Machines		Industries		Non-segment/ (eliminations)		Picanol Group	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
External sales	300,662	315,404	56,731	49,309			357,393	364,712
Inter-segment sales	862	942	49,200	51,123	-50,062	-52,064	0	0
Total sales	**301,524**	**316,346**	**105,931**	**100,431**	**-50,062**	**-52,064**	**357,393**	**364,712**
Operating profit	**53,501**	**62,348**	**9,011**	**8,808**			**62,511**	**71,156**
Interest income	2,267	2,399	0	0			2,267	2,399
Interest expenses	-805	-1,327	-90	-75			-894	-1,402
Other financial income/(expenses)	-27	-131	-132	301			-160	170
Result before taxes	**54,937**	**63,288**	**8,789**	**9,035**			**63,724**	**72,323**
Other segment information:								
Depreciations	2,122	2,123	2,329	1,996			4,452	4,119
Investments	1,853	1,537	3,493	3,974			5,346	5,511

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 301.5 million euros, a decrease of 5% compared to 316.3 million euros in the record first half of 2017. The sale of parts and accessories was in line with the first half of last year. The operating result of the Weaving Machines division amounted to 53.5 million euros (or 18% of turnover) versus 62.3 million euros last year.

INDUSTRIES

The turnover of the Industries division amounted to 105.9 million euros, an increase of 5% in comparison to 100.4 million euros in the same period in 2017. The lower demand from the Weaving Machines division also translated into a decrease in turnover for the Industries division. However, this was amply compensated by a turnover increase of 15% for other customers. The Industries division thus continues to contribute to the growing diversification of the group by fully focusing on its expertise in castings and mechanical finishing (Proferro), controller capacities (PsiControl) and precision parts (Melotte). Both Proferro and PsiControl recorded further growth among existing customers (which was also helped by the positive general economic situation) and also realized a number of new customer projects. The Industries division achieved an operating result of 9.0 million euros, compared to 8.8 million euros in the first half of 2017.

GEOGRAPHICAL INFORMATION

(in '000 euros)	2018	2017
Europe, America en Africa	124,421	112,821
Far and Middle East	232,973	251,891
TOTAL	**357,393**	**364,712**

II.9. NOTES TO THE BALANCE SHEET AND CASH FLOW

The balance sheet total of the Picanol Group increased by 8% from 777.7 million euros on December 31, 2017, to 843.0 million euros on June 30, 2018. The working capital rose by 8.6 million euros, which was mainly due to the higher number of finished weaving machines ready for delivery. Cash increased with 26.1 million euros: from 133.4 million euros to 159.4 million euros. During the first half of the year, the net cash flow from operational activities amounted to 42.5 million euros. The Picanol Group invested in the first half of the year 5.3 million euros in fixed assets and 8.3 million euros in its associated company Tessenderlo Group. As at June 30, 2018, the Picanol Group has 16,085,265 shares in Tessenderlo Group (or 37.3% of the outstanding shares as at 30/06/2018).

II.10. DIVIDENDS

In the first half of 2018, dividends for a total amount of 3.5 million euros were paid by Picanol nv.

II.11. EVENTS AFTER THE BALANCE SHEET DATE

There are no important events after balance sheet date.

II.12 RELATED PARTY TRANSACTIONS

There are no substantial changes in the related party transactions compared to the situation on December 31, 2017.

II.13 APPLICATION OF ART. 523 OF THE COMPANY CODE

Extract from the board minutes of May 7, 2018:
[…]
Conflict of interest:
Statement regarding Luc Tack:
Luc Tack informed the board, in accordance with article 523 W.Venn, that he might have a potential conflict of interest regarding the decision on the acquisition of additional shares in Tessenderlo Group. This potential conflict of interest derived from the fact that Luc Tack is the controlling shareholder of Symphony Mills nv, which in turn is a shareholder of both Picanol nv as well as Tessenderlo Group. Even though the personal interest of Luc Tack and the interest of Picanol Group as a shareholder of Tessenderlo Group nv were the same, Luc Tack decided to avoid any suggestion of conflict of interest and to apply the procedure provided in Art. 523. Luc Tack then also declared that he would not participate in (and would leave the meeting during) the decision. Luc Tack requested that the auditor of Picanol nv was informed about this potential conflict of interest. Prior to progressing to the deliberations and decision, Luc Tack left the meeting.
Deliberations and decisions:
Stefaan Haspeslagh explained that within the mandate of the 60 million euros awarded by the board of directors during the meeting of December 13th 2016, 8.6 million euros of shares had been bought up to today. In order to be able to utilize possible opportunities offered in the future, the chairman requested a new mandate, once again for 60 million euros, which would replace the current mandate. The directors asked that it be ensured that the cash resources of the group would at all times comply with the minimum cash reserve. The directors ruled that the increase of the participation in Tessenderlo Group was in the interest of Picanol if the shares are purchased at an interesting price and given that other possible investment options are also considered. The board of directors gave special authorization to Luc Tack and Stefaan Haspeslagh, jointly or independently, to acquire an amount of 60 million euros of additional shares.

II.14 OUTLOOK

The order book for the second half of 2018 is well-filled. The Picanol Group expects a slight decrease in turnover over the full 2018 financial year compared to 2017 – the best result in the history of the group – and is taking into account a further 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 reduced, as a result of the strong Industries growth and the contribution of Tessenderlo Group to the results.

II.15 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 2018	March 13, 2019 (before opening of the stock exchange)
Annual general meeting	April 17, 2019

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,

a) the condensed consolidated interim financial information which have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union, give a true and fair view of the equity, financial position and financial performance of the company, and the entities included in the consolidation as a whole,

b) the interim management report includes a fair overview of the information required under Article 13, §§ 5 and 6 of the Royal Decree of November 14, 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.

STATUTORY AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF PICANOL NV ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AS AT JUNE 30TH 2018 AND FOR THE SIX-MONTH PERIOD THEN ENDED

Introduction

We have reviewed the accompanying consolidated balance sheet of Picanol nv as at June 30th 2018, the consolidated income statement, the abbreviated consolidated overview of the total result, the consolidated cash flow statement and the shareholders' equity statement for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed 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 condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 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 conducted in accordance with International Standards on Auditing 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30th 2018 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, August 21, 2018
KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor
represented by

Patrick De Schutter
Réviseur d'Entreprises / Bedrijfsrevisor

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 2017, the Picanol Group realized a consolidated turnover of 688.93 million euros. The Picanol Group employs almost 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).

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