

- Consolidated results H1 2016 -

PICANOL GROUP REALIZES THE STRONGEST HALF YEAR IN ITS HISTORY

INCREASED TURNOVER FORECAST FOR 2016 BASED ON A WELL-FILLED ORDER BOOK

- The Picanol Group (Euronext: PIC) realized a consolidated turnover of 329.7 million euros in the first half of 2016, an increase of 27% compared to 259.8 million euros in the first half of 2015.

As previously announced, the Weaving Machines division experienced a continued high global demand for Picanol weaving machines in the first half of 2016, during which time the group focused strongly on flexibility in order to handle production peaks. 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 a positive turnover growth.

These activities resulted in the first half of 2016 in a net profit of 48.1 million euros compared to 30.3 million euros in the same period in 2015. In addition, Tessenderlo Chemie NV contributed 12.3 million euros to the net result in the first half of 2016 (compared to 11.7 million euros in the same period last year). The Picanol Group closed the first half of 2016 with a net profit of 60.4 million euros, compared to 42.0 million euros in the first half of 2015.

- Based on the current order book and the continued demand for Picanol weaving machines, the Picanol Group has increased its turnover forecast for the full 2016 financial year. The group expects to achieve an increase in turnover in 2016 of approximately 10% compared to 2013, which was the best year in the history of the group.
- The Picanol Group has currently some 35 vacancies at its headquarters in Ypres. The vacancies are published on the website www.picanolgroup.com.

Half-yearly information – H1 2016 figures in accordance with IFRS accounting standards

I. KEY FIGURES

Consolidated results (in '000 euros)	30/06/2016	30/06/2015
Sales	329,707	259,799
Cost of sales	-243,933	-202,114
GROSS PROFIT	85,774	57,685
Gross profit as % of sales	26%	22%
General and administrative expenses	-8,949	-8,436
Selling and marketing expenses	-9,805	-8,937
Other operating income	330	35
Other operating expenses	-461	-144
EBITDA*	70,020	43,179
EBIT**	66,889	40,203
Net financing expenses	578	566
Other financial result	-113	-48
PROFIT OR LOSS BEFORE TAXES	67,354	40,721
Income taxes	-19,260	-10,432
PROFIT OR LOSS	48,094	30,288
Share in the result of associated companies	12,290	11,740
SHARE OF THE GROUP IN PROFIT	60,384	42,028
Balance sheet information (in '000 euros)	30/06/2016	30/06/2015
SHAREHOLDERS' EQUITY	472,724	380,089
BALANCE SHEET TOTAL	629,087	522,911
Key figures per share (in euros, except number of shares)	30/06/2016	30/06/2015
Basic earnings per share	3.41	2.37
Diluted earnings per share	3.41	2.37
Number of shares	17,700,000	17,700,000

* 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)	30/06/2016	30/06/2015
Sales	329,707	259,799
Cost of sales	-243,933	-202,114
GROSS PROFIT	85,774	57,685
<i>Gross profit as % on turnover</i>	<i>26%</i>	<i>22%</i>
General and administrative expenses	-8,949	-8,436
Selling and marketing expenses	-9,805	-8,937
Other operating income	330	35
Other operating expenses	-461	-144
OPERATING RESULT	66,889	40,203
Total interest income	1,340	1,156
Total interest expenses	-762	-589
Other financial income	216	465
Other financial expenses	-329	-514
PROFIT OR LOSS BEFORE TAXES	67,354	40,721
Taxes	-19,260	-10,432
PROFIT OR LOSS	48,094	30,288
Share in the result of associated companies	12,290	11,740
SHARE OF THE GROUP IN PROFIT	60,384	42,028

PICANOL GROUP (in euros)	30/06/2016	30/06/2015
Basic earnings per share	3.41	2.37
Diluted earnings per share	3.41	2.37

ABBREVIATED CONSOLIDATED OVERVIEW OF THE TOTAL RESULT

PICANOL GROUP (in '000 euros)	30/06/2016	30/06/2015
PROFIT/(LOSS) OF THE PERIOD	60,384	42,028
Total other comprehensive income		
Items that will not be subsequently transferred to profit and loss:		
Actuarial gains / (losses)	-4,410	2,701
Actuarial gains / (losses) at associated companies	-4,410	2,701
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	-1,147	3,477
Currency exchange differences as a result of the conversion of foreign operations at associated companies	1,129	-2,946
Share of other comprehensive income of associated companies	-711	255
Total other comprehensive income after taxes	-5,139	3,487
TOTAL RESULT	55,245	45,514

CONSOLIDATED BALANCE SHEET

PICANOL GROUP (in '000 euros)	30/06/2016	31/12/2015
FIXED ASSETS	392,173	371,361
Intangible assets	1,311	1,659
Goodwill	0	0
Tangible fixed assets	58,921	60,163
Interests in associated companies	330,361	308,101
Other financial investments	44	44
Non-current receivables	745	617
Deferred tax assets	791	777
CURRENT ASSETS	236,914	193,529
Inventories and contracts in progress	61,529	53,063
Trade receivables	65,394	49,220
Other receivables	16,444	13,895
Cash and cash equivalents	93,547	77,351
TOTAL ASSETS	629,087	564,890
SHAREHOLDER'S EQUITY	472,724	419,249
Share capital	21,720	21,720
Share premiums	1,518	1,518
Reserves	440,270	385,648
Translation differences	9,216	10,363
Minority interests	0	0
NON-CURRENT LIABILITIES	14,786	15,099
Employee benefit obligations	5,551	5,888
Provisions	109	109
Deferred tax liabilities	9,126	9,102
Interest-bearing debt	0	0
Other liabilities	0	0
CURRENT LIABILITIES	141,577	130,542
Employee benefit obligations	1,362	1,362
Provisions	7,013	6,651
Interest-bearing debt	3,522	5,165
Trade payables	74,705	63,666
Income taxes payable	10,591	2,208
Other current liabilities	44,384	51,490
TOTAL LIABILITIES	629,087	564,890

CONSOLIDATED CASH FLOW STATEMENT

PICANOL GROUP (in '000 euros)	30/06/2016	30/06/2015
Operating result	66,889	40,203
Depreciation on intangible and tangible fixed assets	4,572	4,585
Impairment losses of assets	48	236
Increase/(decrease) of write-offs on current assets	-1,514	-1,000
Changes in provisions	25	-845
Profit/(loss) on disposals of assets	0	0
Gross cash flow from operating activities	70,020	43,179
Changes in working capital	-21,870	-22,560
Income taxes	-10,634	-6,235
Interest received	1,340	1,156
Net cash flow from operating activities	38,856	15,540
Acquisitions of intangible fixed assets	-248	-7
Acquisitions of tangible fixed assets	-3,138	-4,192
Acquisitions of associated companies	-13,962	-19,019
Net cash flow from investment activities	-17,393	-23,218
Interest paid	-762	-589
Dividends paid	-1,770	-1,770
Increase/(decrease) of export financing	-380	1,168
Repayments of interest-bearing financial debt	-1,264	-2,638
Net cash flow from financing activities	-4,175	-3,829
Effect of exchange rate fluctuations	-1,093	2,462
Adjustments to cash and cash equivalents	16,196	-9,046
Net cash position – opening balance	77,351	29,509
Net cash position – closing balance	93,547	20,463
	16,196	-9,046

SHAREHOLDERS' EQUITY

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

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

On 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
At the end of the preceding period	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
Share in other elements of the result of associated companies	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

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 23 August 2016. 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 2015.

In comparison to the consolidated annual report on 31 December 2015, the following Standards and Interpretations came into application:

Standards and interpretations applicable for the annual period beginning on 1 January 2016

- Improvements to IFRS (2010-2012) (applicable for annual periods beginning on or after 1 February 2015)
- Improvements to IFRS (2012-2014) (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 1 *Presentation of Financial Statements – Disclosure Initiative* (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 16 and IAS 38 *Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation* (applicable for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 19 *Employee Benefits – Employee Contributions* (applicable for annual periods beginning on or after 1 February 2015)

The application of the standards related to the financial year beginning on 1 January 2016 has no material impact on the consolidated interim financial information.

Changes in the scope of consolidation

In the first half of 2016 there were no changes in the scope of consolidation.

III. HALF-YEARLY REPORT

1. NOTES TO THE INCOME STATEMENT

During the first half of 2016, the Picanol Group realized a consolidated turnover of 329.7 million euros, a 27% increase in comparison to 259.8 million euros in the first half of 2015. Both divisions saw their turnover increase based on the higher volumes in the first half of 2016.

Gross profit in the first half of 2016 amounted to 85.8 million euros compared to 57.7 million euros in the first six months of 2015 with a gross margin percentage that increased from 22% to 26%. The operating result (EBIT) amounted to 66.9 million euros compared to 40.2 million euros last year, or an EBIT-margin of +20.3% versus +15.5% in the first half of last year. Income taxes amounted to -19.3 million euros compared to -10.4 million euros last year, or an effective tax rate of 28.6% versus 25.6% last year.

The share of the results of Tessenderlo Chemie NV for the first half of 2016 is 12.3 million euros. The result of Tessenderlo Chemie for the period is 40.7 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 31.5%, as a result of which the share in the result of Tessenderlo Chemie amounts to 12.3 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 2016 with a net result of 60.4 million euros, compared to 42.0 million euros in the same period in 2015.

2. SEGMENT INFORMATION

<i>(in '000 euros)</i>	Weaving Machines		Industries		Non-segment/ (eliminations)		Picanol Group	
	2016	2015	2016	2015	2016	2015	2016	2015
External sales	288,205	220,973	41,502	38,826			329,707	259,799
Inter-segment sales	642	520	45,601	34,293	-46,243	-34,813	0	0
Total sales	288,847	221,493	87,103	73,119	-46,243	-34,813	329,707	259,799
Operating profit	57,927	35,288	8,962	4,915			66,889	40,203
Other segment information:								
Interest income	1,338	1,151	2	5			1,340	1,156
Interest expenses	-688	-479	-73	-110			-762	-589
Depreciations	2,538	2,739	2,034	1,846			4,572	4,585
Investments	1,824	729	1,607	3,470			3,431	4,199

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 288.8 million euros, an increase of 30.4% compared to 221.5 million euros in the same period last year. As expected and as previously announced, the Weaving Machines division experienced a strong first half in 2016 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 57.9 million euros versus 35.3 million euros last year.

INDUSTRIES

The turnover of the Industries division amounted to 87.1 million euros, an increase of 19% in comparison to 73.1 million euros in the same period in 2015. The higher demand from Weaving Machines resulted in a turnover increase for Industries in the first half of 2016. Moreover, the Industries division realized a turnover increase of 7% to other customers with a strong focus on castings and machining (Proferro) and its controller capacities (PsiControl) to attract new projects. During the first half of 2016, Proferro was able to further expand its customer portfolio, both in terms of casting and in the finishing of castings, although it also faced less favorable cyclical conditions, among other areas in the agricultural sector. PsiControl achieved further growth with existing customers and also undertook a number of new customer projects, including projects in the engineering industry, in healthcare and in the HVAC sector. Thanks to continued cost-control combined with improved productivity, the Industries division achieved an operating result of 8.9 million euros, compared to 4.9 million euros in the first half of 2015.

3. NOTES TO THE BALANCE SHEET AND CASH FLOW

The balance sheet total of the Picanol Group increased by 11% from 564.9 million euros on 31 December 2015, to 629.1 million euros on 30 June 2016. The working capital rose by 21.9 million euros as a result of the increase of inventories and trade receivables due to the increased activity. Cash increased from 77.3 million euros to 93.5 million euros. During the first half of the year, the net cash flow from operational activities amounted to 38.9 million euros. The Picanol Group invested in the first half of the year 3.4 million euros in fixed assets and 14.0 million euros in its associated company Tessenderlo Chemie. As at 30 June 2016, the Picanol Group has 13,958,384 shares in Tessenderlo Chemie (or 32.5% of the outstanding shares as at 30/06/2016).

4. DIVIDENDS

In the first half of 2016, 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 2015.

7. OUTLOOK

Based on the current order book and the continued demand for Picanol weaving machines, the Picanol Group has increased its turnover forecast for the full 2016 financial year. The group expects to achieve an increase in turnover in 2016 of approximately 10% compared to 2013, which was the best year in the history of the group. The Picanol Group is celebrating its 80th anniversary in 2016.

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 2016	01/03/2017 (before opening of the stock exchange)
Annual general meeting	19/04/2017

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 2016 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 2016

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 2016, 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 629,087 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the period then ended of 60,384 (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, 23 August 2016
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 (division Weaving Machines), engineered casting solutions and custom-made controllers (division Industries). In 2015, the Picanol Group realized a consolidated turnover of 529.34 million euros. The Picanol Group employs some 2,000 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