

– CONSOLIDATED RESULTS 2020 –

**PICANOL GROUP: 2020 RESULTS IN LINE WITH EXPECTATIONS,
THANKS TO AN IMPROVED SECOND HALF YEAR IN THE GLOBAL MACHINERY
MARKET AND THE EXPECTED PERFORMANCE OF TESSENDERLO GROUP**

1. KEY EVENTS

- Within the Machines & Technologies segment, in September 2020, Picanol launched the new TerryPlus-*i*, which is the most efficient and versatile airjet weaving machine for terry weaving on the market.
- Proferro is currently investing in an automatic high-bay warehouse in Ieper that will come into operation in the spring of 2021. Meanwhile, PsiControl is currently constructing a new factory in Rasnov (Romania). The works should be completed by the end of 2021 (Machines & Technologies segment).
- In 2020, Tessenderlo Group started filing the relevant applications in order to participate in the Belgian Capacity Remuneration Mechanism (CRM) tender for the construction of a second gas-fired power station in Tessenderlo (Belgium). The project is on track to deliver all required inputs to participate in the CRM auction with respect to technology, permits, and commercial and financial requirements. If successful in the CRM auction, the new power plant must be operational by November 1, 2025.
- In September 2020, an incident occurred at the Bakken plant (North Dakota, USA) when a fire, which was caused by lightning, resulted in the loss of the production assets of Environmentally Clean Systems LLC (Industrial Solutions segment). Following this incident, the group will be reviewing in the coming months the future of ECS as a viable business.

After the balance sheet date:

- Tessenderlo Kerley International will build a new liquid fertilizer plant in Western Europe. Upon receiving the necessary permits and approvals, it will begin the construction of a Thio-Sul® (ammonium thiosulfate) manufacturing plant in Geleen (the Netherlands). The plant is currently scheduled to start production in Q2 2023.
- Tessenderlo Kerley International is also studying a major Thio-Sul investment in the Eastern European/CIS region as to support qualitative and productivity increases of agriculture in that region.
- In the first quarter of 2021, Tessenderlo Group created a new growth unit, 'Violleau', to support the growth of organic agricultural solutions in Europe. This growth unit will be part of the Bio-valorization segment.
- On March 16, 2021, Picanol Group acquired a 10% minority stake in Rieter Holding AG (SWX: RIEN), amounting to a total of 467,236 shares for a price of 45.4 million EUR. Rieter is the world's leading supplier of systems for short-staple fiber spinning.

Update COVID-19:

- In light of the latest developments concerning the corona pandemic, Picanol Group is taking all the necessary steps to ensure that we keep our people safe and keep our various plants and businesses running. All of the plants and activities are currently running in line with expectations. Activities could be further impacted in the coming weeks or months if too many employees are affected by COVID-19 and/or if access to raw materials and auxiliary materials or means of transportation becomes more complicated, or if our customers are no longer able to process our products.

¹ The enclosed information constitutes regulated information as defined in the Royal Decree of November 14, 2007, regarding the duties of issuers of financial instruments which have been admitted for trading on a regulated market.

2. KEY FINANCIAL DATA

<i>(million EUR)</i>	2020	2019	% change	% change excl. fair value adjustment²
Revenue	2,188.5	2,221.4	-1%	-1%
Adjusted EBITDA³	361.7	279.9	29%	16%
Adjusted EBIT ⁴	170.2	90.2	89%	30%
EBIT	158.2	75.4	110%	35%
Profit/(loss) for the period	86.8	64.0	36%	2%
Non-controlling interest	31.4	22.3	40%	-7%
Profit/(loss) for the period attributable to the equity holders of the company	55.4	41.7	33%	11%
Total comprehensive income attributable to the equity holders of the company	48.0	40.3	19%	2%
Capital expenditure	113.1	119.9	-6%	-6%
Cash flow from operating activities	323.1	254.4	27%	27%

GROUP KEY FIGURES: SECOND HALF YEAR

<i>(million EUR)</i>	2H20	2H19	% change	% change excl. fair value adjustment
Revenue	1,052.9	1,033.6	2%	2%
Machines & Technologies	250.7	215.6	16%	16%
Agro	220.7	250.1	-12%	-12%
Bio-valorization	288.0	277.8	4%	4%
Industrial Solutions	258.6	253.7	2%	2%
T-Power	34.9	36.3	-4%	-4%
Adjusted EBITDA	166.2	135.7	22%	20%
Machines & Technologies	33.6	16.1	109%	109%
Agro	41.1	44.7	-8%	-14%
Bio-valorization	36.6	31.5	16%	16%
Industrial Solutions	28.3	16.7	69%	69%
T-Power	26.7	26.9	-1%	-1%
Adjusted EBIT	71.3	40.0	78%	44%
Machines & Technologies	27.2	10.3	164%	164%
Agro	7.9	11.2	-29%	-19%
Bio-valorization	18.0	13.9	29%	29%
Industrial Solutions	10.3	-1.5	-804%	624%
T-Power	7.7	6.1	26%	28%
EBIT adjusting items	-12.4	-9.1	37%	105%
EBIT	58.9	30.9	90%	37%

² % change excluding the depreciation of the fair value adjustment which was recognized on initial consolidation of Tessenderlo Group. The 2019 results are impacted by a one-time inventory depreciation of -32.3 million EUR, next to the recurring depreciation of the revalued assets.

³ Adjusted EBITDA equals Adjusted EBIT plus depreciation and amortization.

⁴ Adjusted EBIT is considered by the group to be a relevant performance measure in order to compare results over the period 2019-2020 as it excludes EBIT adjusting items.

GROUP KEY FIGURES: FULL YEAR

(million EUR)	2020	2019	% change	% change excl. fair value adjustment
Revenue	2,188.5	2,221.4	-1%	-1%
Machines & Technologies	451.3	478.4	-6%	-6%
Agro	582.9	602.8	-3%	-3%
Bio-valorization	575.7	543.1	6%	6%
Industrial Solutions	509.1	526.0	-3%	-3%
T-Power	69.5	71.1	-2%	-2%
Adjusted EBITDA	361.7	279.9	29%	16%
Machines & Technologies	47.1	44.4	6%	6%
Agro	125.6	96.6	30%	6%
Bio-valorization	81.9	49.6	65%	45%
Industrial Solutions	53.0	38.0	39%	28%
T-Power	54.1	51.2	6%	6%
Adjusted EBIT	170.2	90.2	89%	30%
Machines & Technologies	35.0	33.1	6%	6%
Agro	58.7	29.4	100%	8%
Bio-valorization	44.7	14.2	215%	107%
Industrial Solutions	15.2	1.6	849%	106%
T-Power	16.6	12.0	38%	38%
EBIT adjusting items	-12.0	-14.8	-19%	-26%
EBIT	158.2	75.4	110%	35%

REVENUE

The 2H20 revenue increased by 1.9%. Machines & Technologies (+16.3%) profited from a sharp recovery of the global machine market in the second half. Excluding the foreign exchange effect, the revenue of Bio-valorization increased by +6.3% mainly thanks to favorable market conditions and an improved product mix. The revenue of the operating segment Industrial Solutions increased by +3.2% (excluding the foreign exchange effect), mainly thanks to DYKA Group, which included the contribution of the newly acquired production plant in La Chapelle-Saint-Ursin in France. Excluding the foreign exchange effect, the revenue of T-Power decreased slightly (-3.9%), while Agro revenue decreased by -6.2%.

The 2020 revenue decreased slightly (-1.5%). The revenue (excluding foreign exchange effect) of Bio-valorization increased by +7.1% while a decrease could be noted in the other segments: Machines & Technologies -5.7%, Industrial Solutions: -2.7%, T-Power: -2.2% and Agro: -1.9%.

ADJUSTED EBITDA

The 2H20 Adjusted EBITDA increased by 22%. Adjusted EBITDA increased by 109% in the Machines & Technologies segment, compared to a weak second half in 2019. When excluding the foreign exchange impact, the contribution of the operating segments Industrial Solutions (+73.2%) and Bio-valorization (+32.9%) increased, the contribution of Agro (-5.2%) decreased and the Adjusted EBITDA of T-Power remained stable (-0.9%).

The FY20 Adjusted EBITDA increased by 29%, or a real increase of 16% when excluding the one-time impact of the fair value adjustment on inventory booked in 2019. Adjusted EBITDA, excluding fair value adjustment, increased in all operating segments: Bio-valorization (+44.7%), Industrial Solutions (+28.1%), Machines & Technologies (+6.1%), Agro (+6.0%) and T-Power (+5.5%).

PROFIT (+) / LOSS (-) FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The profit for 2020 amounts to 55.4 million EUR compared to 41.7 million EUR in 2019 or a 33% increase. Excluding the impact of the fair value adjustment, profit increased by 11%. The profit was impacted by exchange gains and losses, mainly on non-hedged intercompany loans and cash and cash equivalents in USD. Excluding these exchange gains and losses, the profit increase would have been approximately 38%.

3. OUTLOOK

The following statements are forward-looking and actual results may differ materially.

The group anticipates a continued high level of uncertainty in the first half of 2021 due to the ongoing COVID-19 pandemic, where the development of customer demand and margin is likely to be exposed to increased risk. However, based on the current situation, Picanol Group is anticipating an Adjusted EBITDA for the full financial year 2021 that will be in line with that of 2020. This guidance already takes into account the expected negative foreign exchange effect in 2021, following the weakening of the USD at the time of writing.

The group would like to emphasize that it currently operates in a volatile political, economic and financial environment.

4. OPERATING SEGMENTS PERFORMANCE REVIEW

MACHINES & TECHNOLOGIES			
<i>(million EUR)</i>	2020	2019	% change
Revenue	451.3	478.4	-6%
Adjusted EBITDA	47.1	44.4	6%
Adjusted EBITDA – margin	10%	9%	
Adjusted EBIT	35.0	33.1	6%
Adjusted EBIT – margin	8%	7%	

In the first half of 2020, revenue fell by -24% as a result of a worldwide slowdown in the machine market due to the pandemic. In the second half, the market recovered and revenue was +16% higher than the weak second half of 2019. Despite the lower revenue over the full year, Adjusted EBITDA increased by +6% as the pandemic caused a decrease in costs related to personnel, travel, trade fairs, product launches etc.

AGRO						
<i>(million EUR)</i>	After fair value adjustment			Excluding fair value adjustment		
	2020	2019	% change	2020	2019	% change
Revenue	582.9	602.8	-3%	582.9	602.8	-3%
Adjusted EBITDA	125.6	96.6	30%	125.6	118.5	6%
Adjusted EBITDA – margin	22%	16%		22%	20%	
Adjusted EBIT	58.7	29.4	100%	95.8	88.4	8%
Adjusted EBIT – margin	10%	5%		16%	15%	

2020 revenue decreased by -1.9%, when excluding the foreign exchange effect. Crop Vitality revenue remained stable in 2020 as the lower 2H20 volumes could be offset by higher volumes in 1H20. Volumes in 2H20 were in line with expectations as part of the agro season in the United States shifted from the second half to the first half of the year, being impacted by weather conditions. While NovaSource revenue remained stable throughout 2020, the revenue of Tessenderlo Kerley International decreased due to lower SOP volumes.

When excluding the foreign exchange effect, the Adjusted EBITDA increased by +8.0% compared to prior year. Crop Vitality Adjusted EBITDA increased thanks to favorable market circumstances, while the Adjusted EBITDA of NovaSource and Tessenderlo Kerley International remained stable.

BIO-VALORIZATION						
<i>(million EUR)</i>	After fair value adjustment			Excluding fair value adjustment		
	2020	2019	% change	2020	2019	% change
Revenue	575.7	543.1	6%	575.7	543.1	6%
Adjusted EBITDA	81.9	49.6	65%	81.9	56.6	45%
Adjusted EBITDA – margin	14%	9%		14%	10%	
Adjusted EBIT	44.7	14.2	215%	47.1	22.7	107%
Adjusted EBIT – margin	8%	3%		8%	4%	

Revenue increased by +7.1% when excluding the foreign exchange effect, mainly thanks to favorable market conditions and improved product mix.

The 2020 Adjusted EBITDA increased by +31.6 million EUR (or +55.8%) compared to one year earlier, when excluding the foreign exchange effect, mainly thanks to favorable market circumstances and realized efficiency improvements. The COVID-19 pandemic impacted the evolution of revenue in 2H20, which also had an impact on the ageing of inventories, resulting in additional inventory write-offs in 2H20 for an amount of -7.0 million EUR (total write-offs amount to -8.2 million EUR in 2020) compared to only -0.9 million EUR in 2H19 (total amount of -2.2 million EUR in 2019).

INDUSTRIAL SOLUTIONS						
<i>(million EUR)</i>	After fair value adjustment			Excluding fair value adjustment		
	2020	2019	% change	2020	2019	% change
Revenue	509.1	526.0	-3%	509.1	526.0	-3%
Adjusted EBITDA	53.0	38.0	39%	53.0	41.4	28%
Adjusted EBITDA – margin	10%	7%		10%	8%	
Adjusted EBIT	15.2	1.6	849%	24.5	11.9	106%
Adjusted EBIT – margin	3%	0%		5%	2%	

2020 Industrial Solutions revenue decreased by -2.7%, when excluding the foreign exchange effect. The 2H20 DYKA Group revenue increase, mainly thanks to the contribution of the newly acquired production plant in La Chapelle-Saint-Ursin in France, was able to compensate the 1H20 decrease, which was impacted by the pandemic (as the production at the French plant in Sainte-Austreberthe was disrupted and a number of JDP sales branches in the United Kingdom got temporarily closed). The cessation of the S8 Engineering activities led to a loss of revenue, while the revenue of the other activities within Industrial Solutions remained stable in 2020.

While the 1H20 Adjusted EBITDA, when excluding the foreign exchange effect, remained stable (-0.3%), the 2H20 Adjusted EBITDA increased by +12.2 million EUR (+73.2%). The lower 1H20 Adjusted EBITDA of DYKA Group was more than offset by its result in 2H20, mainly thanks to the volume increase. The favorable development of input costs, as well as cost saving measures taken to mitigate the COVID-19 impact, further positively impacted the 2020 Adjusted EBITDA. While the Adjusted EBITDA of Performance Chemicals remained stable in 1H20, it increased in 2H20 as 2H19 was impacted by technical issues in Loos (France). The cessation of S8 Engineering has a positive impact on the 2020 evolution of the Adjusted EBITDA, while the Adjusted EBITDA of Mining & Industrial slightly increased.

T-POWER						
<i>(million EUR)</i>	After fair value adjustment			Excluding fair value adjustment		
	2020	2019	% change	2020	2019	% change
Revenue	69.5	71.1	-2%	69.5	71.1	-2%
Adjusted EBITDA	54.1	51.2	6%	54.1	51.2	6%
Adjusted EBITDA – margin	78%	72%		78%	72%	
Adjusted EBIT	16.6	12.0	38%	16.6	12.0	38%
Adjusted EBIT – margin	24%	17%		24%	17%	

In 2020, T-Power contributed 69.5 million EUR to the revenue and 54.1 million EUR to the Adjusted EBITDA of the group. These results were in line with expectations, as T-Power nv fulfilled all tolling agreement requirements.

The 2020 Adjusted EBITDA improvement was mainly realized thanks to continued cost optimization, partially offset by ongoing development expenses for the construction of a second gas-fired power station in the Belgian municipality of Tessenderlo. At the beginning of July 2020, Tessenderlo Group started filing the relevant applications in order to participate in the Belgian Capacity Remuneration Mechanism (CRM) tender.

5. CONSOLIDATED FINANCIAL INFORMATION AT DECEMBER 31, 2020

CONSOLIDATED INCOME STATEMENT

<i>(million EUR)</i>	2020	2019
Revenue	2,188.5	2,221.4
Cost of sales	-1,664.3	-1,765.7
GROSS PROFIT	524.2	455.6
Distribution expenses	-111.8	-113.7
Administrative expenses	-136.3	-136.3
Sales and marketing expenses	-72.4	-83.6
Other operating income and expenses	-33.5	-31.8
Adjusted EBIT	170.2	90.2
EBIT adjusting items	-12.0	-14.8
EBIT (PROFIT/(LOSS) FROM OPERATIONS)	158.2	75.4
Finance (costs)/income – net	-37.3	-3.5
Share of result of equity accounted investees, net of income tax	-1.9	0.3
PROFIT (+) / LOSS (-) BEFORE TAX	119.0	72.2
Income tax expense	-32.2	-8.1
PROFIT (+) / LOSS (-) FOR THE PERIOD	86.8	64.0
Non-controlling interest	31.4	22.3
PROFIT (+) / LOSS (-) FOR THE PERIOD. ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY	55.4	41.7
Basic earnings per share (in EUR)	3.1	2.4
Diluted earnings per share (in EUR)	3.1	2.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(million EUR)</i>	2020	2019
PROFIT (+) / LOSS (-) FOR THE PERIOD	86.8	64.0
Translation differences	-14.7	0.1
Net change in fair value of derivative financial instruments, before tax	-0.2	-3.2
Other movements	-0.2	0.1
Income tax on other comprehensive income	0.1	0.8
Share in other comprehensive income of joint ventures accounted for using the equity method	0.0	-0.3
Items of other comprehensive income that are or may be reclassified subsequently to profit or loss	-15.1	-2.4
Remeasurements of the net defined benefit liability, before tax	-1.0	-2.6
Other movements	0.0	0.0
Income tax on other comprehensive income	1.1	0.7
Items of other comprehensive income that will not be reclassified subsequently to profit or loss	0.1	-1.9
Other comprehensive income, net of income tax	-14.9	-4.3
TOTAL COMPREHENSIVE INCOME	71.9	59.7
Non-controlling interest	23.8	19.5
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY	48.0	40.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(million EUR)</i>	31/12/2020	31/12/2019
TOTAL NON-CURRENT ASSETS	1,651.6	1,738.4
Property, plant and equipment	1,061.8	1,078.4
Goodwill	42.1	42.1
Intangible assets ⁵	469.8	537.9
Investments accounted for using the equity method	20.0	18.9
Other investments	10.3	11.3
Deferred tax assets	33.2	30.8
Trade and other receivables	14.4	19.0
TOTAL CURRENT ASSETS	1,111.1	1,039.5
Inventories	393.4	380.3
Trade and other receivables	342.2	349.4
Current tax assets	9.3	15.4
Derivative financial instruments	0.0	0.0
Short term investments ⁶	20.0	0.0
Cash and cash equivalents	345.9	290.3
Assets held for sale	0.3	4.1
TOTAL ASSETS	2,762.7	2,777.9
Equity attributable to equity holders of the company	816.3	773.1
Issued capital	21.7	21.7
Share premium	1.5	1.5
Reserves & retained earnings	793.0	749.9
Non-controlling interest	647.6	659.9
TOTAL EQUITY	1,463.8	1,433.0
TOTAL NON-CURRENT LIABILITIES	822.5	860.1
Loans and borrowings	393.2	426.3
Employee benefits	71.2	64.7
Provisions	141.8	132.3
Trade and other payables	14.5	10.1
Derivative financial instruments	25.3	31.5
Deferred tax liabilities	176.5	195.2
TOTAL CURRENT LIABILITIES	476.3	484.8
Bank overdrafts	0.0	0.1
Loans and borrowings	69.7	98.9
Trade and other payables	374.0	348.1
Derivative financial instruments	11.8	12.7
Current tax liabilities	3.7	4.1
Employee benefits	1.8	1.5
Provisions	15.1	19.3
TOTAL EQUITY AND LIABILITIES	2,762.7	2,777.9

⁵ Intangible assets decrease mainly due to the depreciation of the fair value adjustment on customer lists and brand names for 41.6 million EUR.

⁶ Short term investments were re-classified from 'Trade and other receivables'.

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(million EUR)</i>	2020	2019
PROFIT (+) / LOSS (-) FOR THE PERIOD	86.8	64.0
Depreciation, amortization and impairment losses on tangible and intangible assets	194.6	192.7
Changes in provisions	8.2	-1.6
Finance costs	45.0	33.8
Finance income	-7.7	-30.3
Loss / (profit) on sale of non-current assets	-1.7	-3.5
Share of result of equity accounted investees, net of income tax	1.9	-0.3
Income tax expense	32.2	8.1
Changes in inventories	-34.0	16.0
Changes in trade and other receivables	2.6	12.9
Changes in trade and other payables	34.5	-4.9
Write-offs on inventories	12.7	5.1
Other cash flows from operating activities	-6.5	1.9
Cash from operating activities	368.6	294.0
Income tax paid	-45.6	-39.7
Dividends received	0.1	0.1
Cash flow from operating activities	323.1	254.4
Acquisition of property, plant and equipment	-111.9	-118.2
Acquisition of intangible assets	-1.1	-1.7
Acquisition of subsidiaries net of cash acquired ⁷	-5.7	164.0
Acquisition of equity accounted investees	-2.0	1.1
Proceeds from the sale of property, plant and equipment	5.8	6.0
Proceeds from the sale of subsidiaries, net of cash disposed of	-0.1	
Cash flow from investing activities	-115.1	51.2
Acquisition of non-controlling interest	-33.2	-64.3
Increase of issued capital - conversion of warrants	0.0	0.2
Repurchase of treasury shares by subsidiaries	-4.2	0.0
Payment of lease liabilities	-24.2	-25.4
Proceeds from new borrowings	7.8	18.7
(Reimbursement) of borrowings	-56.0	-83.1
Short term investments	-20.0	0.0
Interest paid	-18.1	-21.9
Interest received	2.6	4.9
Dividends paid	-3.5	-3.5
Settlement interest rate swap T-Power	0.0	-8.0
Other cash flows from financing activities	-1.3	-6.2
Cash flow from financing activities	-150.1	-188.8
Net increase / (decrease) in cash and cash equivalents	57.9	116.8
Effect of exchange rate differences	-2.2	0.4
Cash position at the beginning of the period	290.2	173.0
Cash position at the end of the period	345.9	290.3

⁷ The 164 million EUR in 2019 represents the cash of Tessenderlo Group on January 1, 2019, acquired as a result of the initial consolidation of Tessenderlo Group.

6. 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.

7. DIVIDEND

At the annual shareholders' meeting of May 17, 2021, the Board of Directors will propose to the shareholders not to pay out a dividend for the 2020 financial year.

8. FINANCIAL CALENDAR

The annual report for the 2020 financial year and the sustainability report will be available with effect from April 2, 2021, on the corporate website www.picanolgroup.com.

- Annual shareholders' meeting May 17, 2021
- Half year 2021 results August 26, 2021

About Picanol Group

Picanol Group is a diversified industrial group and it is active worldwide in the fields of mechanical engineering, agriculture, food, energy, water management, the efficient (re)use of natural resources and other industrial markets. The group's products are used in a variety of applications, industrial and consumer markets. Picanol Group realized a consolidated turnover of 2.2 billion EUR in 2020. Picanol Group has approximately 7,000 employees worldwide and it is listed on Euronext Brussels (PIC) via Picanol nv.

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This press release is also available on the Picanol Group corporate website:

www.picanolgroup.com.

The Dutch version of this press release is to be considered as the reference.

Disclaimer

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