PICANOL GROUP

PRESS RELEASE
Regulated information
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– CONSOLIDATED RESULTS HY19 –

WEAKENING GLOBAL MACHINE MARKET AFFECTS FIRST HALF YEAR, TESSENDERLO GROUP IN LINE WITH EXPECTATIONS DURING HY19 DESPITE INCREASING ECONOMIC UNCERTAINTIES

CONSOLIDATION OF TESSENDERLO GROUP STARTING JANUARY 1, 2019

1. KEY EVENTS

- The FSMA published the following warning on August 6, 2019:

[“Warning from the FSMA regarding the consolidation of Tessenderlo by Picanol

The FSMA publishes the following warning[1] regarding Picanol, a company whose shares are admitted to trading on Euronext Brussels.

As part of its a posteriori supervision of the financial information provided by Picanol, the FSMA has concluded that Picanol has controlled Tessenderlo Group (hereinafter referred to as Tessenderlo) since 2017 and that it should have fully consolidated Tessenderlo instead of using the equity method[2]. The FSMA reached this conclusion taking into account the size of Picanol's voting rights in Tessenderlo[3] in relation to the size and very wide distribution of the voting rights of the other shareholders as well as the fact that Picanol[4] has the majority of the votes present at the general meetings of Tessenderlo.

Picanol is of the opinion that it only acquired control over Tessenderlo on March 19, 2019, following the acquisition on that date of 2.04% of additional voting rights in the company. The FSMA does not share this view and has asked Picanol to correct its accounts.

According to Picanol, confirmed by its statutory auditor, it is practically infeasible to carry out the full consolidation retroactively for 2017 and 2018. In this hypothesis, the applicable standards[5] require that the earliest possible moment in time be taken into account. According to Picanol, that is January 1, 2019.

With the publication of this warning, the FSMA wishes to inform the market that the consolidation as of January 1, 2019 is based on an incorrect application of IFRS since 2017.”]

[1] This warning is made public in accordance with Article 43, § 1, second paragraph, of the Royal Decree of November 14, 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.
[2] In case of a full consolidation, the full revenues, costs, cash flows, assets and liabilities of Tessenderlo Group would have been fully included (consolidated) in the consolidated accounts of Picanol Group. Under the equity method, only the share in the result of Tessenderlo Group, the share in equity and the cash flow from Tessenderlo Group to Picanol Group are presented in a single line item in the consolidated accounts of Picanol Group.
[3] At the beginning of 2017, 36.3% of Tessenderlo Group's existing voting rights were held by Picanol Group (through a 100% subsidiary) and 40.2% by Picanol Group together with Symphony Mills, a party related to Picanol Group.
[4] Through its wholly owned subsidiary.
[5] IAS 8 *Accounting policies, changes in accounting estimates and errors*.

The determination of control under IFRS 10 is relatively complex and requires judgment to determine who controls in circumstances where no party holds the majority of the voting rights.

After thorough analysis and interpretation of the guidelines on the application of IFRS 10 and taking into account the corporate governance charter in force within Tessenderlo Group, the composition of the shareholding and of the board of directors both prior to the first acquisition of shares by Picanol Group (Picanol nv) in 2014 and the evolution of that shareholding and each of the other previous factors since that date, having been questioned by the FSMA in the context of the a posteriori supervision of the financial information for the financial year 2017, Picanol Group has maintained its previous analysis and considered that it had no control over Tessenderlo Group within the meaning of IFRS 10 in 2017 and 2018. Following the acquisition on March 19, 2019 of an additional 2.04% stake in Tessenderlo Group[6], Picanol Group informed the FSMA that it assumed that it had acquired control over Tessenderlo Group as of that date, and that it would proceed with consolidation in the future.

The FSMA disagreed with Picanol's view and took the position that control had been exercised since 2017. It also informed Picanol Group that, in accordance with IAS 8, retrospective consolidation should be applied from the earliest period in which retrospective restatement is practicable.

Picanol Group thereupon indicated to use the date of January 1, 2019, as the date for the inclusion of Tessenderlo Group in the consolidated accounts of Picanol Group with appropriate notes in the annual report, without prejudice to the difference of opinion that Picanol Group continues to have in regard to the date of the acquisition of control.

In the opinion of Picanol Group, January 1, 2019, is the earliest period for which retrospective adjustments to the opening balance of assets, liabilities and equity can be made at this moment in time. A correct retrospective fair value determination of the assets for the financial years 2017 and 2018 is no longer feasible. These fair value values could not even be determined accurately at that time. The provisions of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors also recognize that there are situations where a full retrospective restatement is impracticable, which can be overcome by adjusting the opening equity.

In this way, Picanol Group wishes to continue to demonstrate its intention to inform the market as fully and correctly as possible at all times.

- In June 2019, Picanol successfully participated in the 18th edition of ITMA in Barcelona, the most important four-yearly textile machinery exhibition in the world, where the new OmniPlus-*i* airjet weaving machine was received with much acclaim, and at which Picanol was once again able to present itself as a technology leader in airjet and rapier weaving machines.

[6] See also the transparency notification of March 22, 2019.

2. KEY FINANCIAL DATA

Additional information on the published figures used in the full report:

- **HY18*:** for the sake of comparability, the HY18 profit and loss account has been prepared pro forma and unaudited in the full half-year report as if a full consolidation of Tessenderlo Group had already taken place over the first half of 2018 on the basis of the same valuation of the net assets as used in the HY18 report, as a result of which the profit attributable to the company's shareholders corresponds to the reported figures on HY18.
- **01/01/2019*:** for the sake of comparability, the balance sheet as at 01/01/2019 has been drawn up pro forma and unaudited in the full half-year report as if a full consolidation of Tessenderlo Group had already taken place and including the revaluation of the net assets carried out on the occasion of the acquisition of control. These figures do not take into account the IFRS 16 initial application.
- **HY19:** in order to reconcile with Tessenderlo Group's financial reporting, the figures per business segment are also presented below without the impact of the fair value adjustment made on the acquisition of control (amortization of tangible and intangible assets and inventories). For more details, we refer you to 7 *Acquisitions and disposals* in the half-yearly report.
- **Segment information**: as a result of the acquisition of control of Tessenderlo Group, Picanol Group will report on five segments: Machines & Technologies, Agro, Bio-valorization, Industrial Solutions and T-Power. The 'Machines & Technologies' segment replaces the previously reported 'Weaving Machines' and 'Industries' segments. In light of the significant change within the group, it was decided to merge these into the 'Machines & Technologies' segment. The comparative figures have been drawn up accordingly.

(in million euros)	**HY19**			**HY18**	**HY18***	**% change**	
	Before fair value adjustment	Fair value adjustment	After fair value adjustment			Before fair value adjustment	After fair value adjustment
Revenue	**1,187.9**		**1,187.9**	**357.4**	**1,202.3**	**-1%**	**-1%**
Adjusted EBITDA	**173.3**	**-29.1**	**144.2**	**67.1**	**164.6**	**5%**	**-12%**
Adjusted EBIT[7]	102.0	-51.9	50.2	62.6	122.4	-17%	-59%
EBIT	96.3	-51.9	44.4	62.5	119.6	-19%	-63%
Profit/(loss) for the period	65.3	-39.1	26.3	67.1	100.7	-35%	-74%
Minority interest	28.8	-23.2	5.6	0.0	33.5	-14%	-83%
Profit/(loss) for the period attributable to the equity holders of the company	**36.5**	**-15.8**	**20.7**	**67.1**	**67.1**	**-46%**	**-69%**
Total comprehensive income attributable to the equity holders of the company	32.0	-15.8	16.2	66.6	66.6	-52%	-76%
Capital expenditure	50.2		50.2	5.3	37.7	33%	33%
Cash flow from operating activities	137.7		137.7	40.2	96.5	43%	43%

[7] Adjusted EBIT is considered by the group to be a relevant performance measure in order to compare results over the period 2018-2019 as it excludes EBIT adjusting items.

(in million euros)	HY19			HY18 *	% change	
	Before fair value adjustment	Fair value adjustment	After fair value adjustment		Before fair value adjustment	After fair value adjustment
Revenue	**1,187.9**		**1,187.9**	**1,202.3**	**-1%**	**-1%**
Machines & Technologies	262.8		262.8	357.4	-26%	-26%
Agro	352.7		352.7	333.3	6%	6%
Bio-valorization	265.3		265.3	247.9	7%	7%
Industrial Solutions	272.3		272.3	263.8	3%	3%
T-Power	34.8		34.8	0.0		
Adjusted EBITDA	**173.2**	**-29.1**	**144.1**	**164.6**	**5%**	**-12%**
Machines & Technologies	28.3	0.0	28.3	67.1	-58%	-58%
Agro	70.7	-18.8	51.9	69.6	1%	-25%
Bio-valorization	25.2	-7.0	18.2	13.0	93%	40%
Industrial Solutions	24.7	-3.4	21.3	14.8	66%	44%
T-Power	24.4	0.0	24.4	0.0		
Adjusted EBIT	**102.0**	**-51.9**	**50.2**	**122.4**	**-17%**	**-59%**
Machines & Technologies	22.8	0.0	22.8	62.6	-64%	-64%
Agro[8]	55.5	-37.3	18.2	55.0	1%	-67%
Bio-valorization	8.0	-7.7	0.3	0.7	-	-61%
Industrial Solutions	9.9	-6.8	3.1	4.2	138%	-26%
T-Power	5.9	0.0	5.9	0.0		
EBIT adjusting items	-5.7	0.0	-5.7	-2.8	107%	107%
EBIT	**96.3**	**-51.9**	**44.4**	**119.6**	**-19%**	**-63%**

REVENUE

Revenue on a comparable basis (HY19 versus HY18*) remained roughly stable (-1%). Machines & Technologies experienced a sharp decline in revenue (-26%) as a result of the global slowdown in the machine market, which was driven by the uncertain macroeconomic climate. Revenue of the Agro segment increased by 6% (or 1.3% excluding exchange rate effects), while Bio-valorization revenue increased due to higher PB Leiner volumes. The revenue of Industrial Solutions also increased, mainly thanks to the contribution of DYKA Group. T-Power, only fully (from 20% to 100%) acquired in Q418, contributed 34.8 million euros to the group's revenue, which was in line with expectations.

ADJUSTED EBITDA

The HY19 Adjusted EBITDA after fair value adjustment decreased by 12%. The impact on the HY19 Adjusted EBITDA of the fair value adjustment on inventory amounts to -29.1 million euros. The Adjusted EBITDA before fair value adjustment increased by 5% or +8.6 million euros. The application of IFRS16 had a total impact of +13.3 million euros as the lease payments were previously deducted from the Adjusted EBITDA as opposed to depreciation. Adjusted EBITDA (excluding the impact of IFRS 16 Leases and exchange rate effects) decreased in the Machines & Technologies (-59%) and Agro (-9.5%) segments and this was only partially offset by the increases in Bio-valorization and Industrial Solutions. The contribution of T-Power, only fully acquired in Q418, amounted to +24.4 million euros.

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

The profit for the first half of 2019 after fair value adjustment amounts to 20.7 million euros compared to 67.1 million euros for the same period the previous year or a decrease of 46.4 million euros. This is mainly due to the decrease in revenue in the Machines & Technologies segment, which was not followed by a proportional decrease in fixed costs (net profit impact -29.9 million euros). The impact of the fair value adjustment on the profit attributable to the shareholders amounts to -15.8 million euros.

[8] The HY18* Adjusted EBIT of the Agro segment includes an adjustment of -2.7 million euros under the equity method in 2018 compared to the Agro EBIT reported by Tessenderlo Group for HY18 of 57.7 million euros.

3. OUTLOOK

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

For the second half of 2019, Picanol Group anticipates a further negative impact of the current uncertain macroeconomic climate, whereby the slowdown in the global machine market will not be compensated by the other segments of Tessenderlo Group. For the full financial year 2019, Picanol Group expects Adjusted EBITDA to be lower than that of 2018.

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			
(in million euros)	**HY19**	**HY18**	**% change**
Revenue	262.8	357.4	-26%
Adjusted EBITDA	28.3	67.1	-58%
Adjusted EBITDA margin	11%	19%	
Adjusted EBIT	22.8	62.6	-64%
Adjusted EBIT - margin	9%	18%	

Revenue fell by 26% in the first half of 2019 as a result of a worldwide slowdown in the machine market, which was driven by the uncertain macroeconomic climate. The HY19 Adjusted EBITDA decreased by 58% compared to the previous year due to the fact that fixed costs did not decrease in line with revenue and due to the impact of project costs linked to digitization and automation, mainly in Ypres. In addition, the difficult market situation had a negative impact on sales margins. No fair value adjustment has been implemented for the Machines & Technologies segment as it is not part of Tessenderlo Group.

Agro						
(in million euros)	**HY19**			**HY18***	**% change**	
	Before fair value adjustment	Fair value adjustment	After fair value adjustment		Before fair value adjustment	After fair value adjustment
Revenue	352.7		352.7	333.3	6%	6%
Adjusted EBITDA	70.7	-18.8	51.9	69.6	1%	-25%
Adjusted EBITDA margin	20%		15%	21%		
Adjusted EBIT[9]	55.5	-37.3	18.2	55.0	1%	-67%
Adjusted EBIT - margin	16%		5%	17%		

HY19 revenue slightly increased when excluding the foreign exchange effect (+1.3%). Crop Vitality revenue remained stable when excluding the foreign exchange effect. NovaSource revenue decreased, impacted by weather conditions. Tessenderlo Kerley International revenue increased thanks to higher liquid fertilizer volumes and an increase of the sales price of sulphates, which was able to offset its volume decline.

[9] The HY18* Adjusted EBIT of the Agro segment includes an adjustment of -2.7 million euros under the equity method in 2018 compared to the Agro EBIT reported by Tessenderlo Group for HY18 of 57.7 million euros.

The Adjusted EBITDA decreased by -9.5% compared to prior year when excluding the impact of IFRS 16 (+3.4 million EUR) and the foreign exchange effect. The slight improvement of the Adjusted EBITDA of Tessenderlo Kerley International could not offset the lower Adjusted EBITDA of NovaSource and Crop Vitality, the latter being impacted by lower margins.

The fair value adjustment in HY19 relates to inventories (-18.8 million euros) and depreciation of tangible and intangible fixed assets (-18.6 million euros).

Bio-valorization						
(in million euros)	**HY19**			**HY18***	**% change**	
	Before fair value adjustment	Fair value adjustment	After fair value adjustment		Before fair value adjustment	After fair value adjustment
Revenue	265.3		265.3	247.9	7%	7%
Adjusted EBITDA	25.2	-7.0	18.2	13.0	93%	40%
Adjusted EBITDA margin	9%		7%	5%		
Adjusted EBIT	8.0	-7.7	0.3	0.7	-	-61%
Adjusted EBIT - margin	3%		0%	0%		

Revenue increased by +4.9% when excluding the foreign exchange effect, as higher PB Leiner volumes were only partially offset by the decrease of volumes within Akiolis. The Adjusted EBITDA increased to 25.2 million EUR or increased by 49.2% when excluding the IFRS 16 impact (+4.6 million EUR) and the foreign exchange effect. While Akiolis was impacted by lower volumes, PB Leiner results were able to increase thanks to an increase of volumes, combined with an improved product mix and lower raw material prices.

The fair value adjustment in HY19 relates to inventories (-7.0 million euros) and depreciation of tangible and intangible fixed assets (-0.7 million euros).

Industrial Solutions						
(in million euros)	**HY19**			**HY18***	**% change**	
	Before fair value adjustment	Fair value adjustment	After fair value adjustment		Before fair value adjustment	After fair value adjustment
Revenue	272.3		272.3	263.8	3%	3%
Adjusted EBITDA	24.7	-3.4	21.3	14.8	66%	44%
Adjusted EBITDA margin	9%		8%	6%		
Adjusted EBIT	9.9	-6.8	3.1	4.2	138%	-26%
Adjusted EBIT - margin	4%		1%	2%		

HY19 Industrial Solutions revenue increased by +2.4% when excluding the foreign exchange effect, mainly positively impacted by an increase of the DYKA Group revenue who benefited from favorable market circumstances.

The HY19 Adjusted EBITDA increased by 33.3%, when excluding the IFRS16 impact (+4.6 million EUR) and the foreign exchange effect. The Adjusted EBITDA of DYKA Group increased thanks to higher volumes and an increase of production efficiency based on investments made. Performance Chemicals Adjusted EBITDA increased compared to prior year, as the HY18 Adjusted EBITDA of Performance Chemicals was negatively impacted by further start-up expenses for the NaOH production in Loos (new membrane electrolysis plant in France). A further increase of the Adjusted EBITDA of Performance Chemicals in the second half of 2019 compared to prior year is not expected as 3Q19 unforeseen technical issues at the plant in Loos negatively influence current production volumes.

The fair value adjustment in HY19 relates to inventories (-3.4 million euros) and depreciation of tangible and intangible fixed assets (-3.5 million euros).

T-Power						
(in million euros)	**HY19**			**HY18***	**% change**	
	Before fair value adjustment	Fair value adjustment	After fair value adjustment		Before fair value adjustment	After fair value adjustment
Revenue	34.8		34.8	-		
Adjusted EBITDA	24.4	0.0	24.4	-		
Adjusted EBITDA margin	70%		70%	-		
Adjusted EBIT	5.9	0.0	5.9	-		
Adjusted EBIT - margin	17%		17%	-		

T-Power contributed in the first half of 2019 34.8 million euros to the revenue and 24.4 million euros to the Adjusted EBITDA of the Group. These results were in line with expectations, as T-Power fulfilled all tolling agreement requirements. The group has reviewed the T-Power financing structure during the first half of 2019 (see also note 16 – '*Loans and borrowings'* of the interim report).

The group acquired NAES Belgium bvba in its entirety from the American group NAES Corporation, a subsidiary of Itochu Corporation, in June 2019. Since 2012, NAES Belgium has been responsible for the operation of the T-Power 425 MW CCGT (Combined Cycle Gas Turbine) plant. The company employs 30 members of staff. The name of the company was changed to T-Power Energy Services bv. With the acquisition of NAES Belgium and the fact that it is locally based, Tessenderlo Group now also has the technological knowledge and the team to completely manage T-Power internally.

5. CONDENSED CONSOLIDATED FINANCIAL INFORMATION AT JUNE 30, 2019

The group also published the 2019 interim report, which can be found on www.picanolgroup.com. The half year information has been subject to a limited review by external auditors. Reference is made to the independent auditor's report in the interim report.

CONDENSED CONSOLIDATED INCOME STATEMENT

(in million euros)	HY19	HY18	HY18*
Revenue	1,187.9	357.4	1,202.3
Cost of sales[10]	-959.1	-270.0	-906.9
GROSS PROFIT	**228.7**	**87.4**	**295.4**
Distribution expenses[11]	-59.6	-5.0	-60.1
Administrative expenses	-69.1	-11.1	-64.3
Sales and marketing expenses	-40.4	-8.7	-39.6
Other operating income and expenses	-9.5	0.0	-9.1
Adjusted EBIT	**50.2**	**62.6**	**122.4**
EBIT adjusting items	-5.7	0.0	-2.8
EBIT (PROFIT/(LOSS) FROM OPERATIONS)	**44.4**	**62.5**	**119.6**
Finance (costs)/income - net	-9.7	1.2	6.5
PROFIT (+) / LOSS (-) BEFORE TAX	**34.7**	**63.7**	**126.1**
Income tax expense	-9.0	-16.0	-27.8
PROFIT (+) / LOSS (-) AFTER TAX	**25.8**	**47.8**	**98.3**
Share of result of equity accounted investees, net of income tax	0.5	19.4	2.4
PROFIT (+) / LOSS (-) FOR THE PERIOD	**26.3**	**67.1**	**100.7**
Non-controlling interest	5.6	0.0	33.5
PROFIT (+) / LOSS (-) FOR THE PERIOD, ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY	**20.7**	**67.1**	**67.1**
Basic earnings per share (in euros)	1.2	3.8	3.8
Diluted earnings per share (in euros)	1.2	3.8	3.8

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in million euros)	HY19	HY18	HY18*
PROFIT (+) / LOSS (-) FOR THE PERIOD	**26.3**	**67.1**	**100.7**
Items of other comprehensive income that are or may be reclassified subsequently to profit or loss:	**-3.6**	**-1.7**	**-4.6**
Translation differences	-3.6	0.1	-5.1
Translation differences of equity accounted investees		-1.9	
Other movements	0.0	0.1	0.5
Items of other comprehensive income that will not be reclassified subsequently to profit or loss:	**-7.7**	**1.2**	**3.1**
Actuarial gains/(losses)	-8.8	0.0	3.2
Actuarial gains/(losses) of equity accounted investees		1.2	
Other movements	1.1	0.0	-0.1
Other comprehensive income, net of income tax	**-11.3**	**-0.5**	**-1.5**
TOTAL COMPREHENSIVE INCOME	**15.0**	**66.6**	**99.2**
Non-controlling interest	-1.2	0.0	32.6
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY	**16.2**	**66.6**	**66.6**

[9] The cost of sales in HY19 includes depreciation on revalued assets and inventory for -51.9 million euros.
[11] Compared to last year, the distribution costs of Picanol Group for an amount of 2.9 million euros for HY19 (and 5.0 million euros for HY18) were shown separately. These were reclassified from cost of sales.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in million euros)	30/06/2019	31/12/2018	01/01/2019*
TOTAL NON-CURRENT ASSETS	**1,757.2**	**553.2**	**1,718.5**
Goodwill	43.8	0.0	43.7
Intangible assets	571.7	1.1	607.7
Property, plant and equipment	1,068.3	64.7	993.6
Investments accounted for using the equity method	19.1	482.3	18.5
Other investments	11.1	0.0	11.1
Trade and other receivables	16.8	4.0	18.4
Deferred tax assets	26.5	0.9	25.5
TOTAL CURRENT ASSETS	**1,021.8**	**315.1**	**1,098.8**
Inventories	331.8	62.8	394.9
Trade and other receivables	398.2	79.3	365.9
Derivative financial instruments	0.0	0.0	0.9
Cash and cash equivalents	291.8	173.0	337.1
TOTAL ASSETS	**2,779.0**	**868.3**	**2,817.4**
TOTAL EQUITY	**1,409.8**	**738.9**	**1,443.5**
Equity attributable to equity holders of the company	**751.0**	**738.9**	**745.0**
Issued capital	21.7	21.7	21.7
Share premium	1.5	1.5	1.5
Reserves	722.0	710.0	716.2
Translation differences	5.7	5.6	5.6
Non-controlling interest	658.9	0.0	698.4
TOTAL NON-CURRENT LIABILITIES	**897.2**	**9.0**	**926.2**
Employee benefits	70.4	4.1	62.0
Provisions	137.2	0.0	128.9
Derivative financial instruments	202.7	4.6	216.3
Loans and borrowings	447.7	0.3	475.8
Trade and other payables	3.6	0.0	2.6
Derivative financial instruments	35.6	0.0	40.8
TOTAL CURRENT LIABILITIES	**471.9**	**120.4**	**447.7**
Employee benefits	1.9	0.9	2.1
Provisions	18.9	7.4	23.4
Loans and borrowings	87.7	1.2	49.3
Trade and other payables	348.0	109.9	357.0
Current tax liabilities	2.7	1.1	2.2
Derivative financial instruments	12.8	0.0	13.6
TOTAL EQUITY AND LIABILITIES	**2,779.0**	**868.3**	**2,817.4**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in million euros)	HY19	HY18	HY18*
PROFIT (+) / LOSS (-) FOR THE PERIOD	**26.3**	**67.1**	**100.7**
Depreciation, amortization and impairment losses[12]	94.0	4.6	42.3
Loss / (profit) on sale of non-current assets	-0.1	0.0	-0.4
Changes in provisions	3.1	-1.6	-1.7
Write-offs on current assets	4.3	0.9	1.6
Finance costs / (income) - net	9.7	-1.2	-6.5
Income tax expense	9.0	16.0	27.8
Share of result of equity accounted investees, net of income tax	-0.5	-19.4	-2.4
Changes in working capital:	15.9	-9.5	-40.7
Inventories[13]	60.4	-6.7	2.6
Trade and other receivables	-31.0	-5.4	-41.8
Trade and other payables	-13.6	2.7	-1.5
Income tax paid	-22.2	-16.7	-24.5
Dividends received	0.1	0.0	1.6
Other cash flows from operating activities	-1.7	0.0	-1.3
Cash flow from operating activities	**137.7**	**40.2**	**96.5**
Acquisition of equity accounted investees	1.1	-8.3	-8.3
Acquisition of intangible assets	-0.1	-0.1	-0.1
Acquisition of property, plant and equipment	-50.1	-5.3	-37.7
Proceeds from the sale of property, plant and equipment	0.2	0.0	9.3
Cash flow from investing activities	**-48.9**	**-13.6**	**-36.7**
Acquisition of non-controlling interest	-39.6		
Interest paid	-7.8	-0.9	-1.0
Interest received	2.7	2.3	3.2
Dividends paid	-3.5	-3.5	-3.5
Increase of interest bearing financial debt	5.0	1.8	18.0
Reimbursement of borrowings[14]	-81.7	-0.1	-0.1
Settlement interest rate swap T-Power	-8.0		
Other cash flows from financing activities	-2.4	0.0	-1.8
Cash flow from financing activities	**-135.4**	**-0.5**	**14.8**
Effect of exchange rate differences	1.2	0.0	3.8
Net increase / (decrease) in cash and cash equivalents	**-45.3**	**26.1**	**78.4**
Cash position at the beginning of the period (01/01)	**337.0**	**133.4**	**328.7**
Cash position at the end of the period (30/06)	**291.7**	**159.4**	**407.1**

[12] Depreciation increased due to the impact of IFRS 16 (+13.3 million euros), depreciation on revalued assets (+22.8 million euros) and the higher depreciation resulting from the acquisition of T-Power in Q418.
[13] The decrease in inventories is influenced by the depreciation of the revalued inventories for 29.1 million euros.
[14] '(Reimbursement) of borrowings' in 2019 mainly relates to the prepaid capital of the syndicated credit facility of T-Power nv (see note 16 – *Loans and borrowings*).

6. FINANCIAL CALENDAR

Full year results 2019	March 26, 2020

About Picanol Group

Picanol Group is a diversified industrial group and it is active worldwide in the fields of mechanical engineering, agriculture, food, 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 2.3 billion euros in 2018. 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.