

## **STRONG RECOVERY OF GLOBAL MACHINERY MARKET GENERATES INCREASED REVENUE IN HY21, TESSENDERLO GROUP IN LINE WITH EXPECTATIONS**

### **1. KEY EVENTS FIRST HALF YEAR 2021**

- In the spring of 2021, Proferro in Ieper commissioned a new automatic high bay warehouse. PsiControl is currently continuing to build its new production facility in Rasnov (Romania). The works should be completed by the end of 2021 (Machines & Technologies segment).
- In the first half of 2021, Tessengerlo Group filed 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 of 900 MW in Tessengerlo (Belgium). If successful in the CRM auction, the new power plant (which involves an investment of approximately 500 million EUR) should be operational by November 1, 2025.
- Within the Agro segment, Tessengerlo Kerley International will build a new Thio-Sul<sup>®</sup> (ammonium thiosulfate) manufacturing plant in Geleen (the Netherlands). With its second Thio-Sul<sup>®</sup> plant in Europe, Tessengerlo Kerley International is further expanding its local presence in the liquid fertilizer market for precision farming. Construction works on the new liquid fertilizer plant are planned to start in April 2022. The factory is scheduled to be operational from the second quarter of 2023.
- Meanwhile, Tessengerlo Kerley International continues to study major Thio-Sul<sup>®</sup> investments in the Eastern European/CIS region to support qualitative and productivity increases of agriculture in that region.
- In the first quarter of 2021, Tessengerlo Group established a new growth unit “Violleau”, to support the growth of organic agricultural solutions in Europe. This growth unit is part of the Bio-valorization segment.
- In March 2021, Picanol Group acquired a 10% minority stake in Rieter Holding AG (SWX: RIEN) for a total of 467,236 shares at a price of 45.4 million EUR. Rieter is the world’s leading supplier of systems for spinning short staple fibres.

### **After the balance date:**

- In August 2021, the group reached an agreement on the sale of the MPR and ECS businesses (Industrial Solutions segment). The sale includes the main assets of these businesses. The annual contribution of MPR/ECS to the group’s results was not significant. The sale is expected to be completed in the second half of 2021 and will lead to a non-significant result in the EBIT adjusting items.
- In the third quarter of 2021, the Mining & Industrial business unit changed its name to Moleko (Industrial Solutions segment).

### **Update COVID-19:**

- In the light of the latest developments regarding the corona pandemic, Picanol Group continues to take all necessary measures to ensure that its employees are safe, and its plants and businesses remain operational. All plants and operations are currently running as expected. The impact of COVID-19 on the group’s condensed consolidated interim financial information for the first six months of 2021 was not significant. 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 and auxiliary materials to transportation resources were to become more difficult, or if customers were to reduce production or become unable to process products.

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<sup>1</sup> 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. FINANCIAL KEY FIGURES

<i>(million EUR)</i>	<b>HY21</b>	<b>HY20</b>	<b>% change</b>
<b>Revenue</b>	<b>1,354.3</b>	<b>1,135.6</b>	<b>19%</b>
<b>Adjusted EBITDA<sup>2</sup></b>	<b>236.0</b>	<b>195.5</b>	<b>21%</b>
Adjusted EBIT <sup>3</sup>	140.9	98.8	43%
EBIT	143.0	99.3	44%
Profit/(loss) for the period	117.3	72.6	62%
Minority interest	41.8	36.0	16%
<b>Profit/(loss) for the period attributable to the equity holders of the company</b>	<b>75.4</b>	<b>36.6</b>	<b>106%</b>
Total comprehensive income attributable to the equity holders of the company	87.7	31.1	182%
Capital expenditure	48.1	46.0	5%
Cash flow from operating activities	187.0	156.2	20%
Net financial debt	81.7	97.1	-16%

<i>(million EUR)</i>	<b>HY21</b>	<b>HY20</b>	<b>% change</b>
<b>Revenue</b>	<b>1,354.3</b>	<b>1,135.6</b>	<b>19%</b>
Machines & Technologies	333.3	200.6	66%
Agro	373.5	362.2	3%
Bio-valorization	297.4	287.6	3%
Industrial Solutions	314.9	250.6	26%
T-Power	35.2	34.6	2%
<b>Adjusted EBITDA</b>	<b>236.0</b>	<b>195.5</b>	<b>21%</b>
Machines & Technologies	51.3	13.5	281%
Agro	75.2	84.5	-11%
Bio-valorization	41.8	45.3	-8%
Industrial Solutions	42.1	24.8	70%
T-Power	25.6	27.4	-7%
<b>Adjusted EBIT</b>	<b>140.9</b>	<b>98.8</b>	<b>43%</b>
Machines & Technologies	45.1	7.8	482%
Agro	41.2	50.7	-19%
Bio-valorization	23.5	26.7	-12%
Industrial Solutions	24.3	4.8	402%
T-Power	6.7	8.9	-25%
EBIT adjusting items	2.1	0.4	382%
<b>EBIT</b>	<b>143.0</b>	<b>99.3</b>	<b>44%</b>

### REVENUE

HY21 revenue increased by 19% compared to the same period last year. Machines & Technologies realized a 66% revenue increase as the global machine market showed a strong recovery after the COVID-19 impacted first half of 2020. Excluding the foreign exchange effect, the revenue of Industrial Solutions increased by +26.8% thanks to the performance of DYKA Group. Agro revenue increased by +9.6%, the revenue of Bio-valorization increased by +6.4% while T-Power revenue remained stable (+1.7%).

<sup>2</sup> Adjusted EBITDA equals adjusted EBIT plus depreciation and amortization.

<sup>3</sup> Adjusted EBIT is considered by the group to be a relevant performance measure in order to compare results over the period 2020-2021 as it excludes EBIT adjusting items.

## ADJUSTED EBITDA

The HY21 Adjusted EBITDA amounts to 236.0 million EUR compared to 195.5 million EUR one year earlier, which implies an increase by 21%. The Adjusted EBITDA of segment Machines & Technologies increased by 37.9 million EUR (+281%) driven by the strong demand. The contribution to the Adjusted EBITDA of Industrial Solutions, when excluding the foreign exchange effect, increased by +18.0 million EUR (+72.8%), while a decrease by -1.8 million EUR (or -6.7%) could be noted in T-Power. The contributions of Bio-valorization (-1.7%) and Agro (-3.5%) were in line with last year.

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

The HY21 profit amounts to 75.4 million EUR compared to 36.6 million EUR in HY20. 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 for HY21 would have increased by 81%.

## 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 second half of 2021 due to difficult supply chain circumstances and other challenges posed by the ongoing corona pandemic, where the development of customer demand and margin is 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 approximately 10% higher than the Adjusted EBITDA of 2020. This guidance already takes the expected negative foreign exchange effect in 2021 compared to 2020, following the weakening of the USD, into account.

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

## 4. OPERATING SEGMENTS PERFORMANCE REVIEW

MACHINES & TECHNOLOGIES			
(million EUR)	HY21	HY20	% change
Revenue	333.3	200.6	66%
Adjusted EBITDA	51.3	13.5	281%
Adjusted EBITDA margin	15%	7%	
Adjusted EBIT	45.1	7.8	482%
Adjusted EBIT margin	14%	4%	

After the heavy impact of the COVID-19 pandemic in the first half of 2020, the recovery – which started in the second half of 2020 – continued in 2021. Both the weaving machines activities (Picanol) as well as the other industrial activities (Proferro, PsiControl) showed a strong revenue increase. HY21 Adjusted EBITDA increased by 281% compared to last year as fixed costs did not increase proportionally to sales. This strong improvement in earnings was achieved despite the negative impact of rising component prices that could not be fully translated into higher sales prices, partly due to the large order book.

AGRO			
(million EUR)	HY21	HY20	% change
Revenue	373.5	362.2	3%
Adjusted EBITDA	75.2	84.5	-11%
Adjusted EBITDA margin	20%	23%	
Adjusted EBIT, excl. fair value adjustment	59.8	69.3	-14%
Adjusted EBIT margin, excl. fair value adjustment	16%	19%	
Adjusted EBIT	41.2	50.7	-19%
Adjusted EBIT margin	11%	14%	

When excluding the foreign exchange effect, revenue increased by +9.6%, thanks to an increase of volumes, which were also impacted by the start of the partnership agreement between Tessenlerlo Kerley International and Kemira Oyj (Kemira), which was announced in 2020, under which Kemira produces premium SOP fertilizers (both standard and water-soluble grade) at its plant in Helsingborg (Sweden) and Tessenlerlo Kerley International partially markets these products.

The Adjusted EBITDA, when excluding the foreign exchange effect, remained in line with prior year (-3.5%). The segment was significantly impacted by the increase of raw material prices, such as sulfur, and also by increased transportation costs. While the Adjusted EBITDA of Tessenlerlo Kerley International remained stable, the Adjusted EBITDA of NovaSource increased thanks to higher volumes. The Adjusted EBITDA of Crop Vitality decreased as higher sales volumes were more than offset by lower margins.

<b>BIO-VALORIZATION</b>			
<i>(million EUR)</i>	<b>HY21</b>	<b>HY20</b>	<b>% change</b>
Revenue	297.4	287.6	3%
Adjusted EBITDA	41.8	45.3	-8%
Adjusted EBITDA margin	14%	16%	
Adjusted EBIT, excl. fair value adjustment	24.5	28.1	-13%
Adjusted EBIT margin, excl. fair value adjustment	8%	10%	
Adjusted EBIT	23.5	26.7	-12%
Adjusted EBIT margin	8%	9%	

Bio-valorization revenue, when excluding the foreign exchange effect, increased by +6.4%, mainly thanks to favorable market conditions and an improved product mix.

Adjusted EBITDA slightly decreased to 41.8 million EUR (or remained stable when excluding the foreign exchange effect) as favorable market circumstances for fats and proteins were offset by lower margins of some gelatin products.

<b>INDUSTRIAL SOLUTIONS</b>			
<i>(million EUR)</i>	<b>HY21</b>	<b>HY20</b>	<b>% change</b>
Revenue	314.9	250.6	26%
Adjusted EBITDA	42.1	24.8	70%
Adjusted EBITDA margin	13%	10%	
Adjusted EBIT, excl. fair value adjustment	28.4	10.1	181%
Adjusted EBIT margin, excl. fair value adjustment	9%	4%	
Adjusted EBIT	24.3	4.8	402%
Adjusted EBIT margin	8%	2%	

Industrial Solutions revenue, when excluding the foreign exchange effect, increased by +26.8%, mainly thanks to the increase of volumes and sales prices within DYKA Group. While HY20 DYKA Group volumes were negatively impacted by the corona pandemic, HY21 included the full contribution of the production plant in La Chapelle-Saint-Ursin in France, which was only acquired during HY20. Also, the growth of the product portfolio positively impacted DYKA Group sales volumes.

The Adjusted EBITDA increased to 42.1 million EUR or increased by +72.8% when excluding the foreign effect, being impacted by the increase of DYKA Group sales volumes, an improved product mix and a further increase of production efficiency based on investments made. The significant increase of raw material purchase costs was offset by timely pricing management. Also, the cessation of S8 Engineering had a positive impact on the evolution of the HY21 Adjusted EBITDA, while the Adjusted EBITDA of the other activities remained stable.

<b>T-POWER</b>			
<i>(million EUR)</i>	<b>HY21</b>	<b>HY20</b>	<b>% change</b>
Revenue	35.2	34.6	2%
Adjusted EBITDA	25.6	27.4	-7%
Adjusted EBITDA margin	73%	79%	
Adjusted EBIT	6.7	8.9	-25%
Adjusted EBIT margin	19%	26%	

T-Power contributed 35.2 million EUR to the HY21 revenue and 25.6 million EUR to the HY21 Adjusted EBITDA of the group. These results were in line with expectations, as T-Power fulfilled all tolling agreement requirements. The Adjusted EBITDA decrease was mainly due to the 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. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS JUNE 30, 2021

The 2021 interim report can be found on [www.picanolgroup.com](http://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 review report in the interim report.

### CONDENSED CONSOLIDATED INCOME STATEMENT

<i>(million EUR)</i>	<b>HY21</b>	<b>HY20</b>
Revenue	1,354.3	1,135.6
Cost of sales	-1,025.6	-855.0
<b>GROSS PROFIT</b>	<b>328.7</b>	<b>280.7</b>
Distribution expenses	-65.3	-59.0
Administrative expenses	-66.7	-67.5
Sales and marketing expenses	-38.3	-38.0
Other operating income and expenses	-17.4	-17.3
<b>Adjusted EBIT</b>	<b>140.9</b>	<b>98.8</b>
EBIT adjusting items	2.1	0.4
<b>EBIT (PROFIT/(LOSS) FROM OPERATIONS)</b>	<b>143.0</b>	<b>99.3</b>
Finance (costs)/income – net	4.0	-10.3
Share of result of equity accounted investees, net of income tax	0.2	-1.2
<b>PROFIT (+) / LOSS (-) BEFORE TAX</b>	<b>147.3</b>	<b>87.8</b>
Income tax expense	-30.0	-15.2
<b>PROFIT (+) / LOSS (-) FOR THE PERIOD</b>	<b>117.3</b>	<b>72.6</b>
Profit (+) / loss (-) for the period. attributable to the non-controlling interest	41.8	36.0
<b>PROFIT (+) / LOSS (-) FOR THE PERIOD. ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY</b>	<b>75.4</b>	<b>36.6</b>
Basic earnings per share (in EUR)	4.3	2.1
Diluted earnings per share (in EUR)	4.3	2.1

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(million EUR)</i>	<b>HY21</b>	<b>HY20</b>
<b>PROFIT (+) / LOSS (-) FOR THE PERIOD</b>	<b>117.3</b>	<b>72.6</b>
Translation differences	10.0	-3.2
Net change in fair value of derivative financial instruments, before tax	1.1	-0.2
Income tax on other comprehensive income	-0.3	0.1
Share in other comprehensive income of joint ventures accounted for using the equity method	0.0	-0.1
<b>Items of other comprehensive income that are or may be reclassified subsequently to profit or loss</b>	<b>10.8</b>	<b>-3.4</b>
Remeasurements of the net defined benefit liability, before tax	15.2	-7.6
Income tax on other comprehensive income	-1.0	0.2
<b>Items of other comprehensive income that will not be reclassified subsequently to profit or loss</b>	<b>14.2</b>	<b>-7.3</b>
<b>Other comprehensive income, net of income tax</b>	<b>25.0</b>	<b>-10.7</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>142.3</b>	<b>61.9</b>
Total comprehensive income attributable to the non-controlling interest	54.6	30.7
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY</b>	<b>87.7</b>	<b>31.1</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(million EUR)</i>	<b>30/06/2021</b>	<b>31/12/2020</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,693.0</b>	<b>1,651.6</b>
Property, plant and equipment	1,068.2	1,061.8
Goodwill	42.1	42.1
Intangible assets	434.4	469.8
Investments accounted for using the equity method	71.8	20.0
Other investments and guarantees	27.8	10.3
Deferred tax assets	31.3	33.2
Trade and other receivables	17.5	14.4
<b>TOTAL CURRENT ASSETS</b>	<b>1,191.5</b>	<b>1,111.1</b>
Inventories	378.3	393.4
Trade and other receivables	449.4	342.2
Current tax assets	2.9	9.3
Short term investments	40.0	20.0
Cash and cash equivalents	319.2	345.9
Assets held for sale	1.9	0.3
<b>TOTAL ASSETS</b>	<b>2,884.5</b>	<b>2,762.7</b>
<b>Equity attributable to equity holders of the company</b>	<b>898.3</b>	<b>816.3</b>
Issued capital	21.7	21.7
Share premium	1.5	1.5
Reserves & retained earnings	875.0	793.0
<b>Non-controlling interest</b>	<b>662.4</b>	<b>647.6</b>
<b>TOTAL EQUITY</b>	<b>1,560.6</b>	<b>1,463.8</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>776.2</b>	<b>822.5</b>
Loans and borrowings	379.8	393.2
Employee benefits	63.6	71.2
Provisions	134.1	141.8
Trade and other payables	4.3	14.5
Derivative financial instruments	22.9	25.3
Deferred tax liabilities	171.6	176.5
<b>TOTAL CURRENT LIABILITIES</b>	<b>547.7</b>	<b>476.3</b>
Bank overdrafts	0.0	0.0
Loans and borrowings	61.1	69.7
Trade and other payables	450.4	374.0
Derivative financial instruments	10.4	11.8
Current tax liabilities	5.6	3.7
Employee benefits	1.6	1.8
Provisions	18.5	15.1
Liabilities associated with assets held for sale	0.2	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,884.5</b>	<b>2,762.7</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(million EUR)</i>	<b>HY21</b>	<b>HY20</b>
<b>PROFIT (+) / LOSS (-) FOR THE PERIOD</b>	<b>117.3</b>	<b>72.6</b>
Depreciation, amortization and impairment losses on tangible and intangible assets	95.1	97.1
Changes in provisions	-4.2	-3.6
Finance costs	11.7	17.5
Finance income	-15.7	-7.2
Loss/(profit) on sale of non-current assets	-1.1	-1.3
Share of result of equity accounted investees, net of income tax	-0.2	1.2
Income tax expense	30.0	15.2
Changes in inventories	25.7	24.8
Changes in trade and other receivables	-103.2	-25.5
Changes in trade and other payables	61.2	-15.8
Write-offs on inventories	-4.9	5.4
Other cash flows from operating activities	0.0	-7.0
<b>Cash from operating activities</b>	<b>211.6</b>	<b>173.4</b>
Income tax paid	-24.6	-17.3
Dividends received	0.1	0.1
<b>Cash flow from operating activities</b>	<b>187.0</b>	<b>156.2</b>
Acquisition of property, plant and equipment	-47.8	-45.0
Acquisition of intangible assets	-0.2	-1.0
Acquisition of subsidiaries net of cash acquired	0.0	-5.7
Acquisition of equity accounted investees	-50.9	-2.0
Cash deposit paid for prequalification CRM auction (T-Power)	-16.3	
Proceeds from the sale of property, plant and equipment	0.6	5.1
Proceeds from the sale of subsidiaries, net of cash disposed of	0.0	-0.1
Increase in short term investments	-40.0	
Decrease in short term investments	20.0	
<b>Cash flow from investing activities</b>	<b>-134.6</b>	<b>-48.7</b>
Acquisition of non-controlling interest	-45.5	-19.3
Payment of lease liabilities	-11.2	-11.5
Proceeds from new borrowings	11.5	0.3
(Reimbursement) of borrowings	-34.1	-37.6
Interest paid	-5.9	-5.4
Interest received	2.5	1.4
Dividends paid	0.0	-3.5
Other cash flows from financing activities	2.2	-0.7
<b>Cash flow from financing activities</b>	<b>-80.5</b>	<b>-76.4</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>-28.2</b>	<b>31.1</b>
Effect of exchange rate differences	1.4	-1.3
Cash and cash equivalents less bank overdrafts at the beginning of the period	345.9	290.2
Cash and cash equivalents less bank overdrafts at the end of the period	319.2	320.0



## 6. FINANCIAL CALENDER

2021 results

March 24, 2022

### **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](http://www.picanolgroup.com).

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

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