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PICANOL GROUP

PRESS RELEASE
Regulated information
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TESSENDERLO GROUP AND PICANOL GROUP ANNOUNCE PLAN TO MERGE ACTIVITIES INTO ONE BELGIAN INDUSTRIAL GROUP

BOTH COMPANIES TO REMAIN LISTED FOLLOWING THE TRANSACTION

- Tessenderlo Group (Tessenderlo Chemie NV, Euronext: TESB) and Picanol Group (Picanol NV, Euronext: PIC) have today announced their plans to combine the industrial activities of both companies into one larger industrial group, Picanol Tessenderlo Group NV. The deal involves the transfer of the current industrial activities of Picanol into Tessenderlo.

At an extraordinary general meeting the board of directors of Tessenderlo will call on shareholders to issue 25,765,286 new Tessenderlo shares at 31.5 euros, to compensate for the planned transaction to Picanol NV, based on a valuation of the Picanol activities at 811.6 million euros.

- Picanol Tessenderlo Group (Euronext: TESB) will consist of four segments: the Tessenderlo segments Agro, Bio-valorization and Industrial Solutions, and the segment Machines & Technologies of Picanol. Picanol Tessenderlo Group will operate in more than 100 countries worldwide and realize a turnover of approximately 2 billion euros and a REBITDA of more than 200 million euros. It is the ambition of Picanol Tessenderlo Group to strengthen its prominent market position in each of the segments and to ensure a sustainable profitability.
- The new diversified Picanol Tessenderlo Group can count on more than 7,000 strong and dedicated employees who will be offered wider opportunities for their future in the group. Moreover, Picanol Tessenderlo Group will be better able to attract, develop and keep new talent. The proposed transaction will not impact the current employment.
- The agreement will allow for the sharing of the expertise of both companies, for establishing a common sourcing policy and for the enhanced support of the R&D and innovation culture.
- Combining the respective cash flows of the two firms will not only benefit the financial independence of the company, but it will also permit continued investments in talent, growth and innovation under more challenging market circumstances. This will also provide the opportunity to propose a dividend policy to the shareholders, taking into account the sustainable growth that is pursued.
- A strong embedment in Belgium will benefit the creation of shareholder value through the realization of an industrial long-term strategy.
- Picanol NV (Euronext: PIC) will remain listed and will become a listed holding (with the name Picanobel NV) with a strong family shareholder base after the transaction.
- The boards of directors of Tessenderlo Group and Picanol Group believe that the planned transaction is in the interest of both companies and they unanimously support the deal.

Picanol Tessenderlo Group (Euronext: TESB): benefits of the industrial group

It is the ambition of Picanol Tessenderlo Group to strengthen its prominent market position in each of the segments and to ensure a sustainable profitability. The original Tessenderlo segments will be able to apply the expertise and the presence of Picanol in emerging markets. Moreover, the commercial and operational experience in the different continents will be an important supportive factor for further growth.

Sustainable development will remain a high global priority as both Tessenderlo and Picanol have pursued this in recent years, relying on successfully identifying opportunities and gradually improving operational performance. The effective R&D approach and the innovative culture of Picanol as well as a common sourcing policy can contribute to the combined profitability of the new industrial group.

A good insight in the existing various segments will enable Picanol Tessenderlo Group to allocate its resources to the different activities in a more efficient way and to develop the present synergies. The free cash flow generated by Picanol Tessenderlo Group, being the combination of the resources generated in the current Tessenderlo Group and the current Picanol activity, will become more stable and increase over time so that the dependence on a volatile credit market will decrease. This will enable Picanol Tessenderlo Group to keep investing in talent, growth (M&A) and innovation (R&D), even in difficult market circumstances.

Given the bigger total market capitalization and attractive liquidity of the shares in the market, Picanol Tessenderlo Group will get access to a wider range of financial investors. On the capital markets, Picanol Tessenderlo Group will be able to negotiate better terms when entering into new financing.

The expected profitability and future cash flow of the group will provide the opportunity to propose a dividend policy to the shareholders of Picanol Tessenderlo Group, which will take into account at the same time the sustainable growth that Picanol Tessenderlo Group pursues.

The new diversified group can count on more than 7,000 strong and dedicated employees who will be offered wider opportunities for their future throughout the several segments of the Picanol Tessenderlo Group. Moreover, Picanol Tessenderlo Group, with a larger scale and name, will be able in a better way to attract, develop and keep new talent. The proposed transaction will not impact the current employment. The management has a successful track record concerning transformation and development of companies in different industries, through the continued promotion of the entrepreneurial mind-set.

A strong embedment in Belgium will benefit the creation of shareholder value through the realization of an industrial long-term strategy.

Proposed transaction

Through the proposed contribution of the current industrial activities of Picanol in Tessenderlo Chemie NV (Tessenderlo), an important industrial group Picanol Tessenderlo Group NV will be formed, with enlarged scale and worldwide activities. A newly incorporated company Picanol Group NV (Picanol Group) will comprise the industrial activities of the group Picanol. The assets/liabilities that are not transferred to Picanol Group are mainly the shares of Verbrugge (holding the Tessenderlo shares) and excess cash for an amount of 49.8 million euros. The full description of this is included in the regulatory reports that have been prepared and are made available.

The capital of Tessenderlo will be increased by the contribution of the shares of this new company. The board of directors of Tessenderlo has decided to ask an extraordinary general meeting (EGM), which will take place on 29 January 2016, to issue 25,765,286 new shares at 31.5 euros, to compensate for the planned transaction to Picanol NV, based on a valuation of the Picanol activities at 811.6 million euros.

At the EGM of 29 January 2016, a quorum of at least 50% of the outstanding shares must be represented by shareholders present at the meeting or by proxy for deliberation and valid voting on the planned transfer. If the quorum is not reached, a second EGM will be convened on 23 February 2016. The quorum requirement does not apply to this second EGM. The proposed resolutions concerning the capital increase through transfer will be passed if they are adopted by at least 75% of the votes cast at the EGM. The transaction will be retroactive to 1 January 2016.

The transaction is expected to close at the latest by the end of February 2016, upon completion of a number of conditions (of which the most important are the approval of shareholders of Tessenderlo and the obtaining of a ruling of the Office for Rulings in Fiscal Matters concerning certain aspects of the transaction).

Valuation

Shareholders will be able to consult the reports of the board of directors and the statutory auditor of Tessenderlo Group, the fairness opinion issued with regard to this transaction by KBC Securities at the request of Tessenderlo Group, as well as certain pro forma financial information about the Picanol Tessenderlo Group. Picanol Group will also make the reports of the board of directors and the statutory auditor of Picanol Group available with regard to the intra-group transfer of its operational activities in Picanol Group NV.

The valuation of Tessenderlo Group and Picanol Group took place on 30 September 2015 on the basis of various valuation methodologies where the discounted cash flow valuation method - which provides the complete intrinsic value - is regarded as being the most relevant. On this basis, the equity value range was determined for Tessenderlo Group and Picanol Group as shown below:

- Tessenderlo Group: 1,144 – 1,382 million euros; or 26.5 to 32.0 euros per share
- Picanol Group: 664 – 823 million euros; or 37.5 to 46.5 euros per share

Both boards of directors ultimately assumed a valuation of 1,360.4 million euros (31.5 euros per share) for Tessenderlo Group and 811.6 million euros (45.85 euros per share) for Picanol Group. These valuations imply an EV/(R)EBITDA15E multiple of respectively 9.78x (median peers EV/EBITDA15E multiple of 8.7x¹) and 9.56x (median peers EV/EBITDA15E multiple of 9.4x).

The 45.85 euros per share implies a premium of 54.1% with respect to the implied stand-alone Picanol Group share price of 29.76 euros. The implied stand-alone Picanol Group share price is calculated based on the stock market price of 52.69² euro, reduced by the value of Picanol Group's stake in Tessenderlo Group³ and excess cash of 49.8 million euros. If the contribution value of the proposed contribution is compared with the adjusted valuation of Picanol Group on a stand-alone basis taking into account illiquidity⁴ and holding discounts⁵ of 15% each, a

¹ Weighted average based on the normalized REBITDA 2015E of the business segments

² Closing price on 11 December 2015; last closing price before the final agreement on terms and conditions of the proposed contribution.

³ Closing price on 11 December 2015.

⁴ Applied to the 52.69 euros

⁵ Applied to the Tessenderlo Group participation

net premium of 9.0% with respect to the price per share of Picanol Group on the stock market is paid. In this respect, it should be noted that a premium was equally taken over the price per share of Tessenderlo Group in determining the exchange ratio (the new shares in Tessenderlo Group are issued at a price of 31.5 euros, whereas the shares in Tessenderlo Group traded at 26.41 euros on 11 December 2015. This represents a premium of 19.3%).

All regulatory reports in the context of this transaction, providing more information on the valuation, as well as the other documents set out above, are available on www.tessenderlo.com and www.picanolgroup.com. Shareholders can obtain copies of the reports at the registered office of the company concerned.

Organizational structure

Once the planned transaction has been finalized, all of Tessenderlo and Picanol's operational activities will be combined into one single listed company Picanol Tessenderlo Group NV (Euronext: TESB). The combined group will comprise four segments:



The head office of Picanol Tessenderlo Group NV will be located in Brussels, while the head office of the Picanol Group NV will remain in Ieper.

Advisors to the planned transaction

Tessenderlo Group's financial advisors for the transaction are KBC Securities that provided a fairness opinion and Degroof Petercam Corporate Finance, while Stibbe acts as its legal counsel. Picanol Group is represented by ING Belgium as its financial advisor and by Freshfields Bruckhaus Deringer as its legal counsel. Deloitte is statutory auditor of the Picanol Group for this transaction, and PwC of Tessenderlo Group.

Corporate Governance

For this transaction, an ad hoc committee was formed within Picanol NV that consists of the independent directors under the lead of Jean-Pierre Dejaeghere. Within Tessenderlo Chemie NV, a committee of independent directors was formed, and an expert was appointed under Art. 524.

Picanol NV becomes Picanobel NV (Euronext: PIC)

Once the planned transaction is finalized, Picanol NV will change its name to Picanobel NV. Picanobel NV will hold 56.96% of the shares in Picanol Tessenderlo Group NV. 49.8 million euros will not be transferred, but will remain as a financial buffer within Picanobel NV. This was taken into account for the valuation.

As a result of the transaction, Picanobel NV will become a listed holding with a strongly established familial shareholders base. The weight of the Picanol and Tessenderlo participation in the holding will change compared to the current situation. The reference shareholders of Picanol NV have expressed their support to the industrial project of Picanol Tessenderlo Group. Picanobel NV considers to propose a yearly dividend to its shareholders and is convinced that the transaction will lead to more shareholder value for both listed groups.

Additional Information

Tessenderlo Group and Picanol Group will organize a joint press conference and conference call today:

- **Press conference at 12:30 CET:**

A press conference will take place today at 12.30 CET at the KBC Artevelde toren, Kortrijksesteenweg 1100, 9051 Gent (Belgium).

- **Investor conference call at 14:30 CET:**

Dial in number(s): +32 (0)2 404 03 05

Participant PIN code: 45181591#

Audience URL:

<http://event.onlineseminarsolutions.com/r.htm?e=1109026&s=1&k=ECC14CAD102EBBF0C37B33A5B19C3BC8>

About the Tessenderlo Group

The Tessenderlo Group is a worldwide specialty company, focused on food, agriculture, water management and on valorizing bio-residuals. The group employs about 5,000 people and is a leader in most of its markets, with a consolidated revenue of 1.4 billion EUR in 2014. Tessenderlo Chemie NV is listed on Euronext Brussels and is part of Next 150 and BEL Mid indices.

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 2014, the Picanol Group realized a consolidated turnover of 0.4 billion 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).

This press release is also available on the websites www.picanolgroup.com and www.tessenderlo.com.