



Bekaert H1 2023 Results

28 July 2023

 Bekaert

Safe Harbour

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Agenda

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Oswald Schmid, CEO

2 Financial review
Taoufiq Boussaid, CFO

3 Operational review and outlook
Oswald Schmid, CEO



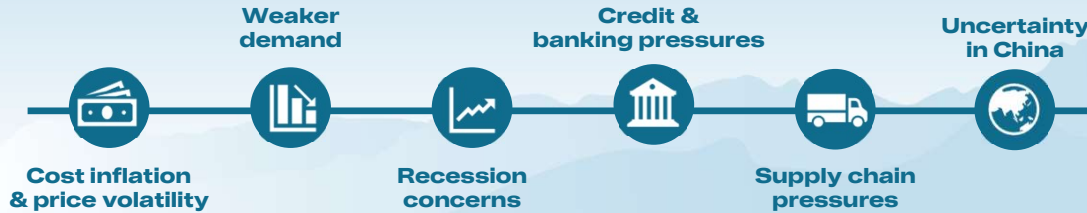
Oswald Schmid
CEO



Taoufiq Boussaid
CFO

H1 2023 - Highlights

Another period of strategic and financial progress, despite broader uncertainties



Our execution shows continuous improvement:

- ✓ further aligned growth with megatrends
- ✓ improved business mix and resilience
- ✓ balanced portfolio (end-markets and geographies)
- ✓ focused working capital management
- ✓ maintained low leverage

and we have demonstrated tactical responsiveness:

- ✓ increased focus on costs and plant efficiency
- ✓ fast-paced business selection

PERFORM

Record BBRG performance

Pricing discipline

9.7% margin

ROCE of 20.5%

TRANS-FORM

Penetration of Dramix® 4D/5D

Executive team strengthened

SWS disposal on track

GROW

Scale production of Currento® (H₂)

Armofor® demand growth (flex pipes)

Launch of Ampact™ for next gen EVs

H1 2023 - Financial highlights

Robust financial performance despite lower volumes



Revenue

€ 2 318 m

▼ -8.2%

EBITu¹

€ 226 m

▼ -10.2%

EBITDAu margin

13.7%

▲ +20 bps

EPSu

€ 3.07

▼ -24.0%

ROCEu

20.5%

▼ -240 bps

Free Cash Flow (FCF)²

€ 80 m

▲ € +160 m

Working capital as % on sales

16.1%

▼ -240 bps

Net debt/EBITDAu

0.8x

▬ No change

All comparisons versus H1 2022 in a like-for-like comparison.

All figures are adjusted to exclude the assets under disposal in line with IFRS5

¹ EBITu is underlying EBIT before one-offs (as defined in the Alternative Performance Measures)

² Free Cash Flow (FCF) is Cash Flow from operating activities minus Capex minus net interest paid plus dividends received (as defined in the Alternative Performance Measures)

Strategic execution

H1 2023 was another period of strategic execution - across our Core and faster growing Beyond activities

Focus **2023**

PERFORM

- ☑ Focus on pricing and mix
- ☑ Footprint adjustments
- ☑ Improved efficiency
- ☑ Portfolio management

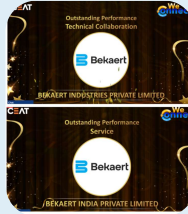
TRANSFORM

- ☑ Sustainability opportunities
- ☑ Digital Solutions
- ☑ Innovation Solutions

GROW

- ☑ Energy transition
- ☑ Decarbonize construction
- ☑ New mobility solutions

Various customer awards for performance excellence, technical collaboration and quality



Vietnam: new approvals; customers express appreciation for new supply source



Burgos Solar farm operational



First r-steel samples supplied



Higher exposure to US flooring - EV battery plants



Launch and 1st test-shipment of Ampact™ for next gen EVs



Further 4D/5D penetration (incl. SigmaSlab)






Expansion continues in Grangemouth site to serve floating offshore mooring demand



ESG is a central pillar of strategy

Continued ESG progress in H1 2023

Rating agency	Latest rating	
	B	↑
	75	↔
	A	↔
	47	↑
	C	↑
	23.2 medium risk	↑
	61	↑

Key H1 2023 updates

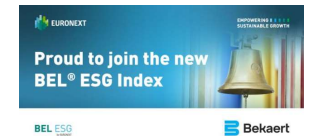
Remain on track towards carbon reduction targets

- Scope 1 and 2 reduction of 8.3% in 2022 (vs 2021)
- Scope 3 reduction of 12.6% in 2022 (vs 2021)

Supply chain focus

- 96% of supplier spend code of conduct compliant
- 60% of supplier spend Ecovadis listed

Inclusion in Euronext's **BEL ESG** Index of the leading sustainable companies in Belgium



Bekaert-led Comforthybel project to accelerate **hydrogen-specific design and testing of Armofor**



Bekaert joins Solar Impulse Foundation as a partner to advance sustainability efforts; Dramix® steel fiber for low-carbon concrete reinforcement is the first Bekaert solution to receive the Solar Impulse Foundation Label



Taoufiq Boussaid, CFO

Financial review

Consolidated Sales

Strong performance from BBRG, with reductions in sales elsewhere

Consolidated Sales (€m)



Rubber Reinforcement



Steel Wire Solutions



Specialty Businesses



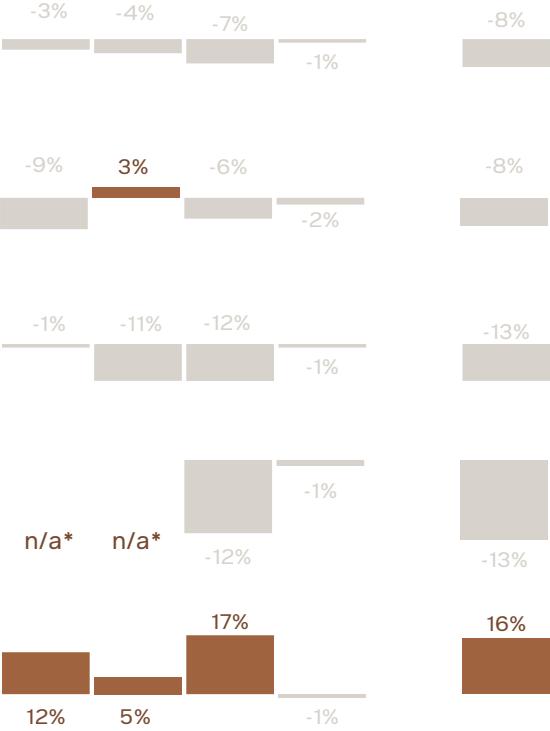
Bridon Bekaert Ropes Group



H1 2022 H1 2023

Variance (%)

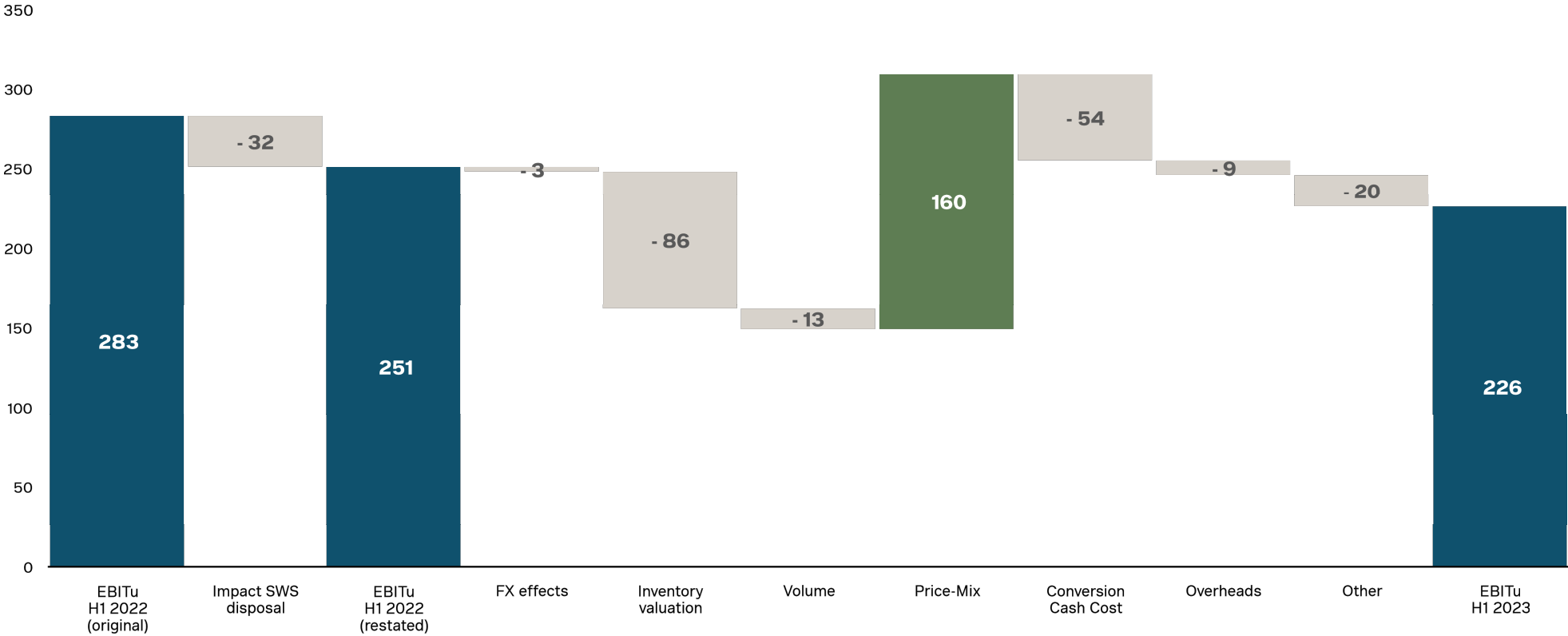
Price mix + Volume = Organic + FX = Growth



Note: Sales in both H1 2022 and H1 2023 exclude the entities in Steel Wire Solutions currently under disposal.
 * n/a: In this BU, there is a broad range of non-comparable units including KG, pieces, m².

EBITu bridge: consolidated view

Significant contribution from price and mix partially offsetting the impact of lower volumes



H1 2023 - Rubber Reinforcement

Strong margin performance across regions



	H1 22	H2 22	H1 23	change
Sales (€m)	1 110	1 087	1 019	-8%
EBITu (€m)	101	78	105	+4%
EBITu (%)	8.9%	7.1%	10.2%	+130 bps
EBITDAu (€m)	147	123	150	+2%
EBITDAu (%)	13.0%	11.1%	14.5%	+150 bps

H1 Highlights

- Volumes ahead of last year and strong start of the year
- Higher sales in China, at lower prices, but with better plant occupation; partly offsetting lower sales elsewhere
- Some slowdown at the end of Q2
- Overall strong price and cost management to maintain margin
- Excellent cash flow generation
- Ongoing work with customers on r-steel and sustainability projects
- Vietnam first sales made and first customer validations completed

H1 2023 - Steel Wire Solutions

Energy and Utilities robust, other markets have been more challenged



	H1 22	H2 22	H1 23	change
Sales (€m)	733	694	635	-13%
EBITu (€m)	75	25	49	-34%
EBITu (%)	9.9%	3.5%	7.6%	-230 bps
EBITDAu (€m)	91	45	68	-25%
EBITDAu (%)	12.0%	6.3%	10.4%	-160 bps

H1 Highlights

- Ongoing volume and margin performance from US Utilities segment, offsetting weakness elsewhere
- Mixed performance in Europe
- Sales lower in line with lower wire rod pricing
- First Ampact customer trial shipment
- Disposal remains on track, pending anti-trust approval

H1 2023 - Specialty Businesses

Continued strategic progress, with shorter term headwinds



	H1 22	H2 22	H1 23	change
Sales (€m)	399	373	349	-13%
EBITu (€m)	74	58	64	-13%
EBITu (%)	18.1%	15.2%	18.1%	=
EBITDAu (€m)	84	70	75	-10%
EBITDAu (%)	20.6%	18.4%	21.2%	+60 bps

H1 Highlights

- BPR: despite weak construction market, excellent business mix and pricing led by 4D/5D
- BFT: weaker demand from semiconductor clients
- H2 ramp up continues at pace including scale production in Belgium and customer inquiries remain very high - underpinning growth assumptions
- BCT: impacted by regulatory uncertainty in key markets, future profitability supported by move to Romania
- HCB: weaker demand, while fundamentals remain strong in anticipation of market recovery

H1 2023 - Bridon-Bekaert Ropes Group

Another strong performance across all sector and products, order book remains strong



	H1 22	H2 22	H1 23	change
Sales (€m)	268	318	309	+16%
EBITu (€m)	35 *	25	40	+13%
EBITu (%)	13.1% *	7.8%	12.9%	-20 bps
EBITDAu (€m)	53 *	41	57	+9%
EBITDAu (%)	19.6% *	13.0%	18.5%	- 110 bps

* H1 22 benefited from €11.5m margin contribution from sale of idle land in Doncaster, UK.

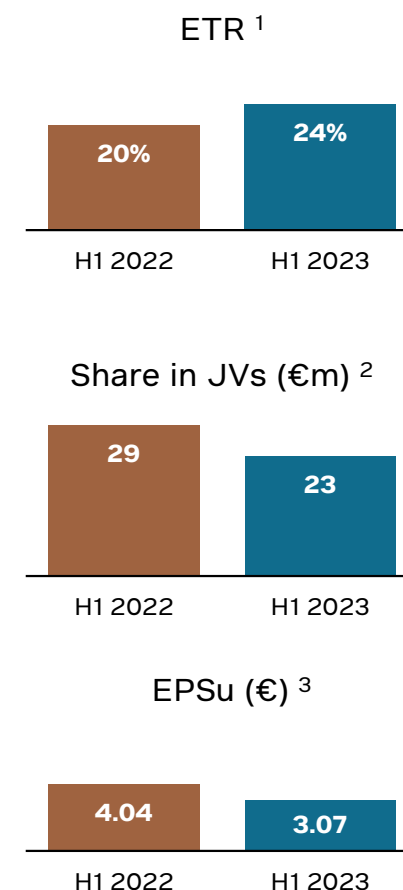
H1 Highlights

- Ropes: Ongoing strong demand in Mining and Oil & Gas, especially in LATAM and US
- Strong pricing performance supporting margin
- A-Cords: Strong demand for Armofor® (steel cord thermoplastic strip for pipe reinforcement)
- Additional production capacity under construction in China and production line upgrade ongoing in Belgium

Consolidated income statement: key figures

EPS impacted by significant non-cash currency movements

In €m	H1 2022	H1 2023
EBIT underlying	251	226
One-off items	(3)	(5)
EBIT reported	248	220
Interest income / expense and other financial expenses	4	(35)
Result before taxes	252	185
Income taxes	(49)	(45)
Result after taxes (consolidated companies)	202	140
Share in the results of joint ventures and associates	29	23
Result for the period from continued operations	231	162
Result from the period from discontinued operations	21	15
Result for the period	252	177
Attributable to equity holders of Bekaert	237	161
EPSu³ (in €) from continued operations	4.04	3.08



¹ Effective tax rate

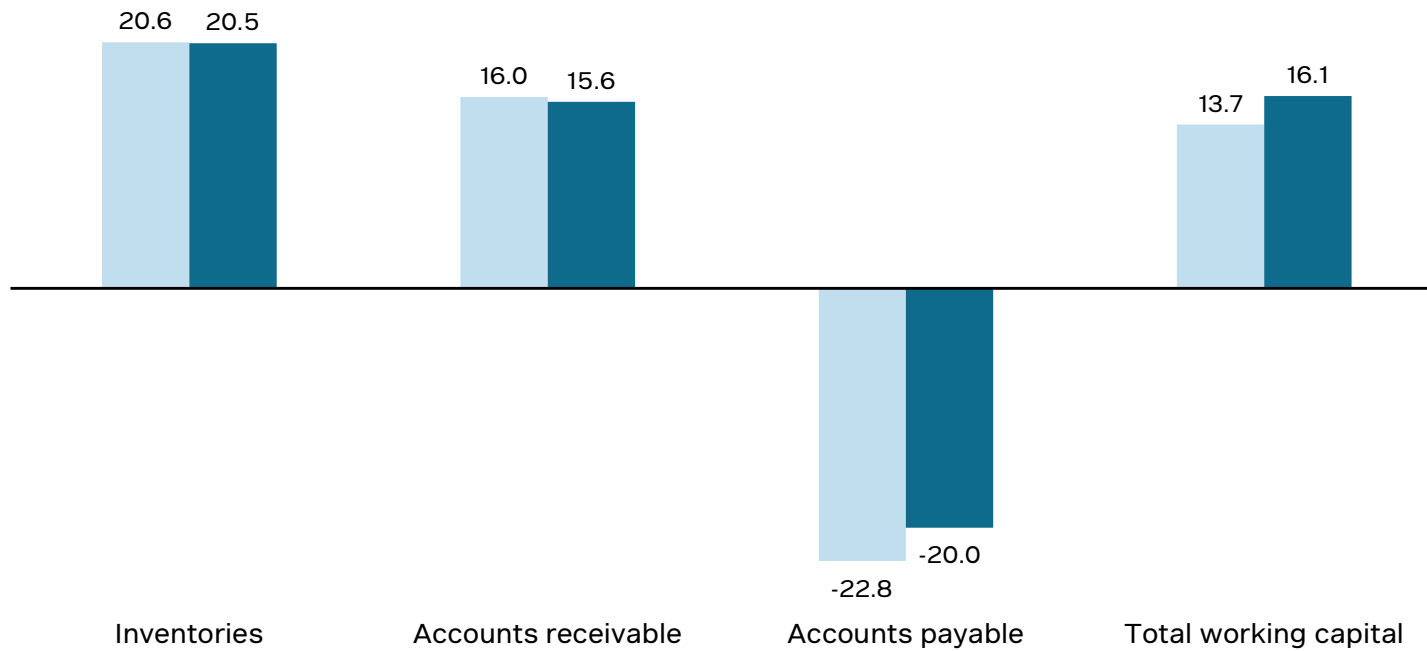
² Share in the results of JVs in €m

³ Underlying Earnings Per Share (as defined in the Alternative Performance Measures)

Average working capital on sales

Working capital continues to be tightly managed; driving significant cash flow performance

In % on sales ■ H1 2022 ■ H1 2023



Average working capital on sales

16.1%

Absolute working capital

€ 819m

(-5% vs H1 2022)

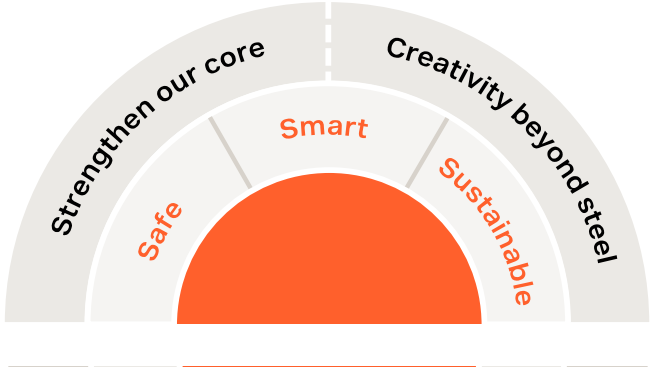
Oswald Schmid, CEO

Operational review and outlook

Strategy: a reminder

Our Core and Beyond approach aims to future proof our portfolio

<p>Strengthen and optimize our core business</p>	<p>Be a leading solution supplier in select beyond markets</p>
<p>Leveraging and optimizing global footprint and local services/sourcing</p> 	 <p>Enabling the energy transition through renewable electricity, power infrastructure and hydrogen production</p>
<p>Focus on pricing, mix and continuous portfolio management</p> 	 <p>Helping to decarbonize construction and facilitating urbanization with green and high-performance solutions</p>
<p>Innovation, digital and sustainability as key levers of growth</p> 	 <p>Providing advanced components for new mobility: battery-electric vehicles (BEV)</p>



Continue to strengthen the Executive Team



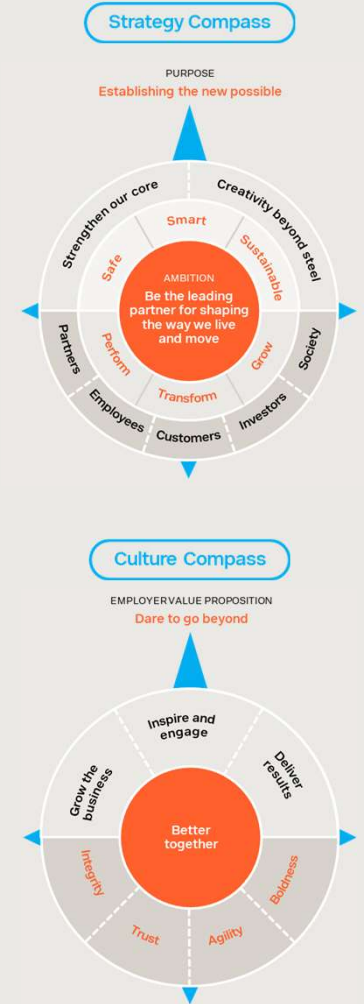
Barry Snyder
Chief Operations
Officer

- Track record of leadership in operations, procurement, EHS, quality, innovation and technology
- Career includes Rohm and Haas Company, Celanese Corporation, HB Fuller Company (US), Orion Engineered Carbons (Germany), Axalta Coating Systems (US/Switzerland).
- **Focus on maximising cost efficiency and procurement in the CORE**



Ernst Lutz
Chief Innovation &
Technology Officer

- Strong R&D and innovation expertise gained across multiple sectors in Europe and Asia
- He joins us from Gurit Services where he held the CTO role with global engineering and technology responsibilities.
- Career includes Alcan, Sulzer, EIT Raw Materials and Grundfos
- **Focus on delivering commercial value from innovation - BEYOND**



PERFORM Highlight | BBRG

Profit restoration plan now complete; now moving the business towards clean energy production

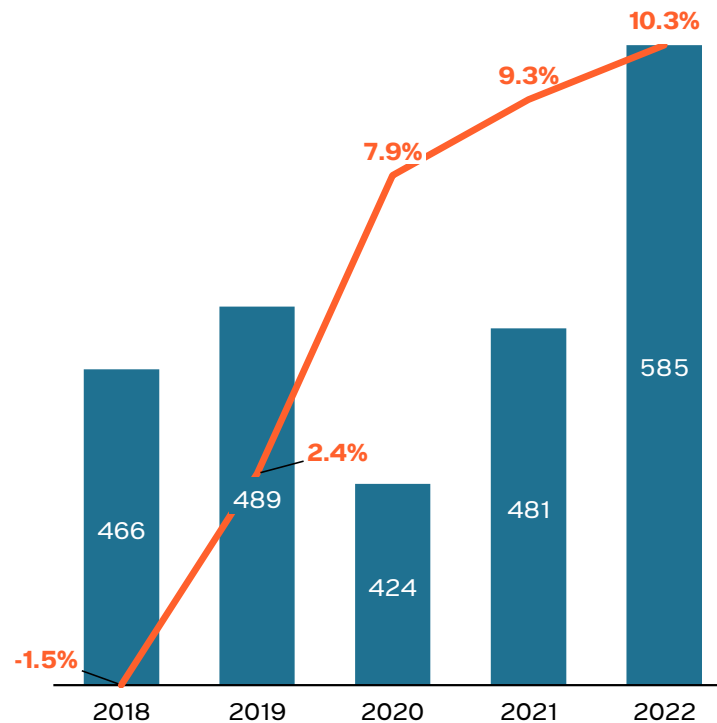
Profit restoration plan successfully executed

2018 - full control and Bekaert commences profit restoration plan

- ✓ Focusing on higher margin business by region and segments
- ✓ Dynamic pricing and continuous working capital management
- ✓ Footprint optimization (closing 5 plants, in Asia, North America and Europe)
- ✓ Reducing overhead to align with lower volumes, the new structure and organization

2022 - Double-digit EBIT margin and global ropes business leader

Delivering both sales growth and cost control



Our portfolio is poised to capture further opportunities

	core	beyond
Ropes Portfolio		
Steel Ropes	✓	
Synthetic Ropes		✓
Services		✓
Cords Portfolio		
Hoisting	✓	
Timing Belt	✓	
Automotive	✓	
Armofor®	✓	✓

Transformative smart safe, sustainable potential: enhance portfolio including full digitally-enabled solutions, and services Opportunity in (clean) energy production through our solutions for floating offshore wind and H₂ transportation

TRANSFORM Highlight | Armofor®

Demand growth for current applications continues; with significant further potential in hydrogen transmission

Market demand in energy markets supported by sustainability and TCO savings

Flexible pipe solution in traditional markets

Thermoplastic tapes save a significant amount of CO2 due to their anti-corrosion characteristics, which ensure a much longer durability compared with traditional carbon steel pipes, and are much easier to install

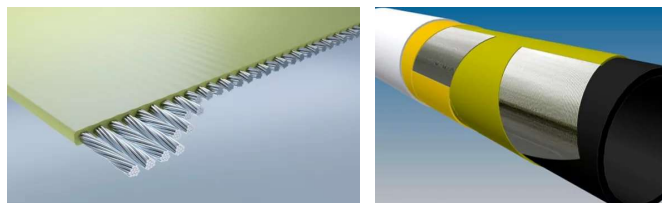
CO2
reduction
up to 50%

TCO
reduction
up to 35%

By 2026, we forecast 8,000km of flexible pipes which can be addressed with Armofor®

Armofor®

Redesigning existing thermoplastic tapes to enable green energy applications



Additional, renewable energies potential

Hydrogen transportation

Carbon capture storage and utilization

Leveraging our unique technology, set-up and experience in traditional markets

Technology:

- ✓ Allows high pressures and bigger pipe diameters
- ✓ Resistant to corrosion and high temperature
- ✓ Improved processability and ease of installation

Set-up::

- ✓ Integrated supply chain
- ✓ Global footprint
- ✓ Credible counterpart

We are expanding capacity in Europe and in Asia

- ✓ Strong customer orders (all volumes produced are sold)

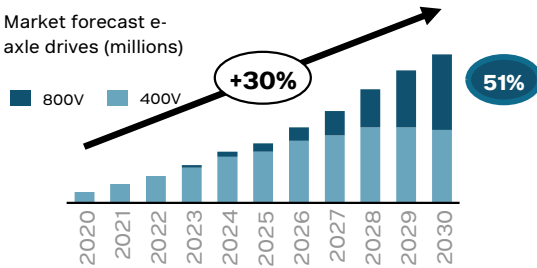
GROW Highlight | Ampact

Component for next gen EVs, enabling faster charging and longer ranges

Fast-growing market as electric mobility moves towards higher voltage

Expected transition towards 800V, enabling faster charging and longer ranges

Market forecast e-axle drives (millions)



Confirmed automotive moving to 800V BEV tech



A critical component built on our technology leadership in steel, in copper and in coatings



Wire processing

Our reliable wire coating is fit for extreme environments thanks to flexible bending, better heat exchange and oil resistance.



Sustainability

Our PEEK-insulated winding wire requires less energy and fewer resources during production. Additionally, recycling potential



Customer-centricity

We improve flexibility and processability resulting in a more efficient, fully automated bending process and assembly.

First test sales from our R&D facility

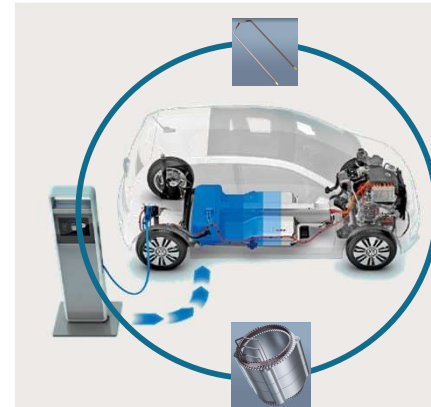
Wired to power up efficient 800V electric mobility

Higher power density

Extended driving range

Fewer greenhouse gases

Increased lifetime



With Ampact™ **PEEK insulated high-voltage magnet wire**, we help you secure the extra mile while saving design and assembly time, energy, and valuable resources

China update

Navigating an increasingly complex business environment

- **China remains a significant business for Bekaert**
 - 22% of sales in 2022
 - 30% of production volumes in 2022
- **Bekaert has a long history in China**
 - Experienced, local management team
 - Customers, suppliers and regional partners want to collaborate with us
- **Monitoring dynamics in both China and on a broader geo-political level**
 - The CEO/BGE has undertaken two week-long dedicated trips to China already in 2023
- **China holds immense potential, especially for our key focus areas like EV and renewable energy**
 - China is a hotspot for innovation
 - Potential to create opportunities in both China and beyond
- **A balanced strategy for all of Asia and globally**
 - Our scale and multi-location presence in China
 - Vietnam and India to support broader Asia growth

Risks in China

- Geopolitical tensions
- Credit and financing concerns
- Intensified local competition
- Ageing population
- Uncertain economic direction and governmental stimulus

Bekaert's key strengths

- An experienced and local management team
- An excellent reputation with partners and government
- Leading market shares
- Strong commitment to safety, performance and quality standards
- Customer understanding and proximity

Oswald Schmid, CEO

Summary and outlook



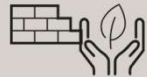
Rubber Reinforcement

- Soft demand in most markets, strong in India
- Increasing interest in premium and sustainable solutions
- Deployment of efficiency initiatives
- Continued optimization in China
- Strong cash generation expected



Steel Wire Solutions

- Mixed picture across regions and segments
- US continuing to benefit from federal programs
- Subdued demand in EMEA, Latin America and Asia
- Ongoing portfolio rationalisation and cost optimization



Specialty Businesses

- Strong alignment with critical sustainability agendas driving significant progress in Dramix® and Hydrogen penetration
- Challenges in some sub-segments – strong focus on costs and working capital (especially inventory levels)



Bridon Bekaert Ropes Group

- Overall order book very strong
- Robust market environment expected for Steel Ropes
- Offering and ramp-up for synthetic solutions on track
- Strong sales in Armoform to compensate for lower volumes in Hoisting

Summary and outlook



- **Strong performance in H1, despite challenging markets**
- Continued strategic execution and transformation of the Group
 - Continued tactical pricing and cost discipline
- Continue to build financial track record
 - EBITu margin 9.7%
 - Strong Free Cash Flow generation
 - ROCEu of 20.5%

- **Strong H1 supports confidence levels in H2**
- In-line with previous years, market activity and volumes likely to be lower in H2
- **Expectations for the FY2023 EBITu unchanged**
- **Longer term margin ambitions of 9-11% in future years remains**
- Capital Markets Day - 7th December 2023

Q&A

