

First quarter trading update 2021

Bekaert makes a very strong start to 2021

All-time high quarterly sales – substantial volume growth

Highlights

- Record-high quarter revenue: consolidated sales of € 1 128 million (+19%¹) and combined sales of € 1 339 million (+23%¹)
- Global demand rebound and strong momentum in Latin American and Indian markets
- Working capital on sales further down to 13%, despite the impact from wire rod price increases
- More than € 1 billion cash on hand with € 60 million incremental liquidity over year-end 2020
- Strong balance sheet: debt deleveraging continued in the first quarter

Our business focus and priorities

- Continued focus on protecting the health and safety of our employees and their families through the Covid-19 pandemic
- Secured raw material supplies to ensure delivery continuity to customers worldwide
- Further accelerated profit restoration and improvements across all business units and at Group level
 - Product and business mix improvements, in line with our strategy to upgrade the business portfolio
 - Pricing discipline aligned with raw materials price evolutions
- Continued effective control on cost and working capital

Market developments

Demand from tire markets was very strong throughout the first quarter of 2021 and contributed to record sales for the BU Rubber Reinforcement in the month of March. Automotive markets started to pick up with positive demand effects for Bekaert's Steel Wire Solutions, Fiber Technologies, and Advanced Cords.

Construction markets rebounded strongly in Latin America, supported by stimulus programs, and overall demand was solid in the rest of the world, with positive impacts on Bekaert's Steel Wire Solutions and Building Products activities. The elevator market was strong, which boosted demand for BBRG's Advanced Cords lifting solutions.

Demand in energy & utility markets was solid, with positive evolutions for the flexible pipe armoring and the overhead power cable business of Steel Wire Solutions, and improved order books for BBRG's ropes business.

Agriculture, fishing & marine, and mining markets were strong with good sales volumes for Steel Wire Solutions and BBRG.

¹ Organic growth at constant exchange rates, compared to the first quarter of 2020

Sales

Bekaert achieved +19% organic sales growth in the first quarter of 2021, reaching € 1 128 million in consolidated revenue. This robust growth stemmed from higher volumes (+14%) and a positive impact from passed-on wire rod price changes and other mix effects (+5%). Part of the growth was offset by adverse currency movements (-3%), resulting in a top-line increase of +16%.

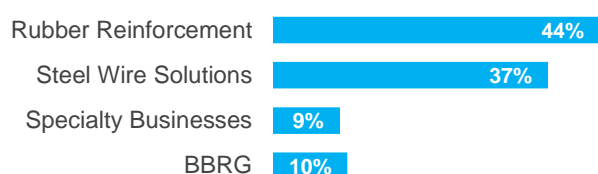
Including joint ventures, the combined² organic sales growth was +23%. The vigorous organic sales growth (+43%) of Bekaert's joint ventures in Brazil was tempered by the strong devaluation of the Brazilian real (-25% compared to the same quarter last year), resulting in a top-line growth of +18%. Including currency movements (-7%), combined revenue was up +16% to reach € 1 339 million for the quarter.

Consolidated and combined sales for the first quarter of 2021 – in millions of €

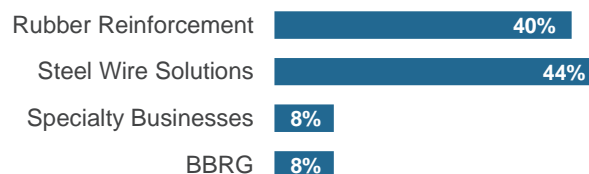
Consolidated sales	2020	2021	Share	Variance ³	Organic	FX
Rubber Reinforcement	417	497	44%	+19%	+23%	-4%
Steel Wire Solutions	345	411	37%	+19%	+22%	-3%
Specialty Businesses	98	103	9%	+6%	+8%	-2%
BBRG	115	116	10%	+1%	+4%	-3%
Group	2	1	-	-	-	-
Total	977	1 128	100%	+16%	+19%	-3%

Combined sales ²	2020	2021	Share	Variance ³	Organic	FX
Rubber Reinforcement	451	533	40%	+18%	+24%	-5%
Steel Wire Solutions	490	586	44%	+20%	+30%	-10%
Specialty Businesses	98	103	8%	+6%	+8%	-2%
BBRG	115	116	8%	+1%	+4%	-3%
Group	-	1	-	-	-	-
Total	1 154	1 339	100%	+16%	+23%	-7%

Consolidated sales



Combined sales



² Combined sales are sales of consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

³ Comparisons are relative to the first quarter of 2020, unless otherwise indicated. The figures in this press release are provisional and unaudited.

Sales by segment ⁴⁻⁵

Rubber Reinforcement: strong sales growth (+23%) – volumes exceeding pre-Covid levels

Consolidated sales

Bekaert's Rubber Reinforcement business saw the strong pace of recovery continue in the first quarter of 2021. The organic consolidated sales growth (+23%) stemmed from robust volume growth (+19%) and positive price-mix effects including the impact of passed-on raw material prices (+4%). Top-line sales growth was partly tempered by adverse currency movements (-4%), resulting in €497 million in consolidated revenue for the quarter (+19%).

Sales were strong in EMEA and across Asia, including India. Bekaert's successful approach in ensuring supply continuity to customers has resulted in stronger partnerships. Overall demand is expected to remain at the same high level in the second quarter of 2021.

Combined sales and joint venture performance

The Rubber Reinforcement joint venture in Brazil reported +30% sales growth at constant exchange rates but the strong devaluation of the Brazilian real had a significant adverse effect (-25%), resulting in top-line growth of +5%. Including joint ventures, the business unit's combined sales increased by +18% to €533 million.

Steel Wire Solutions: robust growth (+22%) – outperforming the Latin American markets

Consolidated sales

Steel Wire Solutions delivered robust organic sales growth in the first quarter (+22% compared to Q1 last year). This growth, equally driven by a volume rebound and positive business- and price-mix effects, was particularly strong in Latin America on the back of increased market shares and effective economic stimulus programs. Adverse currency movements accounted for -3.5%, resulting in a top-line growth of +19% to €411 million, well above pre-Covid-19 levels.

Bekaert's agile response to customer needs and its global access to raw materials enabled the business unit to seize the opportunities of the demand rebound in EMEA, Asia and particularly in Latin America. Demand is projected to remain strong in the second quarter, particularly in agriculture markets, energy and utility markets in EMEA and North America, construction markets in Latin America, and recovery in automotive markets.

Combined sales and joint venture performance

The Steel Wire Solutions joint venture in Brazil reported +46% sales growth at constant exchange rates but the strong devaluation of the Brazilian real (-25%) limited the top-line growth to +21%. Including joint ventures, the business unit's combined sales increased by +20% to €586 million.

Specialty Businesses: solid sales growth (+8%)

The business unit Specialty Businesses reported a sales increase of almost +6% to €103 million, driven by solid organic growth (+8%), which was partly offset by adverse currency effects (-2%). Building Products reported low single-digit volume growth and made a strong start to the high season that started in March. Combustion Technologies reported mid single-digit sales growth and Fiber Technologies (including the remaining sawing wire activities) achieved high single-digit sales growth, particularly driven by continued strong demand for filtration products in Asia and growing demand in semiconductor and micro-cable markets.

Despite some delays in underground infrastructure projects (Building Products) and the potential impact from temporarily reduced activity in automotive markets (Fiber Technologies) due to the prevailing global shortage of microchips, the business unit projects continued sales growth in the second quarter of 2021.

⁴ All comparisons are relative to the first quarter of 2020.

⁵ All sales growth percentages in the segment titles refer to the organic sales growth Q1 2021 versus Q1 2020 – excluding currency movements.

Bridon-Bekaert Ropes Group: good sales growth (+4%) driven by a strong quarter-end

Bridon-Bekaert Ropes Group (BBRG) delivered almost +4% organic sales growth, driven by strong sales at the end of the first quarter, both in ropes and in advanced cords. Top-line growth was limited to +1% as a result of adverse currency movements (-3%) and reached € 116 million for the quarter.

Demand from mining, crane and industrial, and fishing and marine ropes markets was strong, while the order books relative to oil & gas markets project positive evolutions from the second quarter onwards. Advanced cords reported strong sales in elevator and automotive applications, which more than offset subdued demand in timing belt markets.

The business unit projects continued sales growth in the second quarter of 2021.

Strengthening our financial position and reducing net debt

Net debt was € 569 million at the end of the first quarter of 2021, € -35 million down from € 604 million at the close of 2020 and materially down from € 986 million at the end of the first quarter of 2020.

Cash and cash equivalents amounted to more than € 1 billion on 31 March 2021 or approximately € +60 million up on year-end 2020.

Working capital increased from € 535 million at year-end 2020 to € 652 million on 31 March 2021. Average working capital on sales further reduced to 13.1% (from 18.4% in Q1 2020 and 16.4% for FY 2020).

Investment update and other information

Investments in property, plant and equipment amounted to € 19 million in the first quarter of 2021, in line with the same period last year (€ 20 million).

The merger deal between Proalco SAS (subsidiary of Bekaert in Colombia) and Almasa SA, also in Colombia, as announced on [28 September 2020](#), was approved by the Colombian authorities on 15 April 2021. The integration of the business and the respective financial statements will commence when the notary deed is drawn up. Bekaert Ideal Holding (in which Bekaert holds 80% of the shares) and Almasa SA each hold 50% in the merger. The transaction will add approximately € 20 million in annual revenue to Proalco SAS, which generated approximately € 55 million in revenue in 2020.

On 25 March 2021, Bekaert acquired Mitchell Industries Inc. (Indiana, US) and will integrate the business within the energy and utility platform of Bekaert Steel Wire Solutions US. Mitchell Industries Inc. is a small (approximately USD 3 million), specialized player in high value added steel wire strands for power and utility applications. The acquisition of Mitchell and capacity expansions at the Bekaert Van Buren plant (Arkansas, US) will enable the company to step up its presence in the growing US energy and telecommunications market.

The total number of treasury shares held by Bekaert decreased from 3 809 534 at year-end 2020 to 3 482 114 (out of a total of 60 414 841 shares or 5.76%) to date.

Outlook FY2021 and mid-term guidance

The strong performance we are delivering and our determination to stimulate value creation by further enhancing our business portfolio and seizing value growth in robust markets, increase our confidence about the future potential of Bekaert.

We will disclose our FY2021 outlook and mid-term guidance during Capital Markets Day on 28 May 2021.

Financial Calendar

General Meeting of Shareholders (virtual meeting)	12	May	2021
The General Meeting of Shareholders will be held on 12 May 2021 at 10:30 a.m. CET. Shareholders who have registered to attend the meeting virtually will be able to watch and vote online. A recording will be published on the Bekaert website after the meeting.	12	May	2021
Dividend ex-date	14	May	2021
Dividend record date	17	May	2021
Dividend payment date	18	May	2021
Capital Markets Day (virtual meeting)	28	May	2021
The CMD 2021 will be held on 28 May 2021 from 1:00 to ~3:15 p.m. CET. The meeting will be livestreamed on the Bekaert website. The recording will be published after the meeting. The meeting will be hosted by the Chairman, the CEO, the CFO and the CSO.			
2021 half year results	30	July	2021
Third quarter trading update 2021	19	November	2021

Disclaimer

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Company Profile

Bekaert ([bekaert.com](https://www.bekaert.com)) is a world market and technology leader in steel wire transformation and coating technologies. We pursue to be the preferred supplier for our steel wire products and solutions by continuously delivering superior value to our customers worldwide. Bekaert (Euronext Brussels: BEKB) is a global company with more than 27 000 employees worldwide, headquarters in Belgium and € 4.4 billion in combined revenue in 2020.

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