

Trading update for the nine months to September 2022

Bekaert achieves robust sales growth in a turbulent environment

Bekaert delivered significant growth in the first nine months of 2022, despite the ongoing challenges from cost inflation, high energy costs, supply chain disruptions, Covid-19-lockdowns in China, and deteriorating demand in a number of key geographies.

In the first nine months of 2022 consolidated sales increased to € 4 336 million (€ +777 million or +21.8%¹) and combined² sales to € 5 257 million (€ +931 million or +21.5%¹).

The Group achieved double-digit sales growth in all four business units despite lower volumes in most activity areas.

The strong price realization and the structural improvements of the Group's business portfolio clearly demonstrate the progress made in delivering on strategic transformation priorities and becoming more resilient. We therefore remain confident about our ability to achieve the mid-term performance targets beyond the current economic turbulence.

Market developments in the three-month period July-September 2022

- Consolidated sales of € 1 477 million (+17.9%¹) and combined² sales of € 1 801 million (+16.5%¹)
- Cost inflation impacting almost all input costs, with steel-based raw material prices starting to ease
- Continued good business conditions in North America, particularly driven by growth in energy & utility markets
- Sharp economic deterioration in Latin America, affecting demand from agriculture and construction markets
- Weakening demand in EMEA due to the contraction in industrial activity
- Modest rebound in China at the end of the quarter, driven by a pick-up in demand in the automotive industry
- Continued growth in other Asian markets
- Strong growth in renewable energy and concrete reinforcement markets globally

Priorities and actions

While the global macroeconomic turbulence is increasingly affecting demand in our markets, Bekaert remains focused on the execution of its transformation agenda, which will further strengthen the company's foundations and will enable it to capitalize on future opportunities.

Our third quarter actions have been specifically geared towards:

- Further improving the product and business mix, in line with our strategy, particularly by strengthening our position in markets supporting the energy transition and overall decarbonization trends
- Pricing discipline and execution, significantly offsetting cost inflation
- Aligning our business priorities and actions with market developments, through:
 - Agile supply chain management and strong commercial excellence to serve customers worldwide
 - Investments supporting the technology transition toward renewable energy and decarbonization trends, both by an organic expansion of capacities and capabilities, and through partnerships³, including investments in Pajarito Powder (green hydrogen) and TFI Marine (floating offshore wind)
 - Specific and structural measures to contain costs as well as continue improving our manufacturing footprint³

¹ All comparisons are relative to the same period in 2021.

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

³ See 'other information' on page 6.

Outlook

The Group expects the challenging demand environment to continue in most regions, particularly in Latin America and EMEA. Bekaert will remain agile to address these pressures, as it has done so far in 2022.

Whilst the outlook remains uncertain and fast changing, management currently anticipates for the full year 2022:

- Consolidated sales of approximately €5.7 billion, an increase by €+900 million compared with last year resulting from decisive price management and structural mix improvements
- Around 150bps margin dilution from the impact of zero-margin cost inflation pass-through
- As a result, underlying EBIT is expected to be in the range of €450-460 million

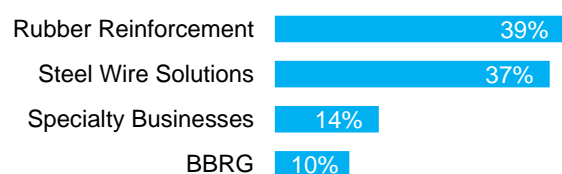
Our profitability ambitions for the medium term remain unchanged. We have significantly strengthened our business fundamentals and are confident in our ability to achieve our target performance beyond the current economic turbulence.

Consolidated and combined sales for the first nine months of 2022 – in millions of €

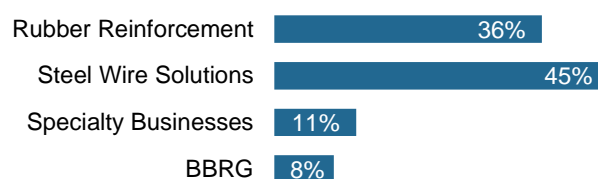
Consolidated third party sales	2021	2022	Share	Restated ⁴	Variance ⁵	Organic ⁵	FX ⁵
Rubber Reinforcement	1 504	1 697	39%	+19%	+13%	+6%	+7%
Steel Wire Solutions	1 338	1 595	37%	+19%	+19%	+15%	+4%
Specialty Businesses	354	600	14%	+38%	+69%	+65%	+4%
BBRG	358	427	10%	+19%	+19%	+13%	+6%
Group	5	18	-	-	-	-	-
Total	3 559	4 336	100%	+22%	+22%	+16%	+6%

Combined third party sales ⁶	2021	2022	Share	Restated ⁴	Variance ⁵	Organic ⁵	FX ⁵
Rubber Reinforcement	1 634	1 898	36%	+22%	+16%	+9%	+8%
Steel Wire Solutions	1 980	2 328	45%	+18%	+18%	+9%	+8%
Specialty Businesses	354	600	11%	+38%	+69%	+65%	+4%
BBRG	358	427	8%	+19%	+19%	+13%	+6%
Group	-	4	-	-	-	-	-
Total	4 326	5 257	100%	+22%	+22%	+14%	+8%

Consolidated sales



Combined sales



2022 quarter-on-quarter progress – in millions of €

Consolidated third party sales	1 st Q	2 nd Q	3 rd Q	Q3:Q2	Q3 y-o-y ⁷
Rubber Reinforcement	535	575	587	+2%	+14%
Steel Wire Solutions	530	541	523	-3%	+7%
Specialty Businesses	189	207	204	-1%	+61%
BBRG	124	144	159	+11%	+30%
Group	9	5	4	-	-
Total	1 386	1 473	1 477	=	+18%

Combined third party sales ⁶	1 st Q	2 nd Q	3 rd Q	Q3:Q2	Q3 y-o-y ⁷
Rubber Reinforcement	598	641	659	+3%	+17%
Steel Wire Solutions	745	805	778	-3%	+6%
Specialty Businesses	189	207	204	-1%	+61%
BBRG	124	144	159	+11%	+30%
Group	4	0	0	-	-
Total	1 659	1 797	1 801	=	+17%

⁴ Pro forma restatement on the year-on-year variance: the hose and conveyor belt (HCB) activities were moved from the business unit Rubber Reinforcement to the business unit Specialty Businesses as from 1 January 2022. The 2021 sales in the table above have not been restated. Based on a proforma restatement excluding the HCB effect, the variance in Rubber Reinforcement was approximately +19% in consolidated sales (+22% combined) and the variance in Specialty Businesses was approximately +38%.

⁵ Comparisons in the 'variance' column are made relative to the first nine months of 2021 and are not restated with the effect of the move of HCB.

⁶ Combined sales are sales of consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

⁷ Q3 year-on-year sales: 3rd quarter 2022 versus 3rd quarter 2021.

Sales

Bekaert achieved +21.8% **consolidated sales** growth in the first nine months of 2022. The organic growth (+16.3%) stemmed from business mix improvements and passed-on wire rod price increases and other cost inflation (+23.8% or €+848 million aggregated), tempered by lower volumes (-7.5% impact on revenue or €-267 million). Favorable currency movements added +5.5% (€+196 million) to the top line, which reached €4 336 million, €+777 million higher than in the same period last year.

The sales growth of Bekaert's joint ventures in Brazil (+21.0% to €933 million in revenue) was the result of +4.4% organic growth and +16.6% favorable currency effects due to the strong revaluation of the Brazilian real. Including joint ventures, **combined⁸ sales** increased by +21.5%, reaching €5 257 million (up €+930 million from the same period last year).

Sales by segment

Rubber Reinforcement

Consolidated sales

Bekaert's Rubber Reinforcement business reached €1 697 million in consolidated third-party sales, up +12.8%* compared with the first nine months of 2021. The organic growth amounted to +6.1% and was delivered on the back of positive price-mix effects (+18.0%) including the impact from passed-on raw material prices and other cost inflation, tempered by lower volumes (-11.9%). Favorable currency effects added +6.7% to the top line.

**Based on a pro forma year-to-date Q3 2021 restatement of the HCB (hose and conveyor belt) activities, which were moved to the business unit Specialty Businesses as from 1 January 2022, the revenue increase for the business unit Rubber Reinforcement excluding the HCB effect was approximately +19% and the volume decrease was approximately -6%.*

Sales volumes were strong in EMEA, North America and India across the first nine months of the year, whereas demand in China was weak due to the combined effect of export constraints, the low domestic business activity level, and the stringent lockdowns since March 2022.

Sales picked up in China at the end of the third quarter, which resulted in stable Q3 volumes for the Business Unit Rubber Reinforcement over the three-month period July-September, compared with the same period last year and corrected with the pro forma HCB adjustment.

Combined sales and joint venture performance

The Rubber Reinforcement joint venture in Brazil achieved +55.5% sales growth to reach €203 million in revenue. The organic growth amounted to +38.8% and the revaluation of the Brazilian real added +16.6%. Including joint ventures, the business unit's combined sales increased by +16.2% to €1 898 million (*approximately +22% when comparing to restated figures excluding the HCB impact*).

⁸ Combined sales are sales of fully consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

Steel Wire Solutions

Consolidated sales

Steel Wire Solutions delivered +19.2% sales growth in the first nine months of 2022. The organic growth (+14.9%) was driven by positive price-mix effects (+27.0%) including the impact from passed-on raw material prices and other cost inflation, partly offset by the effect of lower volumes (-12.1%). Favorable currency movements added +4.3% to the top line that totaled € 1 595 million.

Demand from energy and utility markets was strong throughout the period. Other markets weakened across all regions, with significant volume contraction in the three-month period July-September in construction and agriculture markets (Latin America), as well as in industrial markets (EMEA and Asia).

Combined sales and joint venture performance

The Steel Wire Solutions joint venture in Brazil reported +14.0% sales growth and generated € 730 million in revenue. This growth stemmed from the revaluation of the Brazilian real which added +16.6%, partly tempered by an organic decline of -2.6%. Including joint ventures, the business unit's combined sales increased by +17.6% to € 2 328 million.

Specialty Businesses

Specialty Businesses reported a robust sales increase of +69.3% to reach € 600 million in revenue, driven by strong organic growth (+65.1%) and positive currency effects (+4.2%). The organic growth stemmed from higher volumes, the integration of the hose and conveyor belt (HCB*) activities, and the combined effect of business-mix improvements and passed-on cost inflation.

**The year-on-year growth indicators are significantly influenced by the move of the HCB activities from the business unit Rubber Reinforcement to the business unit Specialty Businesses as from 1 January 2022. Based on a pro forma restatement the revenue increase of Specialty Businesses excluding the HCB effect was approximately +38%.*

All four sub-segments reported robust, double-digit sales growth on higher volumes, a solid business mix, and strong pricing discipline. Building products reported firm growth in all regions except China. Demand in Europe started to soften at the end of the third quarter. Fiber Technologies achieved further growth in high-end filtration, semiconductor, and hydrogen energy applications, and saw a global demand rebound for automotive applications from the third quarter onwards. Combustion Technologies reported increased sales of environmentally friendly burners and heat exchangers. HCB reported strong volume and sales growth in both hose and conveyor belt activities over the nine-month period, with softening demand toward the end of the third quarter.

Bridon-Bekaert Ropes Group

Bridon-Bekaert Ropes Group (BBRG) recorded +19.1% revenue growth to € 427 million. Favorable currency movements contributed +6.0% and organic growth added +13.1% to the top line. This organic growth resulted from positive price-mix effects including the impact of passed-on cost inflation (+21.8%), which more than offset a volume decline by -8.7%.

In the three-month period July-September 2022 sales were particularly strong in the ropes markets in North and Latin America. The advanced cords business reported significant growth, mainly driven by the ongoing technology shift from massive steel pipes to steel-reinforced thermoplastic pipes in oil & gas applications, which boosted sales for BBRG's Armofor® solution.

Other information

The company continues to invest in innovation, sustainability, and digital excellence, both internally and through partnerships:

- On [1 September 2022](#), Bekaert announced a partnership with Pajarito Powder to accelerate innovations in the market of green hydrogen production. Pajarito Powder is a leader in the development and commercialization of advanced electrocatalysts for electrolyzers that enable green hydrogen production. It is a venture-backed company funded by prestigious investors including Hyundai Motor Company and Verge Fund. The equity investment by Bekaert will support the scale-up of Pajarito Powder's manufacturing facility in Albuquerque, New Mexico, US.
- On [10 October 2022](#), Bekaert announced its investment and commercial partnership with TFI (Technology from Ideas) Marine, a leading mooring innovator based in Dublin, Ireland. Bekaert will strengthen its position in smart mooring solutions for floating offshore wind farms. The equity investment will be used to construct TFI Marine's first state-of-the-art manufacturing plant in Ireland. The commercial partnership between Bridon-Bekaert Ropes Group (BBRG) and TFI Marine will accelerate the commercialization of BBRG synthetic mooring ropes equipped with TFI's SeaSpring load reduction devices.

Through active portfolio management, Bekaert continuously evaluates the business mix and operational footprint. On [21 October 2022](#), Bekaert announced footprint and portfolio adjustments in BBRG to restore the competitiveness of the European ropes business. The restructuring includes the closure of the manufacturing plant in Gelsenkirchen, Germany and the consolidation of the European ropes manufacturing platform in the UK.

Treasury shares and share buyback

On 30 June 2022, Bekaert held 2 896 893 treasury shares. Between 1 July 2022 and 30 September 2022, a total of 5 000 stock options were exercised under SOP 2010-2014 and SOP 2015-2017, and 5 000 treasury shares were used for that purpose.

During the same period, Bekaert bought back 845 608 shares pursuant to its share buyback program (that was announced on 25 February 2022). Including the transactions under the liquidity agreement with Kepler Cheuvreux, the total held by Bekaert on 30 September 2022 was 3 757 208 shares.

Bekaert will commence the fourth tranche of its € 120 million buyback program which was announced on 25 February 2022 for a total maximum consideration of up to € 30 million, under the terms and conditions approved by Bekaert's Extraordinary General Meeting of 13 May 2020. The start of the fourth tranche will be separately announced today.

Financial Calendar

2022 full year results	1 March	2023
2022 annual report available on bekaert.com	31 March	2023
First quarter trading update 2023	10 May	2023
General Meeting of Shareholders	10 May	2023
2023 half year results	28 July	2023
Third quarter trading update 2023	17 November	2023

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 €5.9 billion in combined revenue in 2021.

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