

## First quarter trading update 2022

# Bekaert delivers strong sales growth in a challenging environment

## Highlights, market developments and actions in the first quarter of 2022

### Highlights

- Consolidated sales of € 1 386 million (+23%<sup>1</sup>) and combined sales of € 1 659 million (+24%<sup>1</sup>)
- Strong sales growth in all four business units on lower volumes across several business activities
- Continued pricing discipline in an inflationary environment and positive price-mix effects on the back of a structural improvement of the business portfolio

### Market developments

- Strong momentum in European and North American markets; recovering activity level in Latin America after a soft quarter start; subdued demand in China as a result of the stringent Covid-19 lockdown measures
- Acceleration of the reverse globalization. This trend is due to continued global supply chain interruptions on the back of raw material shortages and freight bottlenecks
- Continued high raw material prices and surging cost inflation of transportation and energy

### Priorities and actions

While the global macro environment remains unstable due to the developments in Ukraine, the resurgence of the Covid-19-pandemic in China, and the supply chain issues and cost inflation, Bekaert continues to execute its transformation agenda at a high pace. Our first quarter actions have been specifically geared towards:

- Leveraging the benefits from our global footprint and local services and sourcing channels, making us well positioned to address the ongoing deglobalization trends
- Driving further agility of the supply chain management, which has allowed to:
  - Secure supply continuity to customers
  - Adjust the sourcing channels that were affected by the situation in Ukraine
- Strong pricing discipline and execution, significantly offsetting the overall cost inflation
- Seizing the growth opportunities arising from sustainability and innovation trends:
  - Strong growth in low-carbon concrete reinforcement solutions
  - Successful project wins in offshore energy tenders, progress in building a leading innovation position in hydrogen electrolysis technologies, and other product and service solutions supporting the energy transition
- Continued focus on protecting the health & safety and wellbeing of our employees and their families

## Outlook

While the 2022 outlook remains particularly volatile, we project the current organic revenue run rate to continue throughout the year.

Despite the overall increased uncertainty and high cost inflation, our profitability ambitions for the medium term (2022-2026) remain unchanged.

---

<sup>1</sup> Comparisons are relative to the first quarter of 2021. The figures in this press release are provisional and unaudited.

## Sales<sup>2</sup>

Bekaert achieved +19% **consolidated** organic sales growth in the first quarter of 2022. The organic growth stemmed from business mix improvements and passed-on wire rod price changes and other cost inflation (+27% aggregated), tempered by lower volumes (-8%). Favorable currency movements added +4% to the top line, which reached € 1 386 million, € +258 million (+23%) higher than the first quarter of 2021.

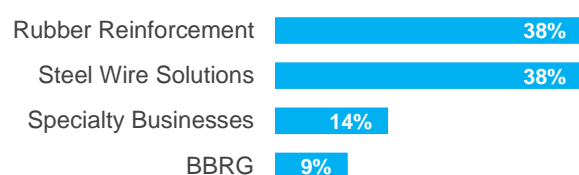
The organic sales growth of Bekaert's **joint ventures** in Brazil (+19%) and the strong revaluation of the Brazilian real (+12%), resulted in +31% sales growth. Including joint ventures, **combined**<sup>3</sup> organic sales increased by +19%. Favorable currency movements added +5% to the top line, reaching € 1 659 million (up € +320 million or +24% versus the same period last year).

### Consolidated and combined sales for the first quarter of 2022 – in millions of €

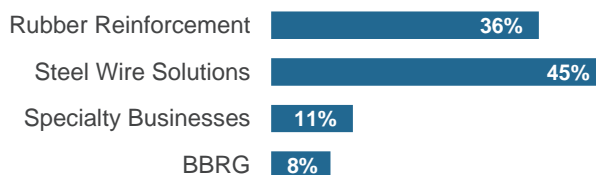
Consolidated sales	2021	2022	Share	Restated <sup>4</sup>	Variance <sup>2</sup>	Organic	FX
Rubber Reinforcement	497	535	38%	+14%	+8%	+3%	+5%
Steel Wire Solutions	411	530	38%	+29%	+29%	+26%	+3%
Specialty Businesses	103	189	14%	+44%	+83%	+79%	+3%
BBRG	116	124	9%	+7%	+7%	+3%	+5%
Group	1	9	1%	-	-	-	-
<b>Total</b>	<b>1 128</b>	<b>1 386</b>	<b>100%</b>	<b>+23%</b>	<b>+23%</b>	<b>+19%</b>	<b>+4%</b>

Combined sales <sup>3</sup>	2021	2022	Share	Restated <sup>4</sup>	Variance <sup>2</sup>	Organic	FX
Rubber Reinforcement	533	598	36%	+18%	+12%	+7%	+5%
Steel Wire Solutions	586	745	45%	+27%	+27%	+22%	+6%
Specialty Businesses	103	189	11%	+44%	+83%	+79%	+3%
BBRG	116	124	8%	+7%	+7%	+3%	+5%
Group	1	4	-	-	-	-	-
<b>Total</b>	<b>1 339</b>	<b>1 659</b>	<b>100%</b>	<b>+24%</b>	<b>+24%</b>	<b>+19%</b>	<b>+5%</b>

#### Consolidated sales



#### Combined sales



<sup>2</sup> Comparisons are relative to the first quarter of 2021, unless otherwise indicated. The figures in this press release are provisional and unaudited.

<sup>3</sup> Combined sales are sales of consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

<sup>4</sup> **Pro forma restatement of the year-on-year Q1 variance:** the hose and conveyor belt (HCB) activities were moved from the division Rubber Reinforcement to the division Specialty Businesses as from 1 January 2022. The 2021 Q1 sales in the table above have not been restated. Based on a pro forma restatement excluding the HCB effect, the variance in Rubber Reinforcement was approximately +14% in consolidated sales (+18% combined) and the variance in Specialty Businesses was approximately +44%. HCB generated € 115 million in sales for the total fiscal year 2021.

## Sales by segment <sup>5</sup>

### Rubber Reinforcement: good demand in all regions except China

#### Consolidated third party sales

Bekaert's Rubber Reinforcement business reached € 535 million in consolidated third party sales, up +7.6%\* from last year. The organic growth amounted to +2.8% and was delivered on the back of positive price-mix effects (+20.7%) including the impact from passed-on raw material prices and other cost inflation, tempered by lower volumes (-17.9%). Favorable currency effects added +4.8% to the top line.

*\*Based on a pro forma Q1 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 +14% and the volume decrease was approximately -13%.*

Sales were strong in EMEA and North America, where utilization was close to full capacity. Demand in China was significantly down due to the combined effect of export constraints, the low domestic business activity level during the Winter Olympics, Chinese New Year, and the stringent lockdowns from March onwards.

The market environment in China remains uncertain and is subject to the further evolutions of the Covid-19 pandemic and the impact of containment measures on demand and supply chain. Sales are expected to remain at a high level in the rest of the world.

#### Combined sales and joint venture performance

The Rubber Reinforcement joint venture in Brazil achieved +75.0% sales growth to reach € 63 million in revenue. The organic growth amounted to +62.6% and the revaluation of the Brazilian real added +12.4%. Including joint ventures, the business unit's combined sales increased by +12.1 % to € 598 million. (approximately +18% when comparing to restated figures Q1 2021, excluding HCB sales).

### Steel Wire Solutions: solid sales growth in EMEA and North America

#### Consolidated third party sales

Steel Wire Solutions delivered solid sales growth in the first quarter (+29.0% compared to Q1 last year). The organic growth (+26.4%) was driven by positive price-mix effects (+33.3%) including the impact from passed-on raw material prices and other cost inflation, partly offset by the effect of lower volumes (-6.9%). Favorable currency movements added +2.6% to the top line that totaled € 530 million.

After a soft start to the year, demand picked up in all regions except China, where the business activity level was affected by Covid lockdown measures, the Winter Olympics and the Chinese New Year holiday.

Demand is projected to remain strong in EMEA and North America and may become more volatile in Latin America where we anticipate a reduction in public investments and incentives supporting the construction and infrastructure markets.

#### Combined sales and joint venture performance

The Steel Wire Solutions joint venture in Brazil reported +22.3% sales growth and generated € 214 million in revenue. The organic growth was +10.0% and the revaluation of the Brazilian real added +12.4%. Including joint ventures, the business unit's combined sales increased by +27.1% to € 745 million.

<sup>5</sup> All comparisons are relative to the first quarter of 2021.

## Specialty Businesses: strong growth in all sub-segments

Specialty Businesses reported a sales increase of +82.6% to € 189 million, driven by strong organic growth (+79.3%) and positive currency effects (+3.4%). 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 Q1 2021 restatement the revenue increase of Specialty Businesses excluding the HCB effect was approximately +44%.*

All four sub-segments reported robust, double-digit sales growth on higher volumes, a solid business mix, and strong pricing discipline. Building products reported robust growth in all regions, particularly in steel fibers for underground concrete reinforcement applications. Fiber Technologies achieved further growth in high-end filtration, semiconductor, and green energy markets, which more than offset the demand effect of supply chain disruptions in automotive markets and the impact of the Covid lockdowns in China. Combustion Technologies saw increased demand for environmentally friendly burners and heat exchangers. HCB reported strong volume and sales growth in both hose and conveyor belt activities, which serve equipment and mining markets.

The business unit projects continued strong sales and focuses on seizing the opportunities arising from the technology shift toward decarbonization, which offers further growth potential for Dramix® steel fibers for concrete reinforcement, hydrogen electrolysis technologies, and energy-efficient combustion technologies.

## Bridon-Bekaert Ropes Group: good sales growth and solid order book

Bridon-Bekaert Ropes Group (BBRG) recorded +7.1% revenue growth to € 124 million. Favorable currency movements contributed +4.6% and organic growth added +2.5% to the top line. This organic growth resulted from positive price-mix effects including the impact of passed-on cost inflation (+15.6%), which more than offset a decline in volumes (-13.1%).

Sales in the ropes business rebounded in March after a weak month of February. The order book remains strong, particularly in the US, where the ongoing capacity extensions will result in higher volumes as of the second quarter onwards.

The A-Cords business reported strong sales growth driven by positive price-mix effects and favorable exchange rates. The year-on-year volume growth was flat, due to the Covid lockdowns in China that temporarily affected the elevator business in the country. We expect a recovery in this market during the second quarter.

## Other information

### Share buyback:

Bekaert will commence the second tranche of its € 120 million buyback program which was previously 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 second tranche will be separately announced today.

### Treasury shares:

On 31 December 2021, Bekaert owned 3 145 446 treasury shares. Between 31 December 2021 and 31 March 2022, a total of 308 567 shares were transferred (i) to (former) employees for purpose of the exercise of stock options under SOP 2010-2014 and SOP 2015-2017, (ii) to members of the Bekaert Group Executive for purpose of the Bekaert Personal Shareholding Requirement Plan, and (iii) to employees because of the vesting of performance share units under the Bekaert Performance Share Plan. During the same period, Bekaert bought back 256 771 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 balance held by Bekaert on 31 March 2022 was 3 109 196 shares.

## Financial Calendar

<b>General Meeting of Shareholders (hybrid meeting)</b>	11	May	2022
The General Meeting of Shareholders will be held on 11 May 2022 at 10:30 a.m. CET and will be a hybrid meeting (live + virtual). 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.	11	May	2022
Dividend ex-date	12	May	2022
Dividend record date	13	May	2022
Dividend payment date	16	May	2022
2022 half year results	29	July	2022
Third quarter trading update 2022	18	November	2022

### 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.

### Disclaimer

This press release may contain forward-looking statements. Such statements reflect the current views of management regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Bekaert is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release in light of new information, future events or otherwise. Bekaert disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other press release issued by Bekaert.

### Investor Relations

Elizabeth O'Reilly

Phone: +32 56 76 61 00 - E-mail: [elizabeth.oreilly@bekaert.com](mailto:elizabeth.oreilly@bekaert.com)

### Press Relations

Katelijin Bohez

Phone: +32 56 76 66 10 - E-mail: [katelijin.bohez@bekaert.com](mailto:katelijin.bohez@bekaert.com)