

Press releaseRegulated Information
8 May 2024 · 7:00 a.m. CET**Press**Kim De Raedt
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kim.deraedt@bekaert.com[bekaert.com](https://www.bekaert.com)**Trading update for the three months to March 2024**

Solid start to the year, with trading in line with expectations for the full year 2024

Bekaert has started the year well and in line with expectations. Whilst Q1 2023 provides a tough comparison benefiting from customer restocking in China, foreign exchange tailwinds and the priced-in higher raw material and energy costs, Bekaert has delivered in the first three months of 2024 consolidated sales of € 1 025 million (-14%¹ against the same period in 2023) and combined² sales of € 1 245 million (-15%¹).

Strategically, Bekaert continues to develop its growth platforms, capitalize on an improving mix of higher-margin products and drive structural cost efficiencies from its operational footprint. Therefore, management remains confident in the financial expectations for FY 2024 and its mid-term targets on sales growth, margin progression and ROCE delivery.

Highlights

- Q1 2024 consolidated sales of € 1 025 million (-14% vs Q1 2023) and combined² sales of € 1 245 million (-15%) driven by the reversal of raw material costs, lower volumes (which reduced by -5%) and an unfavorable impact from exchange rates
- Q1 2024 consolidated sales increased 5.3% vs Q4 2023 driven primarily by higher volumes
- Strong focus on cost efficiencies and effective working capital management continues
- Rubber Reinforcement - continue to drive margins through both higher performance tire cords and further production cost optimization; increasing customer interest for recycled steel applications
- Steel Wire Solutions - continued strong demand in energy and utility markets, with lower demand in most other end markets; benefitting from mix improvements and ongoing operational footprint optimization
- Specialty Businesses - strong volumes in Construction Decarbonization and Hydrogen businesses offset by weak demand in the Combustion Technologies and Hose and Conveyor Belt sub-segments
- BBRG - lower volumes from project re-phasing and some manufacturing issues

Outlook

The performance delivered to date in 2024 and the company's robust financial position give us confidence in our ability to further deliver on our strategic priorities. Whilst economic uncertainties continue and a number of end markets remain challenging, our trading in 2024 has started in line with expectations and management continues to anticipate modest sales growth and at least stable margins in 2024.

Looking beyond 2024, we also remain confident in our targets of a sales growth rate of more than 5% per year in the mid-term and from 2026 an EBITu margin of more than 10%, ROCEu of more than 20% and over 50% of sales generated from sustainable solutions.

Conference Call

The CEO and the CFO of Bekaert will present the 2024 first quarter trading update at 9:00 a.m. CET on Wednesday May 8th. This presentation can be accessed live upon registration [via the Bekaert website \(bekaert.com/en/investors\)](https://www.bekaert.com/en/investors) and will be available on the website after the event.

¹ All comparisons are relative to the first three months of 2023, unless otherwise indicated.

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

Sales for the first three months of 2024

Consolidated sales per segment - in millions of €

Consolidated sales (€m)	2023	2024	Share	Change	Organic	FX
Rubber Reinforcement	539	447	44%	-17%	-14%	-3%
Steel Wire Solutions	327	282	27%	-14%	-14%	-
Specialty Businesses	173	165	16%	-5%	-3%	-2%
BBRG	152	130	13%	-15%	-13%	-2%
Group	3	2	-	-	-	-
Total	1194	1025	100%	-14%	-13%	-2%

Segment overview

Rubber Reinforcement

Bekaert's Rubber Reinforcement business delivered volumes in line with forecasts, although down -6.0% against an unusually strong Q1 2023 with significant restocking by our customers, particularly in China. Q1 2024 consolidated third-party sales were € 447 million, an organic decline of -14.2%, driven by pricing based on lower raw material and energy costs (-8.2% combined impact) and by the lower volumes. Currency effects had a further impact of -2.8%.

Volumes, as anticipated, decreased versus Q1 2023 across most regions, with the exception of India and South-East Asia which saw growth. Compared to Q4 2023, volumes increased by 6%. Across the business, there remains a strong focus on improving mix from sales from high-performance, stronger tensile tire cords and cost optimization, including the benefits from the closure of the plant in Chongqing, China.

At the Tire Technology Expo in March 2024 customers showed strong interest in Bekaert's recycled steel certification as the future industry standard and Goodyear showcased a tire comprised of 90% sustainable materials using Bekaert recycled steel tire cord.

Combined sales and joint venture performance

Revenues from the Rubber Reinforcement joint venture in Brazil amounted to € 42 million, down from € 55 million in Q1 2023. Volumes decreased by -13.3%, driven primarily by weaker demand in truck tires while the currency impact was supportive (+3.7%). The combined impact of raw material and price-mix was -14.9%. Volumes did increase versus the previous quarter. Including joint ventures, Rubber Reinforcement's combined sales were € 489 million in Q1 2024.

Market perspectives

In 2024, the market is expected to remain subdued on a global level. In North America and Asia higher volumes are expected for the remainder of the year while limited recovery is expected in Europe. However, our Asian plants are running at very high capacity utilization levels which supports performance and cash generation. Focus will remain on innovation and in particular sustainable solutions for the challenges of increasing recycled steel content and further reducing rolling resistance in tires.

Steel Wire Solutions

Bekaert's Steel Wire Solutions business delivered € 282 million in consolidated third-party sales in Q1 2024, down -14.2% organically versus Q1 2023. This was primarily driven by the impact of lower input costs on sales prices (-9.3%) and lower volumes (-4.9%). Compared to Q4 2023 however, sales volumes increased by 5% with higher volumes in Europe and the US.

Demand from energy and utility and automotive markets has remained strong throughout the period with softer construction and consumer goods markets conditions. A new order for Bezinnox® armoring wire for sub-sea applications was received for a floating offshore wind farm demonstrator project in South Korea. The division continues to benefit from the improving mix of higher-margin applications alongside ongoing cost optimization and operational improvements, including the closure of plants in India and Indonesia.

Combined sales and joint venture performance

Revenues from the Steel Wire Solutions joint venture in Brazil amounted to € 178 million, down from € 218 million in Q1 2023. Volumes decreased by -11.3%, while the currency impact was supportive (+3.7%). The combined impact of raw material and price-mix was -11.0%. Against the previous quarter, sales volumes were stable. Including joint ventures, Steel Wire Solutions' combined sales were € 461 million.

Market perspectives

Whilst many of our markets are expected to remain subdued in 2024, especially in Europe and Latin America, we anticipate further progress towards our margin and cash flow generation targets. Capacity increases at our energy and utilities customers create opportunities in Europe and in North America, with some short term volatility in incoming orders.

Specialty Businesses

Bekaert's Specialty Businesses delivered € 165 million in consolidated third-party sales in Q1 2024. Organic growth was -3.1%, primarily driven by increased volumes in construction and ultra fine wires that were more than offset by pricing effects due to lower input costs. Currency effects had an impact of -1.7%.

The Construction Decarbonization business had 7% volume growth and continues to make good progress in both the adoption of steel fiber reinforced concrete (Dramix®) in growth markets such as North America, India, China and in innovation with the first projects with higher tensile fibers delivered in 2024. There has been notable success in projects for data center flooring, where our products can offer both sustainability improvements and faster construction. Beyond regional adoption, mix improvements and innovation, we are experiencing a more competitive environment in our mature markets.

In the Hydrogen business, the production ramp-up continues and whilst there has been some re-phasing of demand, the sector outlook remains strong supported by long term supply agreements. Filtration and other fiber end markets remain challenged, although supporting our differentiation in the high-end segments. The Combustion Technologies sub-segment still faces regulatory uncertainty in key end markets while the Hose and Conveyor Belt sub-segment suffers from a difficult demand environment.

Market perspectives

Overall we continue to be very excited by the potential of both the construction decarbonization activities and the hydrogen component business. As anticipated, the outlook for the other sub-sectors remains less confident, given weaker end market demand.

Bridon-Bekaert Ropes Group

Bridon-Bekaert Ropes Group (BBRG) delivered a mixed performance in Q1 2024, with consolidated third-party sales of € 130 million. Against a strong Q1 in 2023, organic growth was -12.9%, primarily driven by lower volumes (-19.0%) partially offset by strong positive price-mix effects despite lower raw material prices (+6.0% combined impact). Currency effects had an impact of -1.9%. Compared to Q4 2023, sales volumes decreased by -2%.

The lower turnover came mainly from the steel ropes business in Europe and North America and was caused to a large extent by a re-phasing of projects to Q2 and manufacturing delays. Nevertheless, Bekaert continues to make significant advancements in floating offshore mooring solutions. As part of the Nautical SUNRISE project, Bekaert will conduct mooring analysis on the world's largest floating offshore solar power plant. Additionally, Bekaert has joined the TAILWIND project to contribute its expertise in offshore mooring systems. In the Advanced Cords sub-segment, the hoisting market remains strong, with weaker timing belt and automotive markets.

Market perspectives

The order book remains at a robust level and the business unit expects to improve performance during Q2 with improving demand, particularly in Europe, and the resolution of production issues.

Other information

Treasury shares and share buyback

On 31 December 2023, Bekaert held 2 156 137 treasury shares. Between 1 January 2024 and 31 March 2024, a total of 19 309 stock options were exercised under SOP 2010-2014 and SOP 2015-2017, and 19 309 treasury shares were used for that purpose. Bekaert sold 4 558 shares to members of the Bekaert Group Executive in the framework of the Bekaert personal shareholding requirement. A total of 220 965 treasury shares were disposed of following the vesting of 220 965 performance share units under the Bekaert performance share plan. During the same period, Bekaert bought back 383 188 shares pursuant to the share buyback program that has been completed on 23 February 2024. The total treasury shares held by Bekaert on 31 March 2024 was 2 294 493 (4.19% of the total share capital). The remaining 463 188 shares purchased under the share buyback program will be cancelled in Q2 2024.

Financial Calendar

Annual General Meeting of Shareholders	8 May 2024
Dividend ex-date	10 May 2024
Dividend record date	13 May 2024
Dividend payable	14 May 2024
Half Year Results 2024	26 July 2024
Third quarter trading update 2024	22 November 2024

Disclaimer

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Company Profile

Bekaert's ambition is to be the leading partner for shaping the way we live and move, and to always do this in a way that is safe, smart, and sustainable. As a global market and technology leader in material science of steel wire transformation and coating technologies, Bekaert ([bekaert.com](https://www.bekaert.com)) also applies its expertise beyond steel to create new solutions with innovative materials and services for markets including new mobility, low-carbon construction, and green energy. Founded in 1880, with its headquarters in Belgium, Bekaert (Euronext Brussels, BEKB) is a global company whose 24 000 employees worldwide together generated € 5.3 billion in combined sales in 2023.

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