

Press release

Regulated information

Press - Investors
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First quarter trading update 2019

Bekaert delivers 4% sales growth in the first quarter of 2019

Bekaert achieved consolidated sales of €1 094 million for the first quarter of 2019, up 4%¹ from the same period last year. Consolidated sales reflected +2.2% organic growth, driven by the aggregate effect (+2.7%) of price-mix and passed-on changes in wire rod prices, on slightly lower volumes (-0.5%). Currency movements contributed +2.1% to the top line and the net effect of mergers, acquisitions and divestments² was limited (-0.4%).

Demand from tire and construction markets remained strong and resulted in firm volume growth. This growth was more than offset by the slowdown in industrial steel wire markets and the decline in sawing wire sales.

Combined sales³ increased by 3.4% to €1 294 million. The organic growth was +3% and the effect of divestments was -0.3%. The effect of currency movements was limited to +0.7% as a result of a weaker Brazilian real, compared with the same quarter last year.

Outlook

Our outlook remains similar to the one outlined on 1 March 2019.

The business conditions in various sectors are trending somewhat lower as a result of tighter markets and postponed investments. We project the increased economic and political uncertainty to induce some growth moderation in most parts of the world in 2019.

- We anticipate continued good business conditions in our tire-related rubber reinforcement markets and are solidifying our position in China despite the slower economic growth induced by international trade tensions.
- We project further growth in our building products markets.
- Bridon-Bekaert Ropes Group will continue to focus on improving the business mix, as an element of the profit restoration plan that has been put in place.
- We project continued weak demand in the highly competitive steel wire solutions business globally.

From today's perspective, and provided there will be no exceptional, unforeseeable circumstances like a large-scale recession, we anticipate stable sales volumes in 2019.

We are confident that our accelerated transformation drive and the improvement actions we are taking, will help us rebuild the underlying EBIT margin to above 7% over the medium term.

¹ All comparisons are made relative to the first quarter of 2018.

² The disposal effect relates to the sale of the Solaronics Drying Business in July 2018.

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

Segment reporting

In line with the [organizational changes announced 1 March 2019](#), Bekaert's **segment reporting** has changed in 2019. The new reporting segments are:

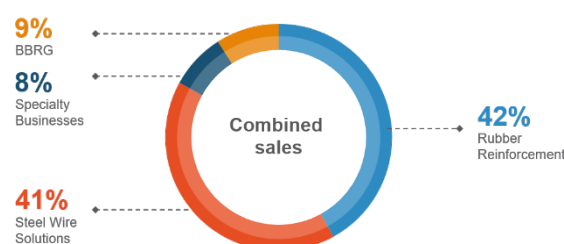
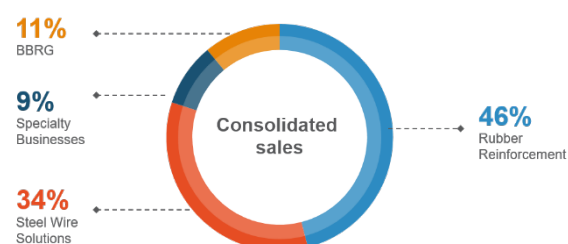
- **Rubber Reinforcement**
This Business Unit serves industries that use tire cord, bead wire, hose reinforcement wire and conveyor belt reinforcement.
- **Steel Wire Solutions**
This Business Unit serves industrial, agricultural, consumer and construction markets with a broad range of steel wire products and solutions.
- **Specialty Businesses**
This Business Unit includes building products, fiber technologies, combustion technology and sawing wire.
- **Bridon-Bekaert Ropes Group (BBRG)**
BBRG includes the ropes and advanced cords businesses

The 2018 sales figures, previously reported according to regional segmentation principles, have been restated. The restated quarterly sales figures for FY2018 are included in annex 1 of this press release.

Consolidated and combined sales by Segment

Consolidated sales	2018	2019	Share	Variance ⁴	Organic	FX
Rubber Reinforcement	459	502	46%	+9%	+7%	+2%
Steel Wire Solutions	376	376	34%	=	-3%	+3%
Specialty Businesses	101	97	9%	-4%	-5%	+1%
BBRG	110	117	11%	+6%	+4%	+2%
Other ⁵	6	2	N/A	N/A	N/A	N/A
Total	1 052	1 094	100%	+4%	+2%	+2%

Combined sales ⁶	2018	2019	Share	Variance	Organic	FX
Rubber Reinforcement	495	544	42%	+10%	+9%	+2%
Steel Wire Solutions	541	535	41%	-1%	-1%	-
Specialty Businesses	101	97	8%	-4%	-5%	+1%
BBRG	110	117	9%	+6%	+4%	+2%
Other ⁵	5	1	N/A	N/A	N/A	N/A
Total	1 251	1 294	100%	+3%	+3%	+1%



⁴ Comparisons are made relative to the financial year 2018, unless otherwise indicated.

⁵ Other sales include: the sale of equipment and engineering services to joint ventures and third parties; and for the first quarter of 2018, also the sales of the divested Solaronics Drying Business (€ 4.3 million).

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

Sales by Segment

Rubber Reinforcement: +9%

Bekaert's Rubber Reinforcement business unit achieved 9.3% sales growth, driven by firm organic growth (+7.2%) and favorable currency movements (+2.2%). The organic growth stemmed from higher volumes (+5.2% top-line impact) and the positive aggregate effect (+2.0%) of price-mix and passed-on raw material price changes.

The business unit achieved more than 13% volume growth in China and strong sales in North America and EMEA except for the weaker hose reinforcement markets. First quarter sales growth in the US included some impact from postponed orders in anticipation of the new duty-free wire rod import quota which apply from January 2019 onwards. Demand in India and Indonesia decreased as a result of lower economic activity during the ongoing general elections in both countries and the seasonality impact of the fiscal year closing in India.

Sales increased by 10% at the combined level, which included the firm sales growth of our tire cord joint venture in Brazil.

Steel Wire Solutions: 0%

The business unit Steel Wire Solutions reported flat first-quarter sales, year-on-year. Favorable currency movements (+2.5%) entirely offset the organic sales decline (-2.5%) which was the result of lower volumes (-6.7%) and a positive aggregate effect (+4.2%) of price-mix and passed-on wire rod price changes.

The economic uncertainty drove demand for industrial steel wire products down in EMEA and North America. The business climate in Latin America remained difficult, particularly in Ecuador. Our market shares remained strong in the region but the overall demand, particularly in construction markets, has not shown signs of recovery yet. The steel wire activities in Asia reported lower sales as a result of the restructuring in Malaysia.

Sales decreased by -1% at the combined level, which included weaker volumes from our steel wire joint venture in Brazil.

Specialty Businesses: -4%

The business unit Specialty Businesses reported a sales decline of almost -4% in the first quarter, with significant differences in market dynamics and performance trends between the individual activities: the Building Products activities recorded vigorous sales growth (+12%) on strong volumes. The fibers (-7.5%) and heating (-5.5%) activities reported weaker sales year-on-year and the sawing wire business has become rather insignificant.

Bridon-Bekaert Ropes Group: +6%

Bridon-Bekaert Ropes Group (BBRG) reported a sales increase of +6.0% compared with the first quarter of 2018. The organic growth (+4.3%) was the result of an improved price-mix on lower volumes. Favorable currency movements contributed +1.7% to the top-line growth.

The advanced cords (*a-cords*) activities continued to grow in volume and revenue, particularly driven by strong demand from timing belt markets. The ropes business booked progress in enhancing both the product- and price-mix by focusing on quality business and better pricing. The positive sales growth was mainly achieved in the surface mining and crane & industrial markets, particularly in North America.

Investment update and other information

On 28 March 2019 [Bekaert announced restructuring plans in Belgium](#) as part of the actions taken worldwide to rebuild the financial performance of the business. These actions include, among others, the intention to downsize and close certain activities in Belgium. The intended restructuring would affect 281 jobs. The information and consultation phase is ongoing whereby the management and the social partners are evaluating the options to mitigate the social impact of the intended restructuring.

Net debt was € 1 346 million at the end of the first quarter 2019, up from € 1 153 million at year-end 2018. This was due to an increased working capital and the impact of first-time applying IFRS 16 (Leases: € +82 million net debt impact). Bekaert is taking actions to reduce the working capital and is limiting the investments in property, plant and equipment. Total investments amounted to €21 million in the first quarter of 2019, less than half the amount of the first quarter of 2018, and mainly included investment programs in rubber reinforcement and building products capacity. The reduction of the net debt leverage versus year-end 2018 has been set as a priority.

Between 1 January 2019 and 31 March 2019, no own shares were purchased or disposed of. As a result, Bekaert held an aggregate 3 902 032 treasury shares on 31 March 2019, unchanged from 31 December 2018.

Financial calendar

General Meeting of Shareholders	8	May	2019
Dividend ex-date	9	May	2019
Dividend payable	13	May	2019
2019 half year results	26	July	2019
Third quarter trading update 2019	15	November	2019

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.

Company Profile

Bekaert (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 30 000 employees worldwide, headquarters in Belgium and €5 billion in combined revenue.

Annex 1: Press release 8 may 2019

Restated quarterly sales 2018

Consolidated sales	1st Q 2018	2nd Q 2018	3rd Q 2018	4rd Q 2018	FY 2018
Rubber Reinforcement	459	489	472	488	1 908
Steel Wire Solutions	376	386	373	362	1 497
Specialty Businesses	101	108	107	95	411
BBRG	110	116	115	122	463
Other ¹	6	5	4	12	26
Total	1 052	1 105	1 070	1 078	4 305

Combined sales	1st Q 2018	2nd Q 2018	3rd Q 2018	4rd Q 2018	FY 2018
Rubber Reinforcement	495	526	519	534	2 073
Steel Wire Solutions	541	532	529	517	2 118
Specialty Businesses	101	108	107	95	411
BBRG	110	116	115	122	463
Other ¹	5	3	1	1	9
Total	1 251	1 286	1 270	1 268	5 074

¹ Other sales include: the sale of equipment and engineering services to joint ventures and third parties; and the 2018 sales of the divested Solaronics Drying Business.