

Third quarter trading update 2021

Bekaert delivers a record performance over the first nine months of 2021

Highlights, trends and actions

- Consolidated sales of € 3 559 million (+30.3%¹) and combined² sales of € 4 327 million (+36.2%¹) over the first nine months of 2021, driven by a volume rebound to pre-covid levels and a strong pricing strategy execution
- All-time high quarter revenue: consolidated sales of € 1 253 million (+26.1%¹) and combined sales of € 1 545 million (+30.8%¹)
- Net debt of € 538 million, compared with € 834 million on 30 September 2020 and € 604 million at year-end 2020, resulting in very solid balance sheet

Market developments in the three-month period July-September 2021:

- Demand continued to benefit from the post-covid rebound and remained strong across many geographies, with the exception of China
- The global supply chain remains constrained on the back of several headwinds associated with raw material shortages and freight bottlenecks
- Cost inflation has impacted various input costs including raw materials, transportation, and energy

While the global macro environment remains unstable, Bekaert has successfully accelerated its transformation allowing the company to leverage on several opportunities. Third quarter actions have been specifically geared towards :

- Driving further agility of the supply chain management, which has allowed to:
 - Secure supply continuity to customers
 - Proactively capture the opportunities arising from reverse globalization trends
 - Keep the working capital under control
- Further improving the product and business mix, in line with our strategy to more efficiently segment and upgrade the business portfolio
- Strong pricing discipline and execution resulting in the mitigation of the raw material price increases and other cost inflation

Outlook

While we anticipate softening conditions in some of the demand tailwinds, remain cautious about supply chain disruption risks, and take into account the usual seasonality effects of the fourth quarter, we project solid sales in most of our business areas for the remainder of the year and reconfirm our outlook:

Barring unexpected events, Bekaert projects for FY 2021 an underlying EBIT margin on sales of 10% or better and sales of approximately € 4.6 billion.

¹ All comparisons are relative to the same period in 2020 and reflect organic growth at constant exchange rates, unless otherwise indicated.

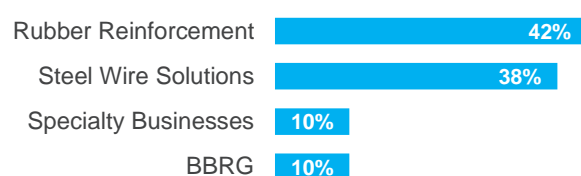
² Combined sales are sales of fully consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

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

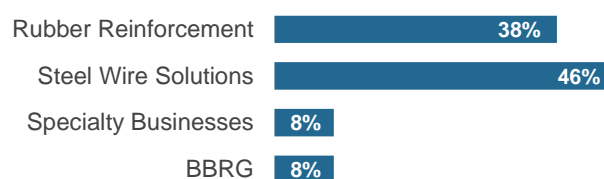
Consolidated sales	2020	2021	Share	Variance ³	Organic	FX
Rubber Reinforcement	1 146	1 504	42%	+31%	+33%	-1%
Steel Wire Solutions	982	1 338	38%	+36%	+38%	-2%
Specialty Businesses	288	354	10%	+23%	+23%	-
BBRG	330	358	10%	+9%	+9%	-
Group	9	5	-	-	-	-
Total	2 755	3 559	100%	+29%	+30%	-1%

Combined sales ⁴	2020	2021	Share	Variance	Organic	FX
Rubber Reinforcement	1 236	1 634	38%	+32%	+34%	-2%
Steel Wire Solutions	1 385	1 980	46%	+43%	+47%	-4%
Specialty Businesses	288	354	8%	+23%	+23%	-
BBRG	330	358	8%	+9%	+9%	-
Group	-	-	-	-	-	-
Total	3 239	4 326	100%	+34%	+36%	-3%

Consolidated sales



Combined sales



2021 quarter-on-quarter progress – in millions of €

Consolidated sales	1 st Q	2 nd Q	3 rd Q	Q3:Q2	Q3 y-o-y ⁵
Rubber Reinforcement	497	494	512	+4%	+17%
Steel Wire Solutions	411	438	489	+12%	+43%
Specialty Businesses	103	124	127	+2%	+23%
BBRG	115	120	123	+3%	+21%
Group	1	2	2	-	-
Total	1 128	1 178	1 253	+6%	+27%

Combined sales	1 st Q	2 nd Q	3 rd Q	Q3:Q2	Q3 y-o-y ⁵
Rubber Reinforcement	533	539	562	+4%	+18%
Steel Wire Solutions	586	660	733	+11%	+49%
Specialty Businesses	103	124	127	+2%	+23%
BBRG	115	120	122	+2%	+21%
Group	1	-1	-	-	-
Total	1 339	1 443	1 545	+7%	+32%

³ Comparisons are made relative to the first nine months of 2020, unless otherwise indicated.

⁴ Combined sales are sales of consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

⁵ Q3 year-on-year sales: 3rd quarter 2021 versus 3rd quarter 2020.

Sales

The consolidated organic sales growth (+30.3%) in the first nine months stemmed from higher volumes (+14.4%) and a positive impact from passed-on wire rod price changes and other mix effects (+15.9%). Part of the growth was offset by adverse currency movements (-1.1%), resulting in a top-line increase of +29.2%.

Including the vigorous sales growth of the Brazilian joint ventures (+66.9% organic), the combined organic sales growth was +36.2%. Currency movements (-2.6%) tempered the growth to +33.6%, resulting in a combined top-line of € 4 327 million over the first nine months of the year.

Sales by segment

Rubber Reinforcement: strong demand in all regions except China and Indonesia

Bekaert's Rubber Reinforcement business achieved +32.5% consolidated organic sales growth compared with the first nine months of 2020. This stemmed from higher volumes (+16.6%) and positive price-mix effects (+15.9%) including the impact from passed-on raw material prices. Adverse currency movements (-1.3%) tempered the top line growth to +31.2% or € 1 504 million in consolidated revenue year-to-date.

Sales continued to be strong in the three-month period July-September 2021, except in China and Indonesia, where demand tailed off due to softening domestic markets and lower export sales of tire makers as a result of container shortage and freight cost increases.

Combined sales totaled € 1 634 million (+34.2% organic growth), boosted by very strong sales growth of the Rubber Reinforcement joint venture in Brazil (+56.0%) over the first nine months.

The business unit takes into account the usual seasonality effects of the fourth quarter of the year and expects continued subdued business conditions in China.

Steel Wire Solutions: sales above pre-Covid-19 levels throughout the first nine months

Steel Wire Solutions delivered robust organic sales growth in the first nine months of 2021 (+37.9% compared to the same period last year). This growth stemmed from favorable price-mix effects (+25.4%) including the impact of passed-on raw material prices and from strong volume growth (+12.5%), particularly in Latin America, EMEA and China. Adverse currency movements accounted for -1.6%, resulting in a top-line growth of +36.3% to € 1 338 million, well above pre-Covid-19 levels.

Combined sales totaled € 1 980 million (+47.2% organic growth), boosted by vigorous sales growth of the Steel Wire Solutions joint venture in Brazil (+69.3%) throughout the first nine months.

Demand is expected to remain solid in most markets in the last quarter of 2021. We do project some impact from the usual year-end seasonality effects and remain cautious about the risk of potential supply chain interruptions.

Specialty Businesses: solid sales growth in all sub-segments

The business unit Specialty Businesses reported a sales increase of +23.1% to € 354 million, driven by solid organic growth (+23.2%) above pre-Covid-19 levels and almost neutral currency effects (-0.1%). Building Products reported strong volume growth and a good product mix. Combustion Technologies saw increased demand for environmentally-friendly burners, particularly in EMEA. Fiber Technologies achieved strong growth in Asia and in high-end filtration and hydrogen markets in general. Demand for heat-resistant textiles and microcables was affected by the prevailing global shortage of microchips in automotive OEM, although order books remain strong.

The business unit projects solid underlying demand in the last quarter of 2021, while taking into account the usual seasonality effects and temporary shutdown plans of customers suffering from material shortages.

Bridon-Bekaert Ropes Group: solid sales and strong order books

Bridon-Bekaert Ropes Group (BBRG) recorded an organic sales growth of +8.7% compared to the first nine months of 2020, mainly driven by higher volumes, both in Ropes and in the Advanced Cords business. Top-line growth was +8.5% - including almost neutral currency movements (-0.1%) - and reached € 358 million.

Sales were particularly strong in the three-month period July-September 2021, but are expected to slow down in the last quarter of the year due to the usual seasonality effects and some temporary shutdowns by A-Cords customers as a result of the microchip shortage in OEM markets. The order books continue to be strong, particularly in ropes.

Strengthening our financial position and reducing net debt

The average working capital on sales was 14%, on the back of disciplined capital allocation and working capital management.

Net debt was € 538 million on 30 September 2021, € -66 million down from year-end 2020 (€ 604 million) and € -296 million down from € 834 million on 30 September 2020.

Investment update and other information

Bekaert's investments in PP&E amounted to € 68 million in the first nine months of 2021 (versus € 54 million in the same period last year).

On 30 June 2021, Bekaert owned 3 352 374 treasury shares. Between 1 July 2021 and 30 September 2021, a total of 100 914 stock options were exercised under SOP 2010-2014, SOP 2015-2017 and SOP2, and 100 914 own shares were used for that purpose. Including the transactions exercised under the liquidity agreement the balance of treasury shares held by Bekaert was 3 250 829 on 30 September 2021.

Financial Calendar

Third quarter trading update 2021	19 November	2021
2021 full year results	25 February	2022
2021 annual report available on bekaert.com	25 March	2022
First quarter trading update 2022	11 May	2022
General Meeting of Shareholders	11 May	2022
2022 half year results	29 July	2022
Third quarter trading update 2022	18 November	2022

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 27 000 employees worldwide, headquarters in Belgium and €4.4 billion in combined revenue in 2020.

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