

Trading update for the three months to March 2023

Resilient trading performance despite mixed trading environment

In a mixed trading environment and compared with a strong prior period in Q1 2022, Bekaert has delivered a resilient performance in the first three months of 2023, with Consolidated Sales of € 1 194 million (-2%¹ against the same period in 2022) and Combined² Sales of € 1 467 million (-2%¹), both figures excluding the Steel Wire Solutions businesses in Chile and Peru subject to disposal.

Bekaert has made a good start to 2023, continuing to capitalize on pricing and business mix improvements, despite volume declines in some segments. These results further demonstrate the structural improvements implemented in recent years, and reinforce our confidence in the delivery of expectations in 2023 and beyond, which remain unchanged.

Highlights

- Consolidated Sales of € 1 194 million (-2%) and Combined Sales of € 1 467 million (-2%), excluding the Steel Wire Solutions businesses in Chile and Peru subject to disposal
- Consolidated Sales of € 1 351 million (-3%) and Combined Sales of € 1 623 million (-2%)
- Demonstrated commercial excellence in challenging markets, especially in price and mix optimization
- Strong focus on cost conversion and working capital management
- Rubber Reinforcement - consistent sales in Q1 with returning demand in China and strong growth in India, offset by lower volumes in Europe and North America
- Steel Wire Solutions - continued strong energy and utility markets in North America in Q1, with lower volumes in other regions
- Speciality Businesses - mixed performance across sub-segments, with good progress improving mix from Dramix® products, successful production ramp-up in hydrogen activities, offset by weaker demand in construction activities, combustion technologies and filtration
- BBRG - very strong growth in both Ropes and A-Cords, sustained high order book and significantly increased demand for Armoform®
- Invested in manufacturing and research capacity in Belgium to deliver growth in electrolysis technologies for green hydrogen production and further innovation in the next generation of products and solutions
- The disposal of Steel Wire Solutions businesses in Chile and Peru remains on-track, pending anti-trust approval, and is expected to complete in H2

Outlook

The Group anticipates the challenging and competitive trading environment to persist across most business areas in 2023. Market demand and pricing levels in China, in particular, remains uncertain. Bekaert will remain responsive to these pressures and continue to execute its strategy strengthening its core business and capitalizing on growth opportunities.

We have significantly strengthened our business fundamentals in recent years, especially with regard to improving pricing and mix, to perform better and to be more resilient in challenging economic environments. Q1 2023 demonstrated our ability to perform in difficult markets and increases our confidence in the delivery of our expectations in 2023 and profitability ambitions of 9-11% EBITu margin in the medium term, which remain unchanged.

¹ All comparisons are relative to the first three months of 2022, 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 three months of 2023

Sales excluding the SWS businesses in Chile and Peru subject to disposal

Consolidated sales (€m)	2022 ³	2023	Share	Change	Organic	FX
Rubber Reinforcement	535	539	45%	+1%	+0%	+0%
Steel Wire Solutions	360	327	27%	-9%	-10%	+1%
Specialty Businesses	190	173	15%	-9%	-9%	+0%
BBRG	124	152	13%	+23%	+23%	+0%
Group	9	3	–	–	–	–
Total	1217	1194	100%	-2%	-2%	+0%

Combined sales (€m) ⁴	2022	2023	Share	Change	Organic	FX
Rubber Reinforcement	598	593	41%	-1%	-2%	+1%
Steel Wire Solutions	575	548	37%	-5%	-7%	+2%
Specialty Businesses	190	173	12%	-9%	-9%	+0%
BBRG	124	152	10%	+23%	+23%	+0%
Group	4	0	–	–	–	–
Total	1490	1467	100%	-2%	-3%	+1%

Sales including the SWS businesses in Chile and Peru subject to disposal

Consolidated sales (€m)	2022	2023	Share	Change	Organic	FX
Rubber Reinforcement	535	539	40%	+1%	+0%	+0%
Steel Wire Solutions	530	486	36%	-8%	-10%	+2%
Specialty Businesses	189	172	13%	-9%	-9%	+0%
BBRG	124	152	11%	+23%	+23%	+0%
Group	9	2	–	–	–	–
Total	1386	1351	100%	-3%	-3%	+1%

Combined sales (€m) ⁴	2022	2023	Share	Change	Organic	FX
Rubber Reinforcement	598	593	37%	-1%	-2%	+1%
Steel Wire Solutions	745	706	44%	-5%	-8%	+3%
Specialty Businesses	189	172	11%	-9%	-9%	+0%
BBRG	124	152	9%	+23%	+23%	+0%
Group	4	0	–	–	–	–
Total	1659	1623	100%	-2%	-4%	+2%

Conference Call

The CFO of Bekaert will present the 2023 first quarter trading update at 08:00 a.m. CET on Wednesday May 10th. 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.

³ The 2022 sales data are excluding the sales from the SWS businesses in Chile and Peru (subject to disposal) to have a like-for-like comparison with 2023

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

Segment overview

Rubber Reinforcement

Bekaert's Rubber Reinforcement business delivered € 539 million in consolidated third-party sales in Q1 2023. Against a strong Q1 in 2022, organic growth was +0.3%, with positive volume and price-mix, offsetting falling raw material prices. Currency effects were negligible in the period.

As anticipated, volumes increased strongly in China in Q1 driven by customer restocking, and we continue to monitor closely as competitive pressure is high. India continues to grow strongly in both volume and sales. EMEA and North America experienced lower volumes, but maintained pricing discipline. The outlook in these markets is somewhat uncertain given weak economic consumer backdrop. Across regions, there is a growing customer interest in our capability to manufacture tire cords containing more recycled steel.

Revenues from the Rubber Reinforcement joint venture in Brazil amounted to € 55 million, down from € 63 million in Q1 2022. Volumes decreased by -10% in Q1, while the currency impact was supportive (+5%). Including joint ventures, the business unit's combined sales were € 593 million.

Steel Wire Solutions

Excluding the businesses in Chile and Peru pending disposal, Steel Wire Solutions consolidated sales were € 327 million in the first three months of 2023. Also compared with a strong Q1 in 2022, sales fell -9.0% driven by lower volumes across all regions and the impact from lower raw material prices, only partially offset by positive price-mix effects. Demand from energy and utility markets has remained very strong throughout the period.

The Steel Wire Solutions joint venture in Brazil reported +1.7% sales growth and generated € 218 million in revenue. Currency impact was +5%, volumes increased with 9%, while the combined impact of raw material and price mix was negative (-12%). Including joint ventures, the business unit's combined sales fell by -4.7% to € 548 million, excluding the businesses in Chile and Peru pending disposal.

As set out previously, Bekaert has announced its intention to sell its stake in the Steel Wire Solutions businesses in Chile and Peru to its current partners and resulting in net proceeds for its stake of US\$ 136 million. The disposal remains on-track, subject to anti-trust approval, and the Group continues to expect the transaction to complete in 2023.

Specialty Businesses

Specialty Businesses reported a decrease in revenues by -9.0% to € 173 million in revenue. The lower volumes, particularly in construction activities and reduced demand in combustion technologies, was partially offset by price and mix effects.

Although the building products sub-segment saw falling volumes in many regions (compared with an exceptional Q1 in 2022), its product mix continued to improve with a much higher percentage of revenues coming from 4D/5D Dramix® steel fibers, alongside further traction in SigmaSlab® and Precast. The period saw significant new project wins in India, Israel, the UK, and the US.

In Fiber Technologies, the ramp-up of production of porous transport layers (PTL) for hydrogen electrolysis technologies continues at pace, with the establishment of a new manufacturing plant in Wetteren, Belgium. However, there has been a drop in demand for filtration products for the semi-conductor industry. Both hose and conveyor belts and combustion technologies sub-segments experienced weaker markets in Q1 and the market outlook in both is mixed.

Bridon-Bekaert Ropes Group

Bridon-Bekaert Ropes Group (BBRG) recorded excellent revenue growth of +23.0% to € 152 million, of which 22.7% was organic (with currency movements contributing +0.3%). This organic growth resulted from both volume increases of +8.1% and positive price-mix effects of +14.6%.

The Ropes business has seen continued strong demand in both Mining and Oil & Gas sectors, especially in Latin America and North America. Sales in Q1 have been strong, driven primarily by pricing rather than volumes. Whilst order books remain high, a slowdown in mining segment activities is anticipated in the second half of 2023. A-Cords saw strong sales in Q1, driven by Armoform® (Thermoplastic strips for pipe reinforcement) and better than anticipated demand in Hoisting.

Other information

Share buyback

Bekaert will commence the sixth tranche of its share buyback program for a total maximum consideration of € 30 million, under the terms and conditions approved by Bekaert's Extraordinary General Meeting of 13 May 2020. The details of the sixth tranche will be separately announced today.

Treasury shares

On 31 December 2022, Bekaert held 4 380 475 treasury shares. Between 1 January 2023 and 31 March 2023, a total of 199 931 stock options were exercised under SOP 2010-2014 and SOP 2015-2017, and 199 931 treasury shares were used for that purpose. Bekaert sold 4 742 shares to members of the Bekaert Group Executive in the framework of the Bekaert personal shareholding requirement. A total of 213 317 treasury shares were disposed of following the vesting of 213 317 performance share units under the Bekaert performance share plan. During the same period, Bekaert bought back 895 813 shares pursuant to its share buyback program. Including the transactions under the liquidity agreement with Kepler Cheuvreux, and the 2 038 935 treasury shares cancelled from the previous share buyback on 24 February 2023, the total treasury shares held by Bekaert on 31 March 2023 was 2 795 808.

Financial Calendar

Annual General Meeting of Shareholders	10 May 2023
Dividend ex-date	11 May 2023
Dividend record date	12 May 2023
Dividend payable	15 May 2023
Half Year Results 2023	28 July 2023
Third quarter trading update 2023	17 November 2023

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 27 000 employees worldwide together generated almost € 7 billion in combined revenue in 2022.

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