

Bekaert Capital Markets Day

28 May 2021

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Welcome

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Jürgen Tinggren – Chairman of the Board of Directors

Today's agenda

1

**Adapting to
a new world**

2

**Driving value
creation**

3

**Strategic
transformation**

4

**Guiding for
growth**

5

Q&A

Introducing Team Bekaert for today's agenda

1

**Adapting to
a new world**



Jürgen Tinggren
Chairman

2

**Driving value
creation**



Oswald Schmid
CEO

3

**Strategic
transformation**



Juan Carlos Alonso
CSO

4

**Guiding for
growth**



Taoufiq Boussaid
CFO

5

Q&A



**Team
Bekaert**

1

**Adapting to
a new world**

2

**Driving value
creation**

3

**Strategic
transformation**

4

**Guiding for
growth**

5

Q&A

BEKAERT AT A GLANCE

Preferred partner serving customers in 120 countries

Global leader in steel wire transformation and coating technologies

Worldwide manufacturing platform with strong regional footprint

More than 27 000 engaged employees

Corporate socially responsible company

WHAT SETS US APART

Innovative products and solutions for customers across a wide range of industries

Technology leader with 1800 patents and patent rights in portfolio

Most advanced manufacturing capabilities

Experienced team with deep understanding of local customer needs

Ambitions and actions for a sustainable business



Implications and opportunities for Bekaert

- Overall positive market outlook
- Leverage position to capture growth opportunities
- Enhance offering with new, innovative products
- Digitalize the business to enhance competitiveness
- Lead as a sustainable business



Focus areas for Bekaert

New mobility

- light-weight, smart and green materials for tires

Urbanization

- advanced cords for vertical city requirements
- smart glazing solutions with thin fiber technologies
- low-carbon concrete reinforcement

Renewable energy

- light-weight mooring for offshore floating wind turbines
- new fibers for hydrogen electrolysis

Connected & smart

- 5G & data transmission technology for fiber optic networks

Reverse globalization

- agile and digital supply chain
- regional footprint

Repositioning Bekaert toward more value and growth

➤ Realizing the full potential of the core business

➤ Active portfolio management and selective M&A

➤ Transformation through innovation and moving beyond the core

➤ Embracing sustainability as a value creating opportunity

➤ Growing: better positioned, focused and innovative



We **PERFORM!**



We **TRANSFORM!**



We **GROW!**

1

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a new world

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creation

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Q&A

Driving value creation

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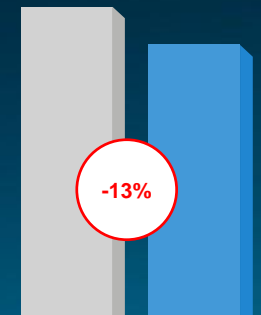
Oswald Schmid - CEO

2020 results

Solid profit growth and strengthened balance sheet



Consolidated Sales
in m€

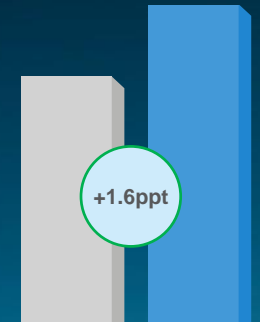


FY 2019 FY 2020

€ 3 772 m



uEBIT%
margin on sales

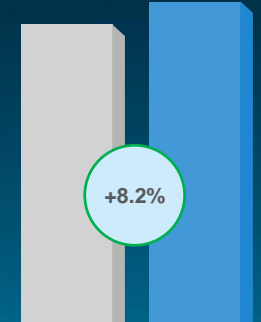


FY 2019 FY 2020

7.2%



Operating FCF
in m€

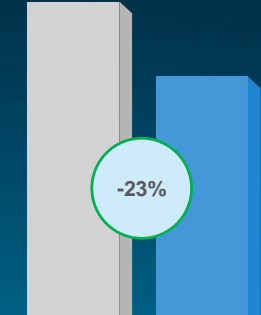


FY 2019 FY 2020

€ 449 m



Working Capital
in m€

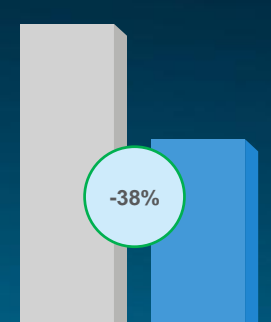


FY 2019 FY 2020

€ 535 m



Net Debt
in m€



FY 2019 FY 2020

€ 604 m

Four business units serving global markets with a broad offering

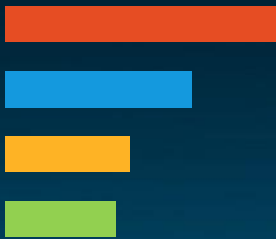
Overview sales 2020

Business Units



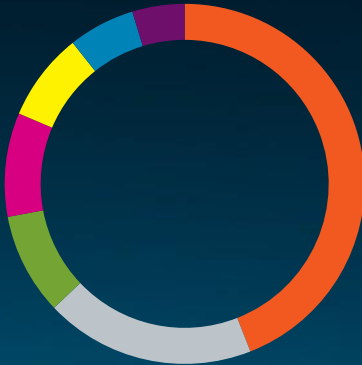
RR	SWS
43%	36%
BBRG	SB
11%	10%

Regions



APAC	EMEA
39%	27%
LATAM	NAM
18%	16%

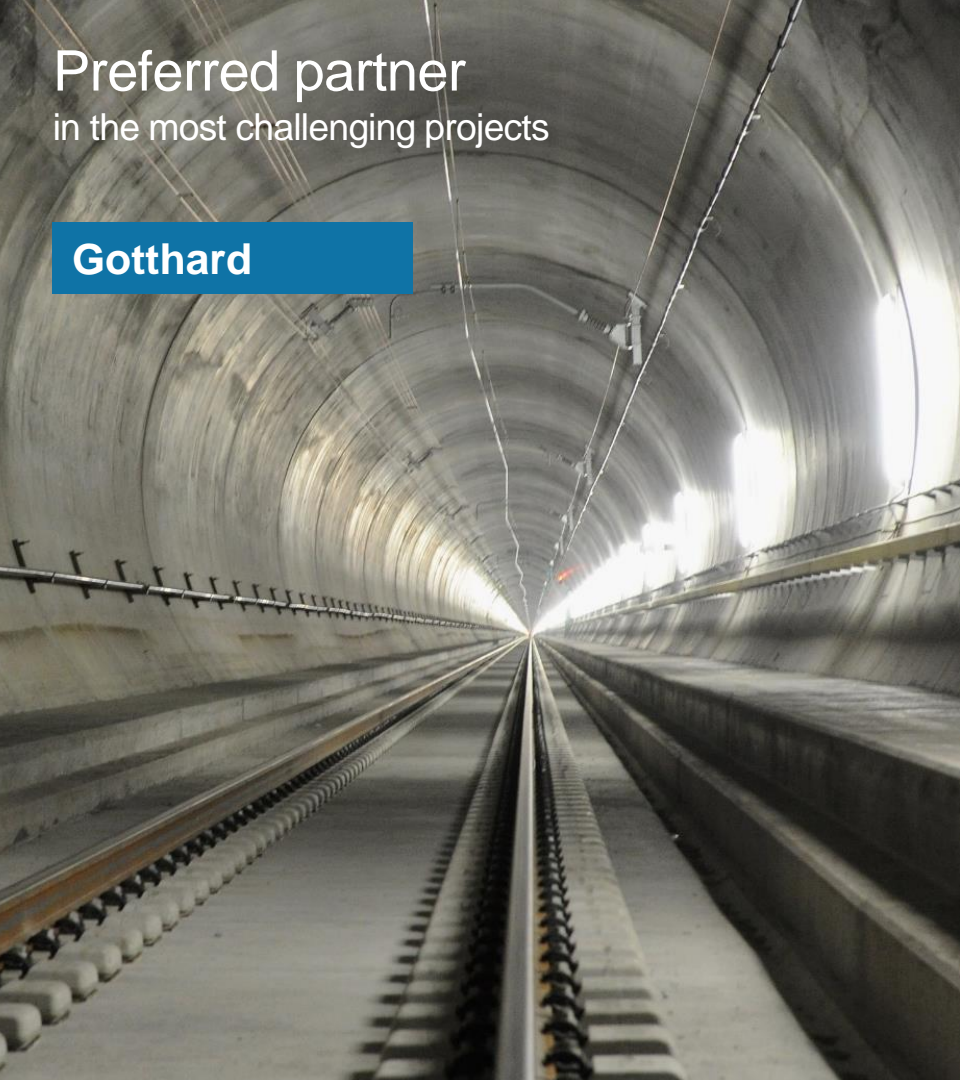
End markets



Tire & Automotive	Construction	Agriculture	
44%	19%	9%	
Basic materials	Energy & utilities	Equipment	Consumer goods
9%	8%	6%	5%

Preferred partner
in the most challenging projects

Gotthard



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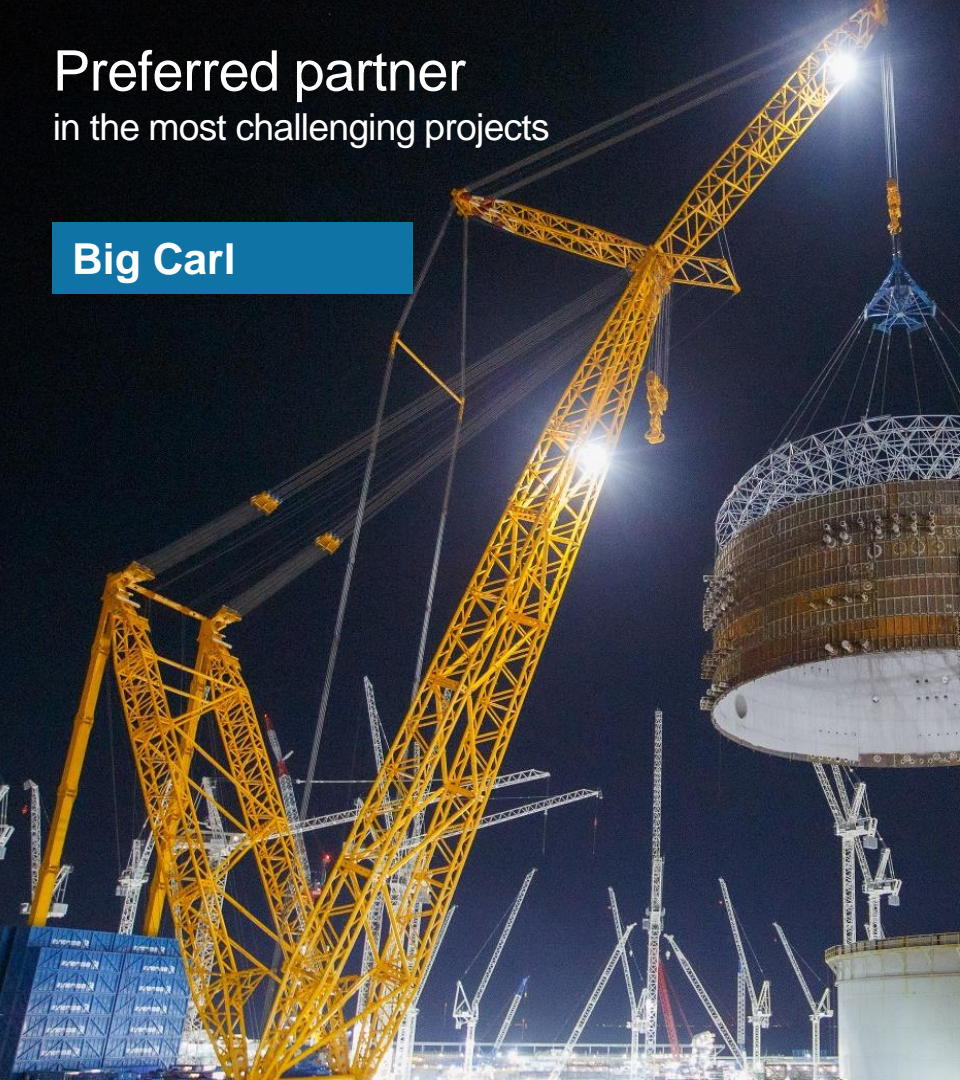
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Hywind Tampen

Preferred partner
in the most challenging projects

Big Carl



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Lightweight & green



Highlights of 2020

- Health and Safety
 - Early, rigorous measures to limit infection risks
 - Good progress in safety performance
- Protecting our business and our company
 - Successful self-help measures
 - Effective supply chain actions and customer interactions
 - Ensuring the liquidity
- Emerging stronger
 - Market share growth in Europe, India, Latin America
 - Intensified relationships with customers
 - Profitability and excellent balance sheet enable growth strategy



Bekaert Group Executive

Leading with a shared ambition



Oswald Schmid
CEO



Stijn Vanneste
Divisional CEO
Steel Wire Solutions



Arnaud Lesschaeve
Divisional CEO
Rubber Reinforcement



Curd Vandekerckhove
Divisional CEO
Bridon-Bekaert Ropes Group



Yves Kerstens
Divisional CEO
Specialty Businesses
Chief Operations Officer



Taoufiq Boussaid
Chief Financial Officer



Kerstin Artenberg
Chief HR Officer



Jun Liao
China CEO



Juan Carlos Alonso
Chief Strategy Officer

Creating sustainable value for all our stakeholders



**We make our
customers succeed**



**We are truly
better together**



**We commit to
high performance**



**We care for
the world around us**

**For our customers, employees,
shareholders and communities**

Focusing on our 3 imperatives



We **TRANSFORM!**



We **GROW!**



We **PERFORM!**

We Perform! Unlocking our full potential

Strong on execution, we deliver on our objectives



Commercial excellence

- Intensified customer centricity
- Digital tools & channels
- Pricing models

Supply chain optimization

- Supply chain continuity
- Stringent working capital control
- Virtual supplier campaign

Operational excellence

- Footprint adjustments
- Operating model in the plants
- Process optimization

Leadership & accountability

- Health & safety
- Communication
- Project execution
- Resource allocation

We Perform! Strong on execution



Footprint adjustments

Shelbyville

Pointe-Claire

Ingelmunster

Diamond Wire China

Ipoh MY

Enhancements

Slovakia

Romania

India

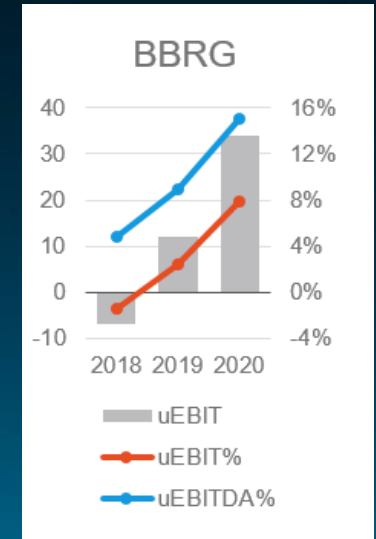
Vietnam

Russia

Czech Republic

Effective turnaround

- Portfolio improvements
- Cost savings
- Structural improvements with lasting effects
- Profit restoration programs
- Stringent capital allocation program



We Transform!

Strengthening our portfolio and building capabilities to drive value creation



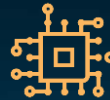
Portfolio management

- Invest for growth
- Scale-up
- Turnaround or divest



Organizational capabilities

- Leadership
- Performance management
- Capability & competence



Digital

- Operations
- Customer
- Process
- Products



Innovation

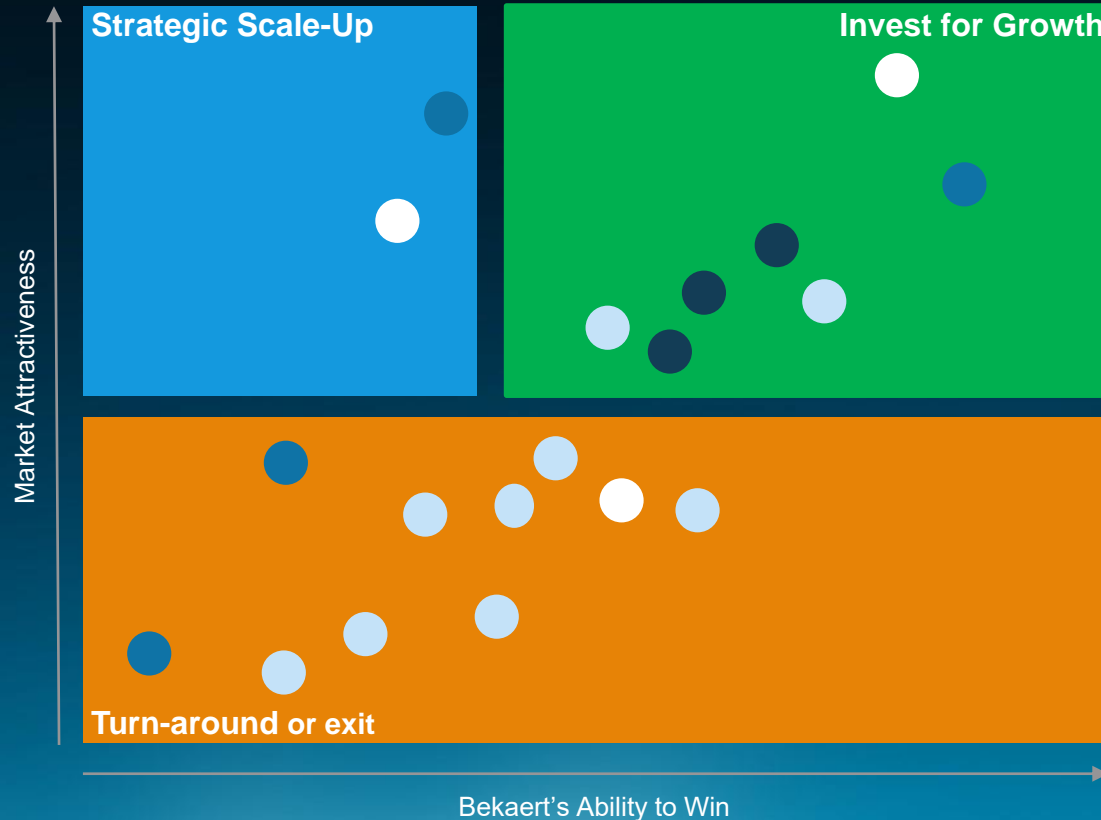
- Continuous improvement
- Transform the core
- Grow beyond the core



Sustainability

- Clear commitment to:
 - Environment
 - Social
 - Governance

We transform our business portfolio



2020

Sales

EBITDA

2025E

Sales

EBITDA

- Clear mandates
- Strong targets set for mid-term performance
- Differentiated capital and resource allocation

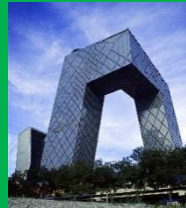
Actively managing our portfolio to improve our growth potential and returns

Strategic Scale-Up



Synthetic mooring line

Invest for Growth



Dramix® concrete reinforcement



RR Vietnam



Exit



Profit restoration

BRIDON · BEKAERT
THE ROPES GROUP

We Grow!

Enable sustainable, value creating growth



We GROW



Megatrends

- New mobility
- Renewable energy
- Urbanization
- Connected and Smart
- Reverse Globalization
- Sustainability

Focus on key markets

- Mobility
- Construction & infrastructure
- Lifting & hoisting
- Energy & utilities
- Agriculture

Leadership positions

- Partner of choice
- Technology competences
- Global scale
- Local presence
- Responsive supply chain

Moving beyond the core

- Closer to the end customer
- Differentiating services and solutions
- Increase value added and available profit pool

Organic Growth might be complemented by value-creating M&A

Focus on 5 key markets



Mobility

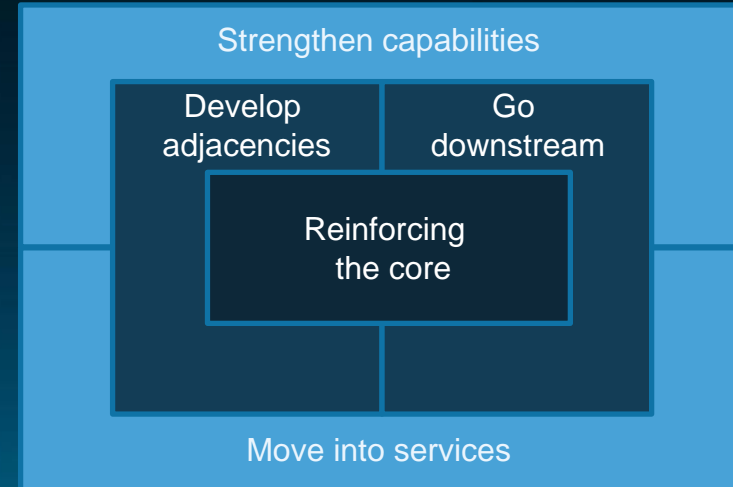
Lifting and
hoisting

Agriculture

Construction &
infrastructure

Energy and
utilities

Developing a pipeline



- Synergies
- Higher value-added products and solutions
- Megatrends and growing markets
- Larger markets

Focus and priorities of 2021

- Focus on H&S and the wellbeing of our employees
- Capture growth opportunity and gain market share
- Ensure hassle-free supply chain
- Stringent capital allocation governance
- Further development and deployment of our strategic transformation:
 - Innovation
 - Sustainability
 - Digitalization



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Q&A

Strategic transformation

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Juan Carlos Alonso - CSO

Bekaert is on the move: our strategic transformation journey

Optimize and focus



Active portfolio management



Focus on 5 key markets

Transform for sustainable value



**Create a strong base for growth
to realize our ambition**

Transforming for sustainable value

Sustainability

Beyond better performance to more sustainable outcomes
Become part of the solution



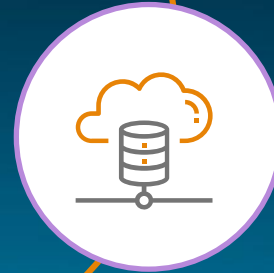
Innovation

Beyond products to new solutions and services
Beyond existing markets and applications to new growing sub-markets



Digital

Beyond digital working to data intelligence and smart solutions
Internally and in our offering



Our three transformation pillars reinforce each other

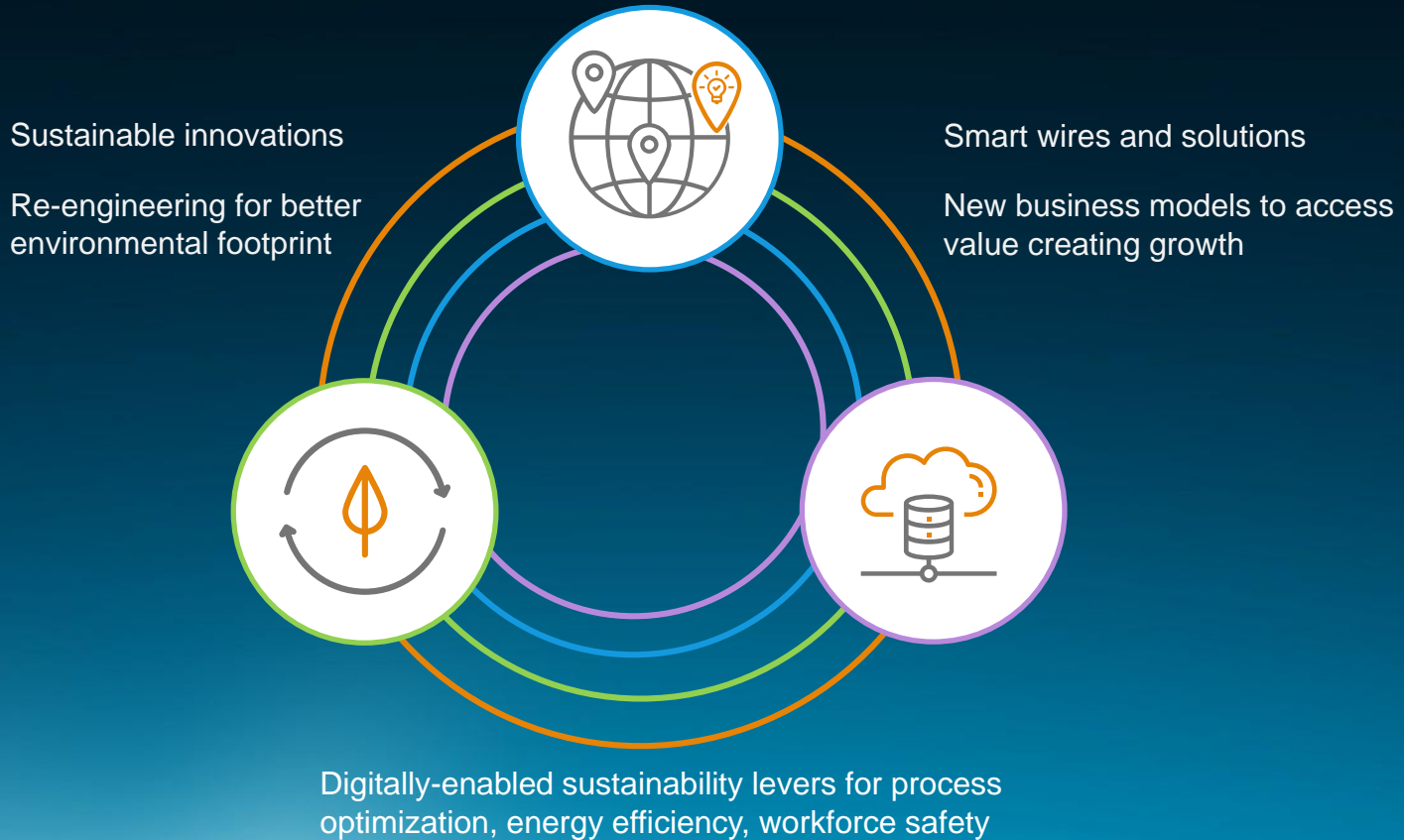


Illustration where innovation meets digital



Ropes360



Together with VisionTek, BBRG has developed the first mobile 3D rope measuring and visioning equipment to monitor, control, predict and optimize the lifecycle of ropes

Innovative solutions to resolve customer needs



Strong investments to innovate

€60M

T&I Investments

+600

Experts

+1800

Patents



Cost and process improvements
World-class operations



Product and solution development
From incremental innovation towards offering elevation



Anticipation of major disruptions
Develop smart products and solutions
Solutions for new growing markets

Rebalancing our pipeline and increasing our ambition

E0

Focused and prioritized
Efficient - accelerate through digital and smart and remote serviced processes

E1

Driven by customer needs
More ambitious platforms
Stronger portfolio governance

E2

Incubation in ring-fenced entrepreneurial teams
External ecosystem collaboration and partnerships

+50%

Increased investment over next 5 years

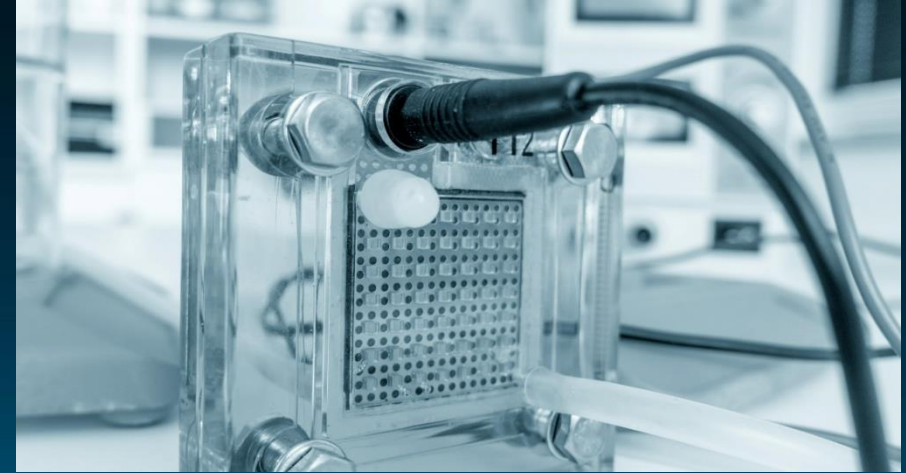
Investments



+15%

New sales from new solutions by 2025

Bekaert is innovating in major growth markets



New mobility

Bekaert invested in Cargo Sous Terrain and is technology advisor on the Board

Hyperloop testing tunnel using Bekaert's Dramix® steel fiber technology

New energy

Bekaert participates in a consortium to develop next generation electrolysis for Hydrogen production

Lower investment cost, higher efficiencies, enabling scale-up of green hydrogen energy

Sustainability is critical for Bekaert



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Customers

- Increasing requirements on suppliers
- Sustainable solutions outgrow others
- End-industry disruptions

People & Communities

- Increase top talent attraction and engagement
- Positive impact on our local communities



Competitive Advantage

- First mover advantage
- Significant cost savings
- Opportunity to differentiate

Investors and regulators

- ESG impact investing
- Lower financing costs
- Expectation for Science-based targets and towards net-zero policies

We become part of the solution to shape a sustainable future by committing to all our stakeholders and to the most pressing ESG challenges

Bekaert commits to an ambitious sustainability agenda



2030 AMBITIONS VS. 2019 BASELINE



Environmental

Towards Carbon Neutrality

-45% Reduce GHG emissions in line with Science Based Targets
Aim for Carbon Net Zero by 2050

Sustainable Solutions

~65% of our sales to be from sustainable solutions

Water

-15% relative freshwater intake in stressed regions



Social

Working conditions

0 Strive for zero accidents

Diversity & Inclusion

40% Female managers/
white collars

Positive working environment for all our employees

Community relations

Actively engage with communities on priority sustainability themes



Governance

Highest Ethical Standards

Ethics and Code of Conduct
Strict compliance management

Fair sourcing + transparency

100% of strategic suppliers
EcoVadis listed

95% of spend with suppliers who sign off Code of Conduct

Best in class governance & reporting

Transparent and integrated reporting

We are developing sustainable solutions...



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Energy and Utilities

Beyond current markets and solutions

Enabling the future

Digital Twin models



Synthetic & hybrid solutions



Strategic Partnerships



Bezinox® cable armoring



... and improve the environmental impact



Dramix® solutions reducing input intensity



Heavy, labor-intensive traditional reinforcement



More efficient and easy to use steel fiber reinforced concrete

SigmaSlab™, a new Dramix® solution co-developed with post-tensioning leader CCL



Construction Reinforcement Low Carbon concrete

Reducing material intensity

Typical transformation (SigmaSlab™ example)

- 70% less steel reinforcement
- 20% less concrete
- **30-40%** reduction in CO₂ footprint

A Digital Future for Bekaert



Customer



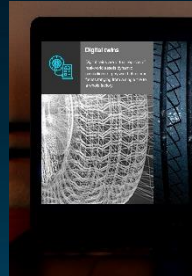
Customer Experience

Data-driven pricing

- Engagement
- Feedback loops
- Digital marketing

- Advanced insights
- AI-enabled forecasting

Product



Smart solutions

Accelerated R&D

- Data driven business models
- Smart wires & sensing

- Digital twins
- Advanced testing and modelling

Process



Enterprise 2.0

- Intelligent automation
- E2E data transparency

Operation



Intelligent production

End-to-End Supply chain

- Intelligent processes
- Digital ways of working

- E-buying
- Digital S&OP and forecasting

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Guiding for Growth

Short-term and Mid-term financial targets

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Taoufiq Boussaid - CFO

Sales growth driven by strategic focus and market developments

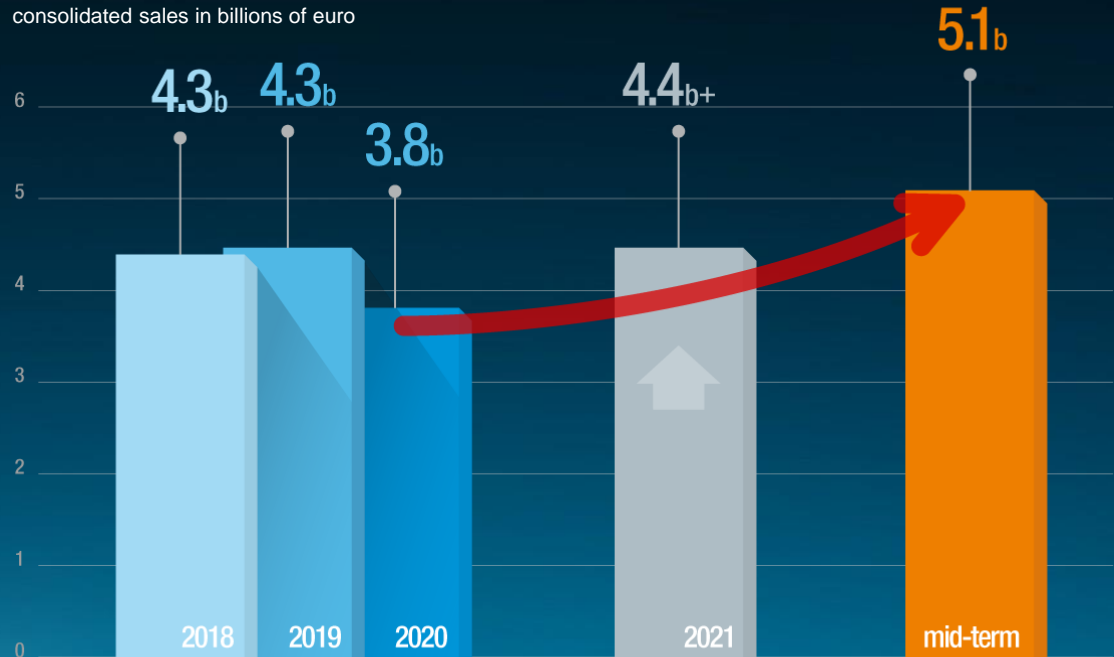
Strategic focus

- market positioning
- mix improvements
- pricing discipline
- customer success
- operational excellence

Market developments

- robust growth in target markets
- short-cycle incentives effects
- raw materials price level
- competitiveness boosted by FX

consolidated sales in billions of euro



Increased profit from sales growth and stronger business model

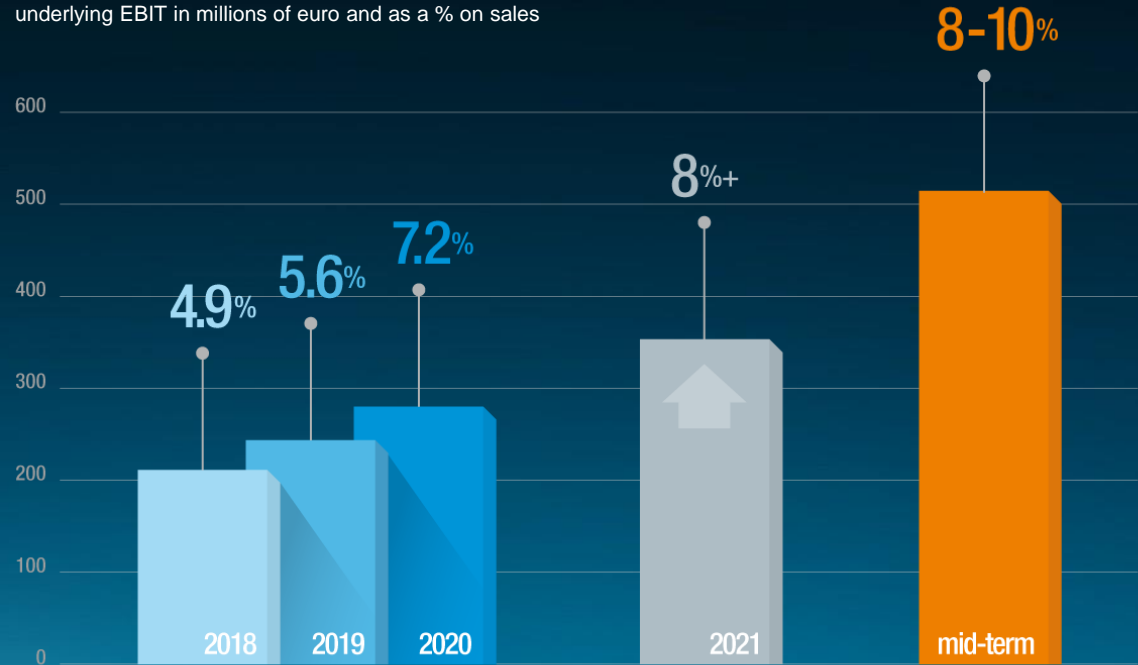
Sales growth

- in the right markets
- with higher-end solutions
- with successful customers
- at the right price

Stronger business model

- Improved footprint
- structural savings
- high degree of resilience
- capital allocation strategy

underlying EBIT in millions of euro and as a % on sales

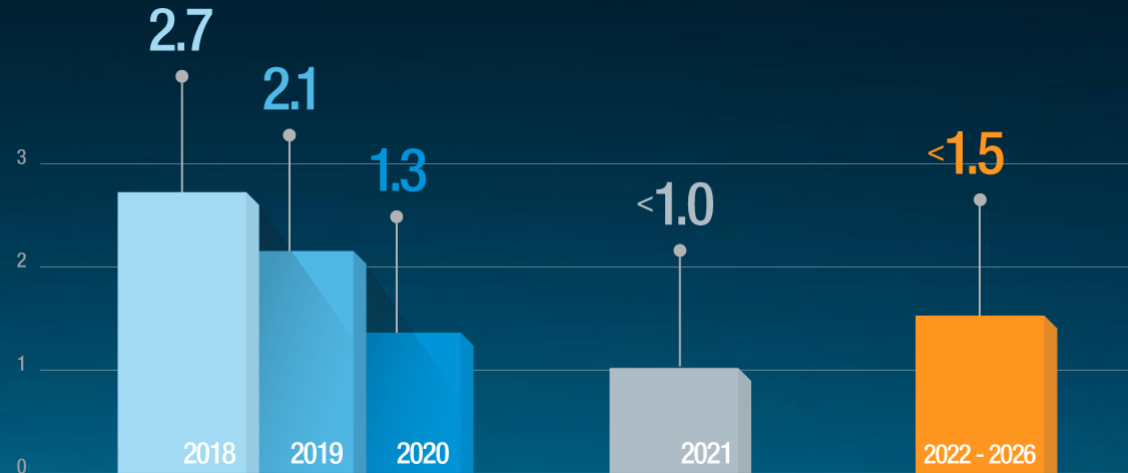


Solid cash generation from higher profitability and strong B/S

net debt on underlying EBITDA

Strong B/S

- higher profit level
- effective working capital control
- capital allocation strategy
- strong liquidity
- strong debt deleveraging
- balanced debt maturity

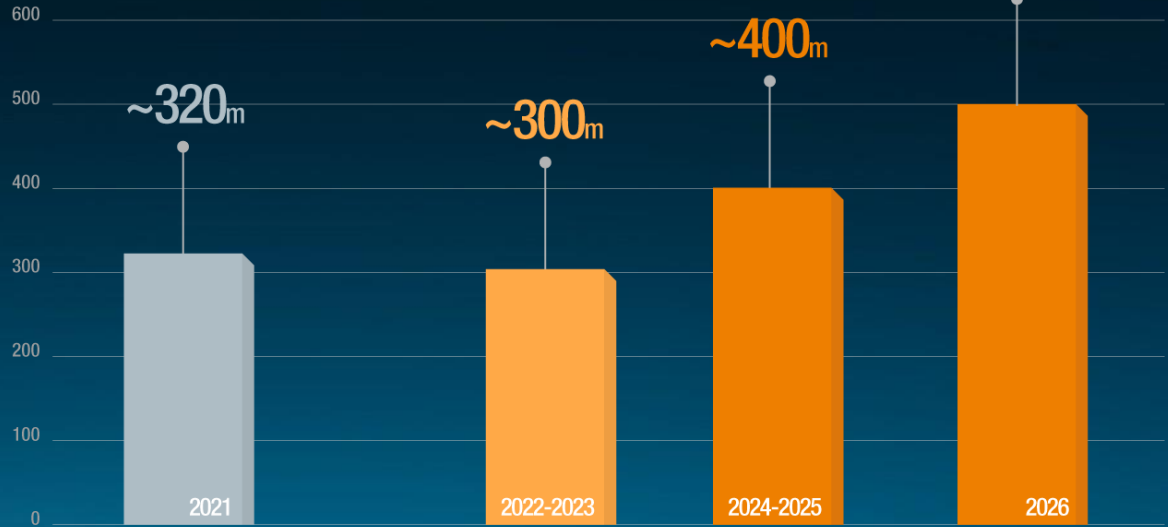


Solid cash generation from higher profitability and strong B/S

Solid cash generation

- Objectives:
 - step up OCF
 - FCF yield of ~100%
- Funding opportunities to grow:
 - organic and inorganic
 - investments in innovation, sustainability, digital
 - dividend

OCF in millions of euro

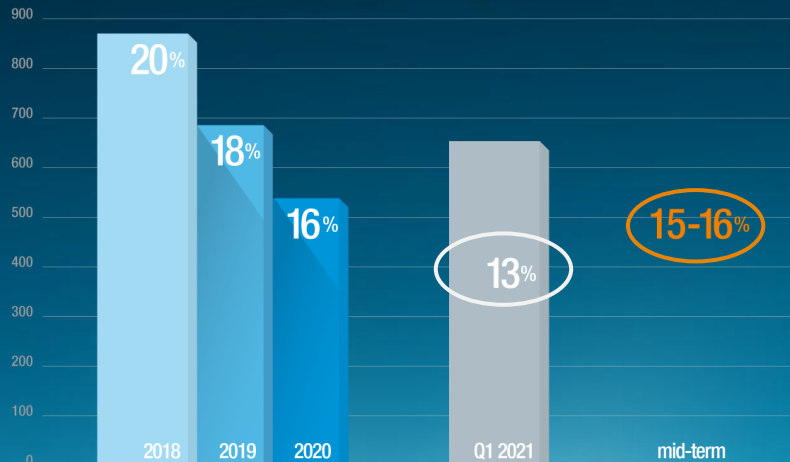


Cash flow generation is at the center of our strategy

Working capital

- Decreased by 40% in 2 years (YE 2020 vs YE 2018)
- Average working capital on sales decreased from 20% (FY 2018) to 13% (Q1 2021)
- Objective is to maintain a level of 15-16%

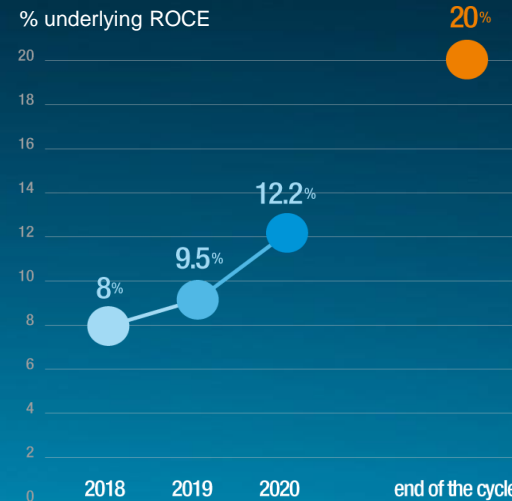
Working capital in millions of euro and as a % on sales



Capital allocation

- ROCE improved by +50% in 2 years (FY 2020 vs FY 2018)
- Objective is to reach a ROCE greater than 20% by the end of the cycle

% underlying ROCE



Value creation in our financial projections 2022-2026



**Consolidated
sales**



**uEBIT
margin**



**FCF
yield**



**Net debt
leverage**

**Mid-term targets
(2022-2026)**

3%+ CAGR
organic

8-10%
through the cycle

~100%
FCF/net result

< 1.5
net debt/uEBITDA

Value creation in our financial projections 2021-2026



**Consolidated
sales**



**uEBIT
margin**



**FCF
yield**



**Net debt
leverage**

**Mid-term targets
(2022-2026)**

3%+ CAGR
organic

8-10%
through the cycle

~100%
FCF/net result

< 1.5
net debt/uEBITDA

**Restated short-term
guidance (2021)**

≥ € 4.4 bln

≥ 80 bps
above FY2020

< 1.0

Closing Words

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Oswald Schmid - CEO

Transforming at speed

Performing customer-centric, ambitious, and committed to deliver

Transforming modern, digitalized company, building a better future

Growing Better positioned, focused and innovative

Transforming at speed

CREATIVITY BEYOND STEEL

Q&A-sessie

Moderator:

Katelijan Bohez,
VP Investor Relations & External Communications



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