Q&A Bekaert FY2018 Results

Press Conference – Analyst Conference

1 March 2019

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Q&A selection

Included in this summary: Q&A related to Bekaert's announcements of 1 March 2019 – including topics that may not have been literally disclosed in previous or today's press releases:

- FY2018 Results
- Organizational and Leadership Changes

Any information disclosed on top of press release texts is *indicated in Italic.*

The Analyst Conference and Q&A session can also be viewed in replay @ bekaert.com/investors

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Q1: What is Bekaert's guidance for 2019?

A1: From today's perspective, and provided there will be no exceptional, unforeseeable circumstances like a largescale recession, we anticipate stable sales 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. *This is: within 2-3 years*. *Our longer term ambition remains to move towards a margin performance of 10%.* Capex Guidance (PP&E): in between € 130-150 million.

Q2: What is the current trend in wire rod prices + tariffs update?

A2: *Moving in different directions per region and per month. End of Q4/18: stable in EMEA, decreasing in APAC. Q1/19: bit lower in NAM, increasing again in China. Iron ore prices surge in the wake of the Vale dam disaster in Brazil.*

NAM tariffs: imported wire rod for rubber reinforcement products: *since early January 2019: again from Brazil – no duties but volume quota. Since February 2019: tariff exemptions granted on all other relevant countries (sourcing alternatives for Bekaert).* More important than the tariffs = the uncertainty created. Domestic wire rod in US (for non-rubber business): significant price increases (integrated players have increased prices by +30% in 2018). Difficult to fully pass through.

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Q3: Why won't sawing wire 3rd generation (diamond wire) contribute significantly to 2019 results?

A3: Fierce competition and sharp price erosion. Our product is technically good and thinner diameter solutions offer a price premium, but at the current price level: profit margin too low to contribute significantly. *Market leader is Yangling Metron New Material Co., Ltd of China - more scale (10x bigger) + aggressive pricing (eg on mainstream 65µ: price erosion of -75%). Customers don't want single-sourcing and we are getting more cost-efficient. We stay in business unless further developments would force us to take another decision.*

Q4: Can you give us guidance on BBRG 2019?
What is BBRG mid-term margin target?

A4: We don't guide for 2019 – neither for BBRG or for Group Consolidated. BBRG is implementing its 3Y profit restoration plan and as can be seen from H2>H1 2018: excluding the one-time adjustments, there is some improvement visible already. Demand will depend on projects, but the team is also working on focused segmentation, pricing actions and portfolio improvements.

Margin target BBRG: same potential as the average of the Group.

Short term: from loss (including one-time write-offs) to profit.

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Q5: How sustainable is the good performance in Brazil?

A5: Brazilian joint ventures have performed very well (though currency translation effect was negative (average BRL/EUR -19% yoy). *More stability in Brazil and confidence increasing. GDP improving. However, another big scandal (cf Odebrecht since 2015) could change things again.*

Q6: Chinese economy is not doing well – car sales dropped: overcapacity?

A6: There has been some car sales slowdown – truck not that much. *Our OEM presence is about 25% versus 75% replacement market.* We seem to have gained market share and pricing power in China and have improved the mix (higher-end, lower TCO products). *Downward pressure more visible in lower end markets in China.*

Q7: Effects of no-deal Brexit on inventories?

A7: Hard or soft Brexit .. Yes we have made preparations but the scope is rather limited: the total of all sales/purchase flows between UK/EU is *less than 4% of our consolidated sales*. We have implemented actions, first of all because we do expect logistic issues. However, the real question is: what effect will this have on the markets?

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