

Unofficial translation

**NV Bekaert SA
Bekaertstraat 2
8550 Zwevegem**

BTW BE 0405.388.536 RPR Gent, division Kortrijk

**Special report of the Board of Directors
relating to the authorized capital and
the change of the object of the Company**

19 December 2019

1) *Introduction*

The Company is governed by the (new) Belgian Code on Companies and Associations ("**CCA**") as from 1 January 2020. The Board of Directors will propose the Extraordinary General Meeting of Shareholders of 26 March 2020 (or of 13 May 2020 should the required quorum not be reached on 26 March 2020) to amend the Company's Articles of Association among other reasons to bring them in line with the CCA.

At the Extraordinary General Meeting of Shareholders, the Board of Directors will propose also to renew the authorized capital authorizations¹ and to expand the Company's object ('*voorwerp*') as explained in more detail below.

The Board of Directors has prepared this report in application of article 7:199 CCA (authorized capital) and article 7:154 CCA (change of the object).

2) *Authorized capital*

a. *Circumstances in which the authorized capital may be used*

On 11 May 2016, the Extraordinary General Meeting of Shareholders renewed the authorization granted to the Board of Directors to increase the registered capital in one or more times during a period of five years, with or without excluding the preference right. Such authorization became effective on 20 June 2016, and will expire on 19 June 2021. The maximum amount of the increase is € 176,000,000.00.

¹ If the proposed renewal is not approved by the Extraordinary General Meeting of Shareholders, the current authorizations will continue to apply.

On 9 May 2018, the Extraordinary General Meeting of Shareholders renewed the authorization granted to the Board of Directors to increase the registered capital, by making use of the authorized capital and subject to Article 607 of the (old) Belgian Companies Code, upon receipt by the Company of a notice from the Belgian Financial Services and Markets Authority of a public take-over bid for the Company's securities. Such authorization became effective on 14 June 2018, and will remain in effect in respect of any such notice that may be received by the Company on 13 June 2021 at the latest.

Although the current authorizations will not expire until 19 June 2021 and 13 June 2021 respectively, the Board of Directors wants to avoid the risk of a temporary lapse of an authorization that might occur if the authorization were to be extended in 2021 and if publication were to suffer a delay. Moreover, the renewal of the authorizations will be combined with the amendment of the Articles of Association in light of the CCA.

Therefore, the Board of Directors proposes that the Extraordinary General Meeting of Shareholders of 26 March 2020 (or of 13 May 2020 should the required quorum not be reached on 26 March 2020) authorizes the Board of Directors to make use of the authorized capital procedure up to a maximum amount (exclusive of the issue premium) of € 177,793,000.00 (i.e. the present amount of the registered capital).

Any such capital increases shall be effected in accordance with the conditions prescribed by the Board of Directors, e.g.:

- i. by means of a contribution in cash ('*inbreng in geld*') or in kind ('*inbreng in natura*'), or by means of a mixed contribution ('*gemengde inbreng*') within the limitations set forth in the applicable legal provisions;
- ii. by conversion of reserves ('*omzetting van reserves*'), share premiums ('*uitgiftepremies*') or other equity components or otherwise;
- iii. with or without issuing new shares, below, above, or at the fractional value of the existing shares of the same class, with or without share premium; or
- iv. by means of issuing convertible debentures ('*converteerbare obligaties*') or subscription rights ('*inschrijvingsrechten*') (whether or not attached to another security).

The Board of Directors will be entitled to use the authorization to increase the capital *inter alia* in the context of a stock option plan.

The Board of Directors will be entitled to use the authorization for:

- i. capital increases or issues of convertible debentures or subscription rights (whether or not attached to another security) where the preferential subscription right of the shareholders shall be limited or excluded (art. 7:200, 1° CCA);
- ii. capital increases or issues of convertible debentures or subscription rights (whether or not attached to another security) where the preferential subscription right shall be limited or excluded for the benefit of one or more specified persons, other than members of the personnel (art. 7:200, 2° CCA), and
- iii. capital increases by conversion of the reserves (art. 7:200, 3° CCA).

On the occasion of a capital increase within the limits of the authorized capital, the Board of Directors shall be authorized to request an issue premium, which shall be mentioned on one or more separate accounts under equity in the liabilities in the balance sheet.

Furthermore, the Board of Directors requests to be expressly authorized to use its authorization, from the receipt of the notification by the Belgian Financial Services and Markets Authority that it has been informed of a public takeover bid on the Company's financial instruments and until the end of such takeover bid, (i) by increasing the capital through contributions in kind or in cash with cancellation or limitation of the preferential subscription rights of the shareholders, or (ii) by issuing securities granting voting rights (whether or not representing the share capital) (or securities giving right to subscribe to or acquire such securities), if they are not offered by preference to the existing shareholders in proportion of their shareholding (art. 7:202, section 2, 2° CCA). This authorization is granted to the Board of

Directors provided that: (i) the issued shares are fully paid up as from their issue, (ii) the issue price is not less than the price of the bid, and (iii) the number of issued shares does not exceed 10% of the total number of shares prior to the capital increase.

It is to be noted that, as a matter of Belgian company law, the Board of Directors cannot, within the framework of the authorized capital, decide to:

- i. issue subscription rights that are *mainly* reserved for one or more specific persons who are not members of the personnel (art. 7:201, 1° CCA);
- ii. issue shares with multiple voting rights or securities giving right to the issuance of or conversion in shares with multiple voting rights (art. 7:201, 2° CCA);
- iii. increase the capital mainly by way of a contribution in kind exclusively reserved for a shareholder of the Company holding securities of the Company to which more than 10% of the voting rights of the Company are attached (art. 7:201, 3° CCA); or
- iv. issue a new class of shares (art. 7:201, 4° CCA).

The Board of Directors will be able to use such authorizations during a period of five years from the publication of the authorizing resolution of the Extraordinary General Meeting of Shareholders in the Annexes to the Belgian Official Journal, except in the context of a public takeover bid (see above), where the specific authorization will be valid only in respect of public take-over bids of which the Company is notified at most three years after the date of the Extraordinary General Meeting of Shareholders.

b. Purposes for which the authorized capital may be used

The Board of Directors may make use of such authorization in a variety of circumstances and with various objectives, including without limitation the following:

- (i) the financing of important projects;
- (ii) the furtherance and preservation of the autonomy of the Company and the Bekaert Group;
- (iii) the furtherance of co-operation with new partners;
- (iv) the implementation of any possible future option plan, or of any other issue of shares or subscription rights reserved to personnel of the Company or its subsidiaries; and
- (v) the protection and defense against a public take-over bid launched for the Company or in the case of an imminent take-over bid.

The technique of the authorized capital offers the Board of Directors a sufficient degree of flexibility and speed of implementation, which may be required in order to ensure an optimal pursuit of the interests of the Company.

The relatively complex, expensive and time-consuming procedures for a listed company to have an Extraordinary General Meeting of Shareholders convened with a view to resolving upon a capital increase may, in certain circumstances, be incompatible with certain fluctuations on the capital markets or certain opportunities which may present themselves to the Company or with certain threats which the Company may be confronted with (including a public takeover bid). The inability to, in such circumstances, timely have an Extraordinary General Meeting of Shareholders convened may be to the detriment of the Company.

Also, when the Company wishes to admit one or more institutional, strategic or other shareholders to its capital structure or wishes to finance, pay (e.g. as consideration for any public takeover bid) or support (e.g. by way of "equity kicker") a certain transaction (e.g. an acquisition (whether private or public) of securities or assets in one or more companies), capital expenditure or investment (in part or entirely) by way of issuing securities, convening an Extraordinary Meeting of Shareholders may, under the circumstances, lead, for instance, to a premature announcement of the relevant transaction which in turn may jeopardize the favorable outcome of the negotiations in respect of such transaction. In addition, making approval of the Extraordinary General Meeting of Shareholders a condition of such transaction, may, under the circumstances, jeopardize the ability to actually enter into such transactions.

The Board of Directors may also use the authorized capital in the framework of the remuneration policy of the Company (and the Bekaert Group as a whole), including for the issuance of shares, stock options or subscription rights to employees, directors, executives or consultants of the Company and its subsidiaries, as well as to persons who in the scope of their professional activity have made themselves useful to the Company and its subsidiaries.

Finally, the Board of Directors may consider using the authorized capital to finance important projects, and to promote and maintain the autonomy of the Company and the Bekaert Group, as well as to promote a cooperation with new partners.

The abovementioned terms and conditions governing the use of the authorized capital and purposes for the use of the authorized capital should be interpreted in the most extensive possible way.

The Board of Directors is convinced that the renewal of the authorized capital authorizations will enable it to act in the best interests of the Company.

3) *Object of the Company*

In anticipation of the contemplated transfer of certain banking, financial and other activities of Bekaert Coördinatiecentrum NV (being a 100% subsidiary of the Company with its registered office at Bekaertstraat 2, 8550 Zwevegem and company number BTW BE 0426.824.150 RPR Gent, division Kortrijk) to the Company, the Board of Directors proposes to expand the object ('*voorwerp*') of the Company with the following activities: "*To publish, to provide and gather information, to insure and reinsure, to develop scientific research, to have relations with the national and international authorities, to centralize financial transactions and share the risks arising out of fluctuations of exchange rates, as well as to perform all activities of a preparatory or ancillary nature for the Company and its related companies*".

The Board of Directors is of the view that the proposed change of the object is in the interest of the Company, and requests the Extraordinary General Meeting of Shareholders to approve the proposed change.

On behalf of the Board of Directors