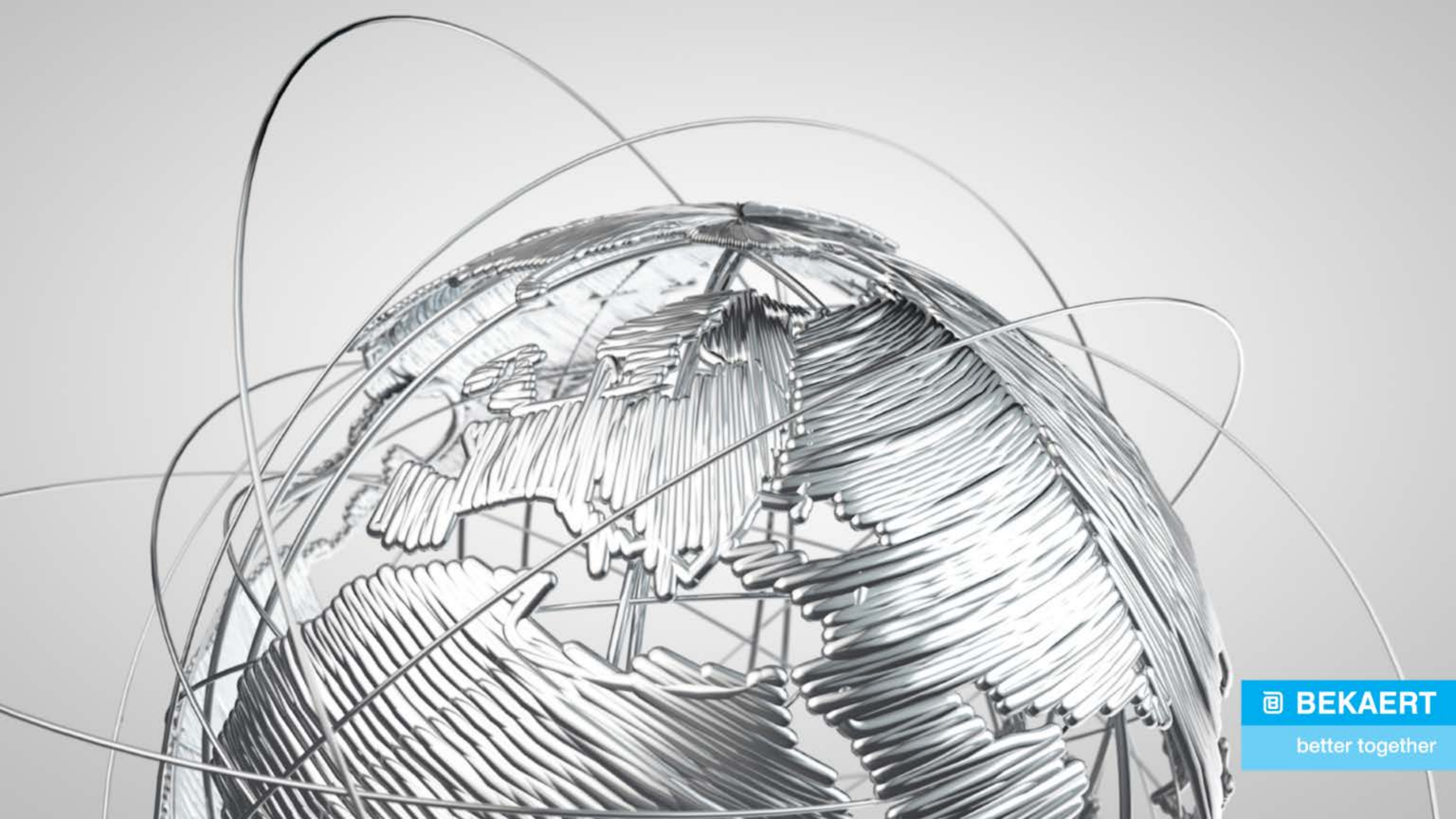

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1H results 2019

Press Conference – Analyst Conference

Brussels, 26 July 2019

Matthew Taylor, CEO
Frank Vromant

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Safety briefing

H1 2019: Bekaert improves profitability and reduces debt leverage

Highlights

In challenging market conditions, Bekaert improved its financial performance in the first half of 2019:

- achieved 3% sales growth, particularly in tire and construction markets
- realized major cost savings in operations and overheads
- enhanced our pricing power and product-mix
- improved the business mix of Bridon-Bekaert Ropes Group
- significantly improved the average working capital on sales
- deleveraged and successfully refinanced debt.

Underlying EBIT reached € 126 million for the first half of 2019, up 14% from last year and representing a margin on sales of 5.7%.

Underlying EBITDA totaled € 239 million, up 12% and reflecting a margin of 10.8%.

Underlying ROCE was 9.3% compared with 8.1% for the same period last year.

Net debt on underlying EBITDA improved from 3.1 (as per 30 June 2018) over 2.7 (at the close of 2018) to 2.6 on 30 June 2019.

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Market developments and significant events in the first half of 2019

Demand from tire markets remained solid, but started to slow at the end of Q2. Demand for steel fibers for concrete reinforcement was strong throughout the first half. The highly competitive steel wire solutions business suffered from weak demand in various sectors globally. Bridon-Bekaert Ropes Group continued to focus on improving the business mix and booked higher sales in oil & gas and mining markets.

We have faced some severe headwinds in the first half of 2019 due to various factors:

- the impacts from trade tensions and policy changes;
- an overall demand decline in industrial and agriculture markets;
- the adverse inventory valuation effect from raw material price decreases;
- and the impact from social actions in Belgium following the announcement of the restructuring plans.

New segmentation and sectorial breakdown

Rubber Reinforcement (RR)

Tire cord, bead wire, hose reinforcement wire and conveyor belt reinforcement

Steel Wire Solutions (SWS)

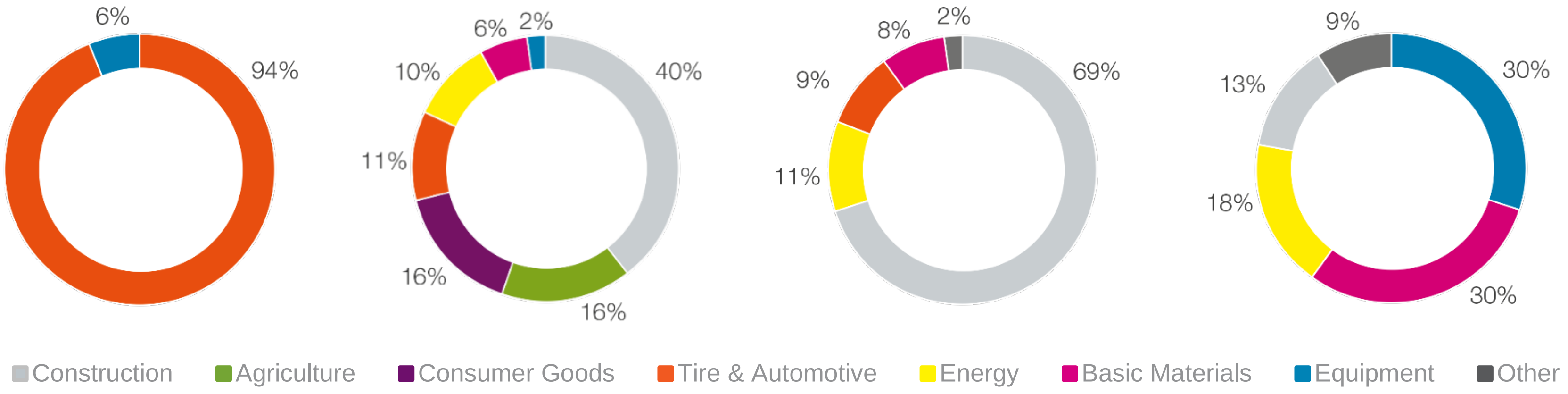
Steel wire products and solutions serving industrial, agricultural, consumer and construction markets

Specialty Businesses (SB)

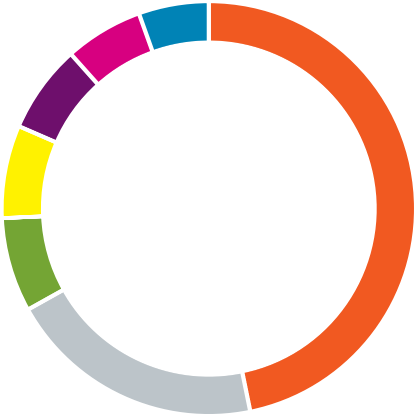
Building products, fiber technologies, combustion technology and sawing wire

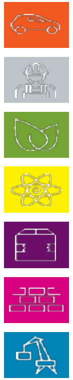
Bridon-Bekaert Ropes Group (BBRG)

Ropes and advanced cords businesses



Sectorial breakdown Bekaert combined sales



	47%	Tire & Automotive
	20%	Construction
	7%	Agriculture
	7%	Energy
	7%	Consumer goods
	6%	Basic materials
	6%	Equipment

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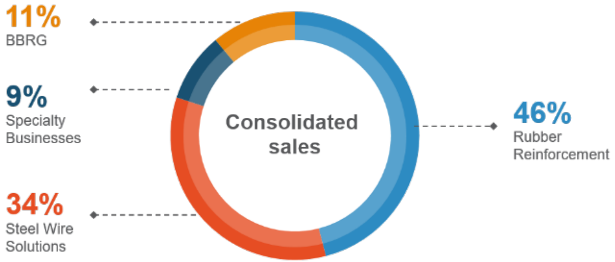
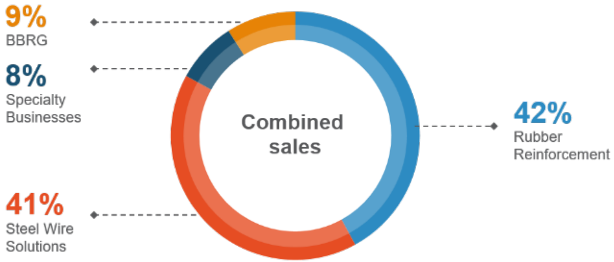
Consolidated sales H1 2019

Consolidated third party sales	H1 2018	H1 2019	Share	Variance	Organic	FX	M&A
Rubber Reinforcement	947	**1 014**	46%	**+7%**	+5%	+2%	-
Steel Wire Solutions	762	**751**	34%	**-1%**	-3%	+2%	-
Specialty Businesses	209	**202**	9%	**-4%**	-5%	+1%	-
BBRG	227	**242**	11%	**+7%**	+6%	+1%	-
Group	11	**10**	-	**-12%**	+42%	-1%	-53%
Total	**2 157**	**2 218**	**100%**	**+3%**	**+2%**	**+2%**	**-**





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Consolidated income statement: key figures

(in mio €)	Underlying		Reported	
	1H 2018	1H 2019	1H 2018	1H 2019
Sales	2 157	2 218	2 157	2 218
Cost of sales	(1 845)	(1 909)	(1 864)	(1 916)
Gross profit	**311**	**309**	**292**	**302**

- Sales increased by 2.9%:
  - -1.1 % organic volume decline
    - RR +4.3%, SWS -6.3%, SB (Building Products) +1%; BBRG -9.9%
  - +2.7 % aggregate effect of price-mix and passed-on wire rod prices decreases
  - -0.3 % less sales from the divestment of Solaronics SA (July 2018)
  - +1.6 % favorable impact of exchange rate movements

- Gross profit decreased by € -2.5 million (-0.8%) resulting in a margin on sales of 13.9%:
  - Divestment impact (Solaronics SA in 2018: € -1.8 million)
  - Increase in RR (€ 7 million), BBRG (€ 7 million) and SB (€ 4 million). Important decrease in SWS (€ -15 million).

- One-offs explain the difference between Underlying and Reported. A full disclosure of one-offs is shown on page 11.

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Consolidated income statement: key figures

(in mio €)	Underlying		Reported	
	1H 2018	1H 2019	1H 2018	1H 2019
Gross profit	**311**	**309**	**292**	**302**
Selling expenses	(91)	(88)	(91)	(89)
Administrative expenses	(82)	(70)	(87)	(71)
R&D expenses	(35)	(33)	(37)	(33)
Other operating revenue and expenses	7	8	24	7
EBIT	**111**	**126**	**101**	**115**

- Overheads decreased by € -17.6 million, a reduction to 8.6% as a percentage on sales (9.7% at 1H 2018; 9.1% at YE 2018).
- The lower expenses came from
  - Lower personnel costs (following restructuring measures in 2018)
  - Personnel related expenses
  - Marketing expenses
  - Lower spend in consultancy
  - A more focused R&D project portfolio

- One-offs explain the difference between Underlying and Reported. A full disclosure of one-offs is shown on page 11.

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Consolidated income statement: key figures

(in mio €)	Underlying		Reported	
	1H 2018	1H 2019	1H 2018	1H 2019
EBIT	111	126	101	115
EBIT margin	5.1%	5.7%	4.7%	5.2%
EBITDA	214	239	204	226
EBITDA margin	9.9%	10.8%	9.5%	10.2%
ROCE	8.1%	9.3%	7.4%	8.5%

- Underlying operating performance:
  - IFRS 16 (Leases) had a positive impact on EBITDA–U of € 11.7 million (only € 0.6 million at EBIT-U level).
- One-offs (bridge between underlying EBIT and reported EBIT):
  - Unaccrued costs related to the closure of the Figline plant (€ -2.6 million) and the Costa Rica Dramix plant (€ -1.7 million).
  - A partial provision for the closure of Moen (Belgium: impairment of assets) as well as operational losses following the announcement of the restructuring in Belgium (€ -6.9 million in total).
    The negotiations of the social plan are still ongoing and the associated costs cannot be estimated in a sufficiently reliable manner at this point in time. Hence half-year results do not yet reflect the social impact of the announced restructuring in Belgium.
  - Lay-off expenses (€ -2 million)
  - Reversals of some impairments (Malaysia and BBRG UK)
  - In 2018, one-off items were € -9.8 million. Main items: the gains on sale of land and building as part of the closing of the Huizhou (China) and Shah Alam (Malaysia) operations, more than offset by the costs related to the closure of Figline (Italy).

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Segment report BU Rubber Reinforcement

(in mio €)	Underlying		Reported	
	1H 2018	1H 2019	1H 2018	1H 2019
Consolidated third party sales	947	1 014	947	1 014
Consolidated sales	964	1 031	964	1 031
Gross profit	119	126	99	123
EBIT	84	94	66	91
EBIT margin	8.7%	9.1%	6.9%	8.8%
EBITDA	146	157	129	154
ROCE	11.9%	13.6%	9.4%	13.2%

- Consolidated sales up +7%, resulting from volume growth (+4.3%), the aggregate of price-mix effects and changes in wire rod prices (+1.0%) and favorable currency movements (+1.7%).
- Highlights
  - Strong volume growth in China (+12%) driven by firm demand and higher market share with significant EBIT improvement.
  - +2% sales growth on slightly lower volumes in EMEA. Weak demand from hose reinforcement wire markets and operational issues in Central European plants had an adverse impact on EBIT.
  - The US business was adversely impacted by negative inventory adjustments (lower wire rod prices), wire rod supply problems and a weak hose reinforcement wire market. EBIT was supported by strong import business.
  - Stable volumes in India and a slight decline in Indonesia.
- The introduction of IFRS 16 (Leases) increased EBITDA-U by € +2.3 million.

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Segment report BU Steel Wire Solutions

(in mio €)	Underlying		Reported	
	1H 2018	1H 2019	1H 2018	1H 2019
Consolidated third party sales	762	751	762	751
Consolidated sales	789	778	789	778
Gross profit	97	82	96	82
EBIT	38	28	48	26
EBIT margin	4.8%	3.5%	6.1%	3.4%
EBITDA	62	55	72	53
ROCE	11.3%	7.9%	14.2%	7.6%

- Volume contraction of -6.3%, which was only partially offset by the aggregate effect (+3.0%) of price-mix and wire rod price changes and FX (+1.8%).
- Highlights
  - Volume decline in EMEA due to weak (OEM) automotive and flexpipe business. Result was also adversely impacted by the social actions following the restructuring plan announcement in Belgium.
  - Very weak business conditions in North America for our major market segments: agriculture, utilities, construction, automotive.
  - The business climate in Latin America remained weak – particularly in Ecuador.
  - The South East Asia business recovered from a loss position after downsizing the business in Malaysia, while the result in China improved thanks to a successful turnaround program in the Qingdao plant.
- The introduction of IFRS 16 (Leases) increased Underlying EBITDA by € +2.4 million.

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Segment report BU Specialty Businesses

(in mio €)	Underlying		Reported	
	1H 2018	1H 2019	1H 2018	1H 2019
Consolidated third party sales	209	202	209	202
Consolidated sales	214	208	214	208
Gross profit	56	60	57	54
EBIT	18	25	19	18
EBIT margin	8.6%	12.0%	9.0%	8.6%
EBITDA	27	33	27	27
ROCE	14.6%	20.7%	15.3%	14.7%

- -3.5% lower sales but significantly higher margins
- Highlights
  - Strong performance in Building Products with better profitability on slightly higher volumes.
  - The Fiber Technologies business saw revenue decrease (-3.5%) due to lower sales for diesel particulate filter media and lower activity in the Belgian plant due to solidarity actions related to the Belgian restructuring plans.
  - 1H 2019 was disappointing in the Combustion business due to weak demand - both in Europe and China.
  - In Sawing Wire, the technology efforts allowed us to take a position in the diamond wire business and reach a break-even EBITDA.
- The introduction of IFRS 16 (Leases) increased Underlying EBITDA by € +1.7 million.

Segment report BU Bridon-Bekaert Ropes Group (BBRG)

(in mio €)	Underlying		Reported	
	1H 2018	1H 2019	1H 2018	1H 2019
Consolidated third party sales	227	242	227	242
Consolidated sales	228	244	228	244
Gross profit	34	41	34	43
EBIT	2	6	(1)	8
EBIT margin	0.8%	2.6%	(0.3%)	3.4%
EBITDA	16	19	14	19
ROCE	0.8%	2.6%	(0.3%)	3.4%

- BBRG achieved 6.8% top line growth and increased profitability by introducing successful profit restoration actions, particularly in the Americas.
- Highlights
  - The ropes business did much better than last year thanks to more focused sales in the strategic market segments (oil and gas, mining) and a clear improvement in the margins thanks to a better pricing policy.
  - Advanced cords performed at about the same level as 2018 – timing belt markets remain strong but the automotive and hoisting market demand softened.

- The introduction of IFRS 16 (Leases) increased Underlying EBITDA by € +2.7 million.

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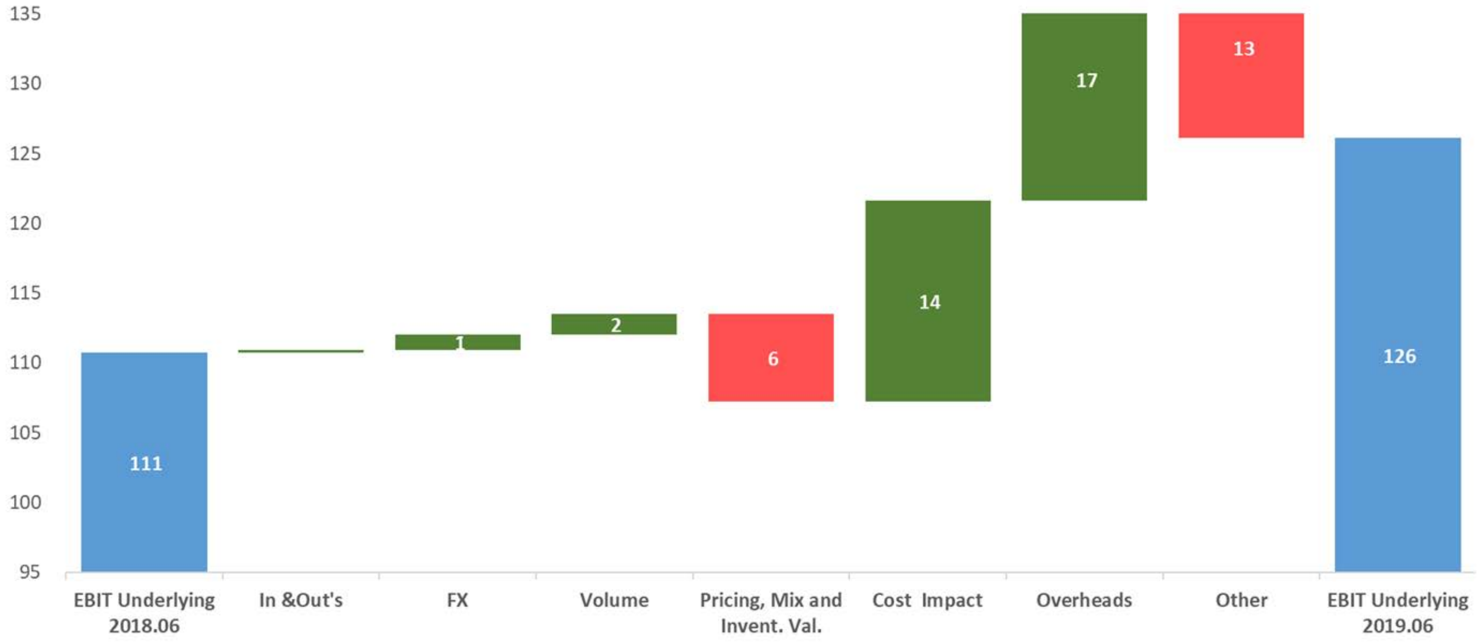
EBIT-Underlying bridge



Consolidated income statement: key figures

(in mio €)	1H 2018	1H 2019
EBIT	**101**	**115**
Interest income / expense	(45)	(33)
Other financial income and expenses	(0)	(1)
Result before taxes	56	81
Income taxes	(23)	(32)
Result after taxes (consolidated companies)	**33**	**48**

- Net interest expenses were significantly lower mainly following the BBRG debt refinancing (mid October 2018), somewhat offset by the additional interest expense following the introduction of IFRS 16 (Leases) (€ 1.8 million).
- Income tax expense. The overall Effective Tax Rate (ETR) remained at the same level as same moment last year (40%), while the effective tax rate for all of the profit making entities increased from 18.5% to 20.0%.

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Consolidated income statement: key figures

(in mio €)	1H 2018	1H 2019
Result after taxes (consolidated companies)	33	48
Share in the results of joint ventures and associates	12	13
Result for the period	**45**	**62**
Attributable to non-controlling interests	(10)	4
Attributable to equity holders of Bekaert	**54**	**58**

- The share in the results of joint ventures and associates reflects improved performance in the joint ventures in Brazil, both in the rubber reinforcement as in the steel wire activities.
- The change in Results attributable to non-controlling interests mainly reflects the buy-out of the minority stakeholder in BBRG (October 2018) (increase by € +14 million).

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Cash flow: key figures

(in mio €)	1H 2018	1H 2019
Gross cash from operations	147	189
Cash flows from operations	(17)	134
Cash flows from investment activities	(54)	(56)
Cash flows from financing activities	(60)	(60)

- Strong cash flow from operations as a result of a higher EBITDA and much better control on working capital.
- Strict control on capital expenditures in Cash-outs from investment activities. Cash-out for capital expenditures was only € 55 million versus € 95 million in 2018. In 2018 the Group collected € 41 million from the sale of land and buildings in China and Malaysia.
- Cash flows from financing activities. The proceeds from the Schuldschein issuance (€ 320.5 million) have been used to partially repay the bridge loan which was taken out for the refinancing of the BBRG loans (October 2018).

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Working capital: key figures

(in mio €)	1H 2018	Year-end 2018	1H 2019
Inventories	904	932	914
Accounts receivable	1 011	851	850
Accounts payable	(884)	(908)	(808)
Working capital	1 031	875	956

- Average working capital on sales improved to 20.6%, compared to 22.3% at the end of 1H 2018.
- Main contributor are the much lower Accounts Receivable. Compared to the end June last year, A/R are € 161 million lower, with similar sales over the second quarter in both years, reflecting the impact of the factoring programs (€ 114 million) and the significant efforts done in collecting outstanding receivables.
- Movements in FX closing rates had a net impact on Working Capital of € +9.5 million.

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Consolidated balance sheet: key figures

(in mio €)	Year-end 2018	1H 2019
Non-current assets	2 050	2 095
Current assets	2 400	2 375
Total assets	**4 449**	**4 470**
Equity	1 516	1 547
Non-current liabilities	907	1 291
Current liabilities	2 027	1 631
Total equity and liabilities	**4 449**	**4 470**

- Major changes
  - IFRS16 – Leases (non-current assets and non-current liabilities)
  - Repayment part of bridge loan with Schuldschein (move from current to non-current liabilities)

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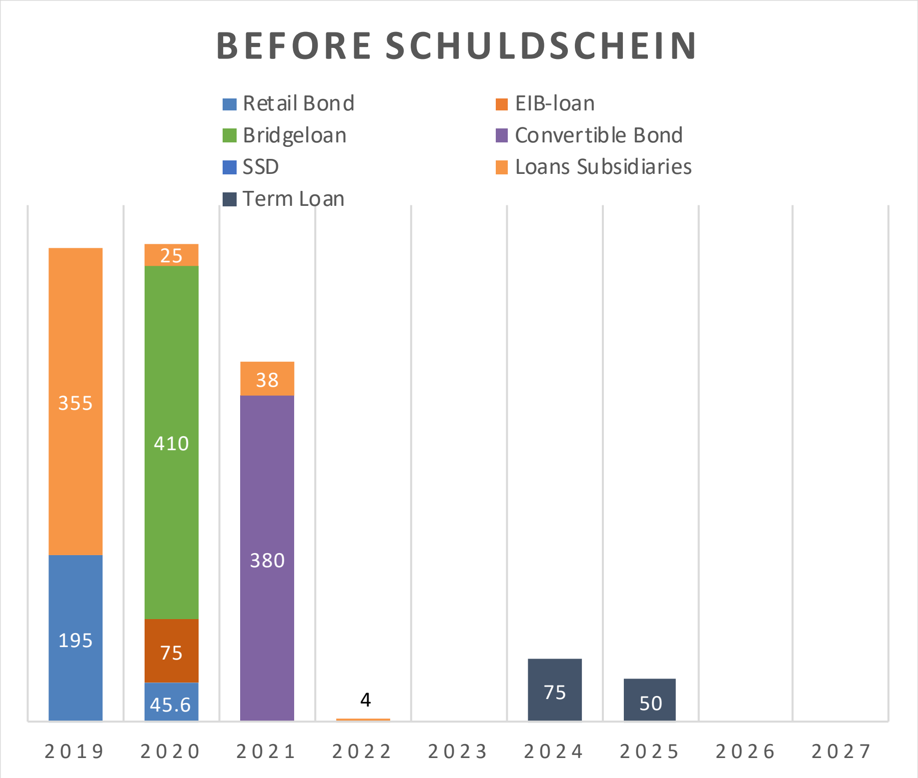
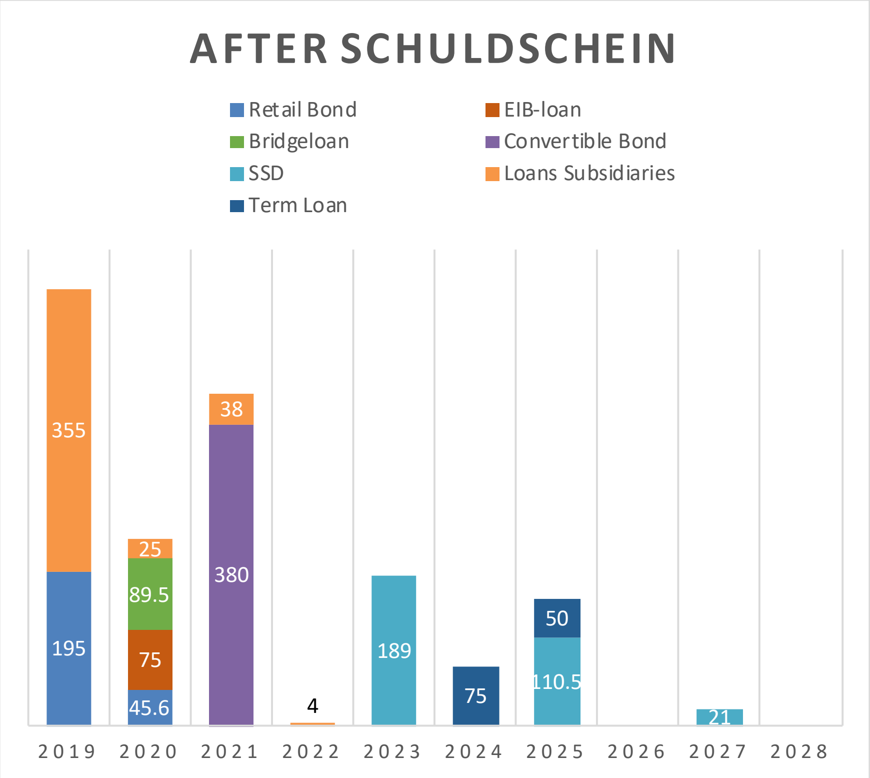
Maturity table before and after Schuldschein





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Ratios: key figures

	Underlying		Reported	
	1H 2018	1H 2019	1H 2018	1H 2019
Gross profit margin	14.4%	13.9%	13.6%	13.6%
EBITDA margin	9.9%	10.8%	9.5%	10.2%
EBIT margin	5.1%	5.7%	4.7%	5.2%
Sales on capital employed (asset rotation)	1.6	1.6	1.6	1.6
Return on capital employed (ROCE)	8.1%	9.3%	7.4%	8.5%
Return on equity (ROE)			5.7%	8.1%

(in mio €)	1H 2018	Year-end 2018	1H 2019
Net financial debt	1 339	1 153	1 253
Gearing (net debt to equity)	86.8%	76.0%	81.0%
Net debt on EBITDA (underlying)	3.1	2.7	2.6
Net debt on EBITDA (reported)	3.3	3.0	2.8

- IFRS16 (Leases) has increased net debt with € 85 million. Excluding those leases, net debt dropped by € 171 million versus end of June last year.
- Good improvement in Net Debt to EBITDA (underlying). Impact of IFRS 16 is immaterial: would have been 2.57 instead of 2.62.
- Improvement of Underlying EBITDA following IFRS16 (Leases): € 11.7 million for 1H, € 20.2 million for full year.

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Outlook

The business conditions in various sectors are trending lower as a result of continued uncertainty. We do not foresee a rebound in our agriculture, automotive OEM, and industrial markets in the near future. We project tire and construction markets to hold up well, but with the normal seasonality of the second half of the year.

We will continue to offset the headwinds with effective cost actions and by making further progress in enhancing our operating performance.

Despite seasonality and a softening demand in various sectors, we will continue to focus on year-on-year underlying EBIT margin improvement as we progressively rebuild to above 7% over the medium term.

We will further strengthen our balance sheet with strict control on working capital and capital expenditure, in order to continue reducing net debt/underlying EBITDA.

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