



# Bekaert Analyst Day – Zwevegem, 23 June 2014

@ BEKAERT

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## Welcome

**Bert De Graeve, Chairman**

Business Update Regions (30')

Bruno Humblet, CFO & Executive VP Latin America

Drivers for Growth (30')

Matthew Taylor, CEO

Break

Business platforms (60')

- Rubber Reinforcement – Lieven Larmuseau, Executive VP RR Platform
- ISW – Matthew Taylor, CEO

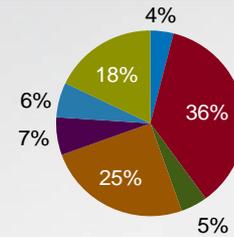
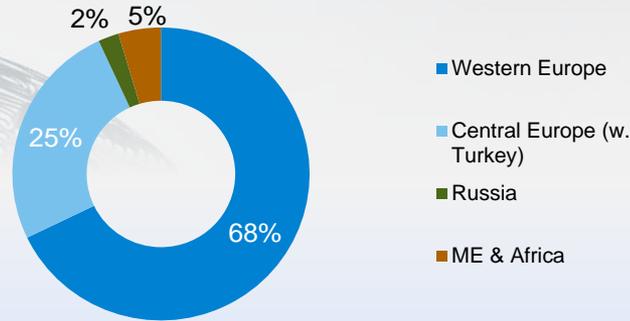
Lunch (12:30 – 14:30)



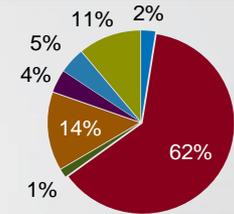
## Bruno Humblet

### Business Update Regions

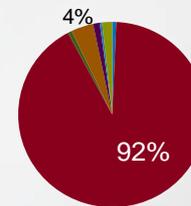
## 2013 Revenue split



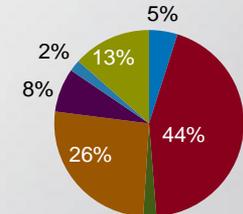
Western Europe



Central Europe



Russia

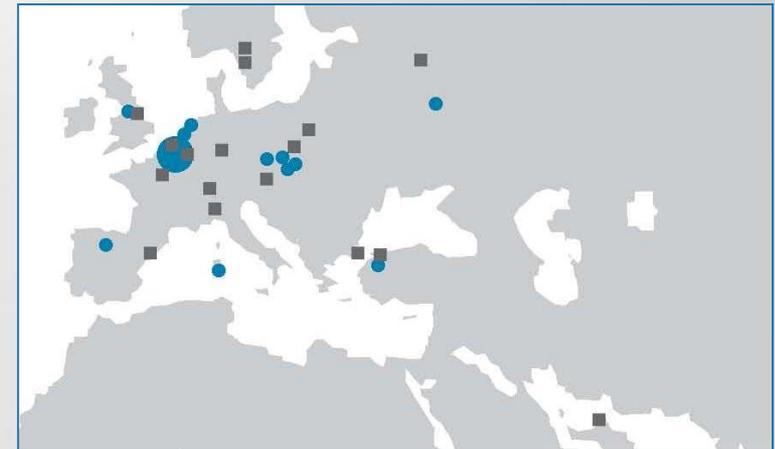


Middle East & Africa



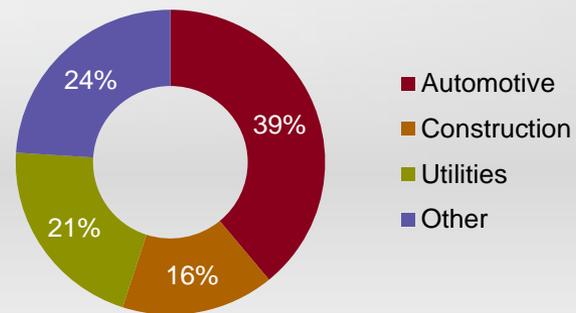
### Business update:

- Strong demand in automotive markets and in Oil & Gas (Flexpipe).
- Stable demand in construction.
- Good demand in other Industrial Wire markets: agri, rope wire.



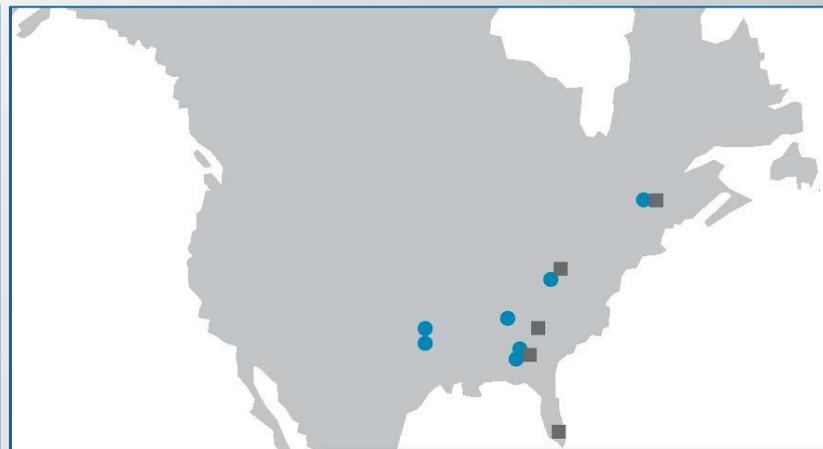


### 2013 Revenue Split

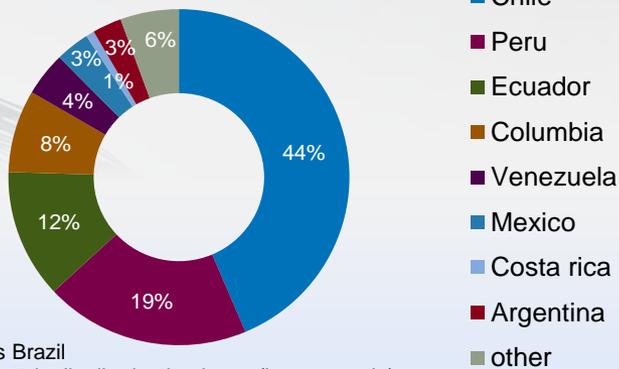


#### Business update:

- Tire volume demand slightly improving.
- Other industrial markets volume demand stable in April, May, in spite of Canada plant full closure in March.
- Good activity in Ropes platform (Canada)
- Negative currency impacts.



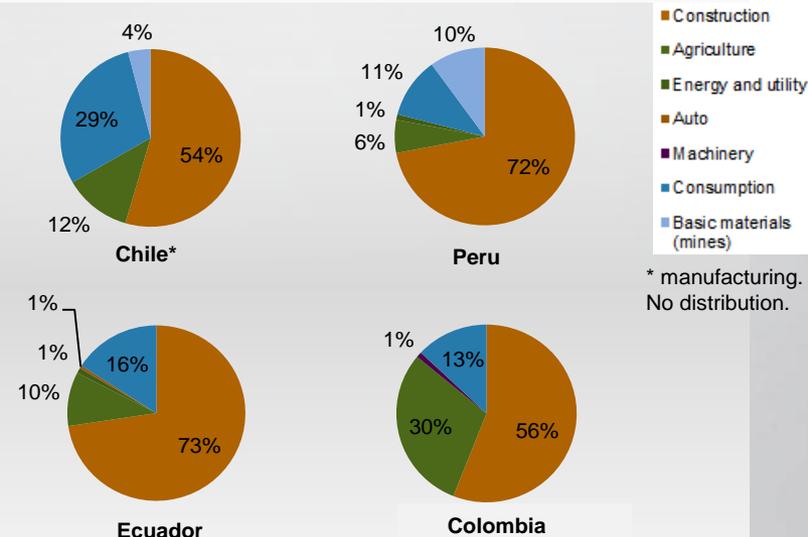
## 2013 Revenue Split

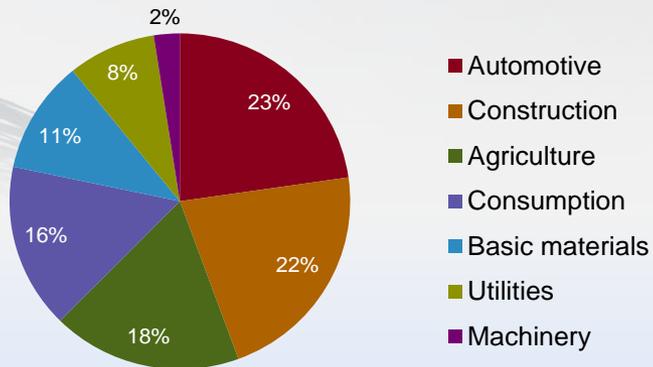


Excludes Brazil  
Chile : 60% is distribution business (lower margin)

### Business update:

- Slowdown in line with GDP trend while Bekaert achieved to maintain its market shares:
  - Construction market biggest hit.
  - Price and volume pressure only partially offset with lower raw material cost.
- Significant currency impact in Venezuela and also in other countries. Not further deteriorating.
- Key actions in place:
  - Import of Asian wire rod to offset competitive pressure from end products imports.



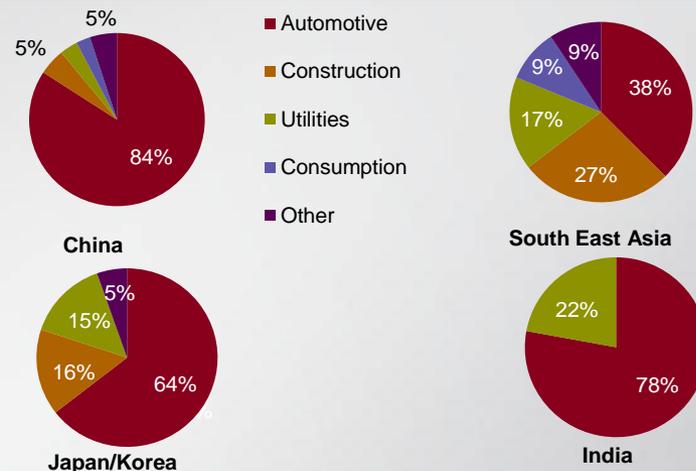
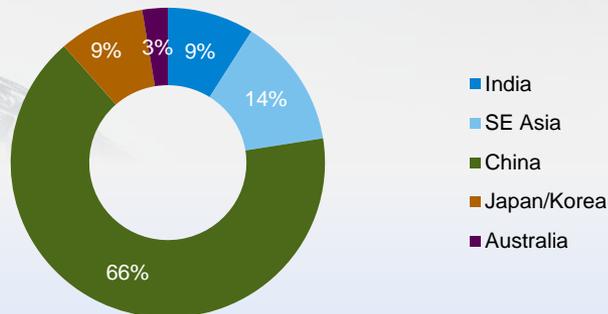


## Business update:

- Currency impact and weaker demand versus beginning of the year (automotive, construction)



## 2013 Revenue Split



### Business update:

- Tire sector in China : Significant volume growth due to good market demand and regained market share. Continued price pressure.
- Good tire sector demand in South East Asia and India.
- Large demand pickup in sawing wire.
- Low demand in South East Asia for industrial wires.
- Key actions in place: continued strong focus on cost reduction in tire cord.





# Matthew Taylor

## Drivers for Growth



## Roles & Responsibilities

## PLATFORMS

Strategy

Growth

Footprint

Customer and market  
development

Delivery of  
long term objectives

## REGIONS

Operations

Efficiencies and synergies

Sales management

Local and regional  
Customer relations

Delivery of  
annual objectives

## FUNCTIONS

Functional expertise

Excellence

Support to platforms  
and regions

Drive efficiencies

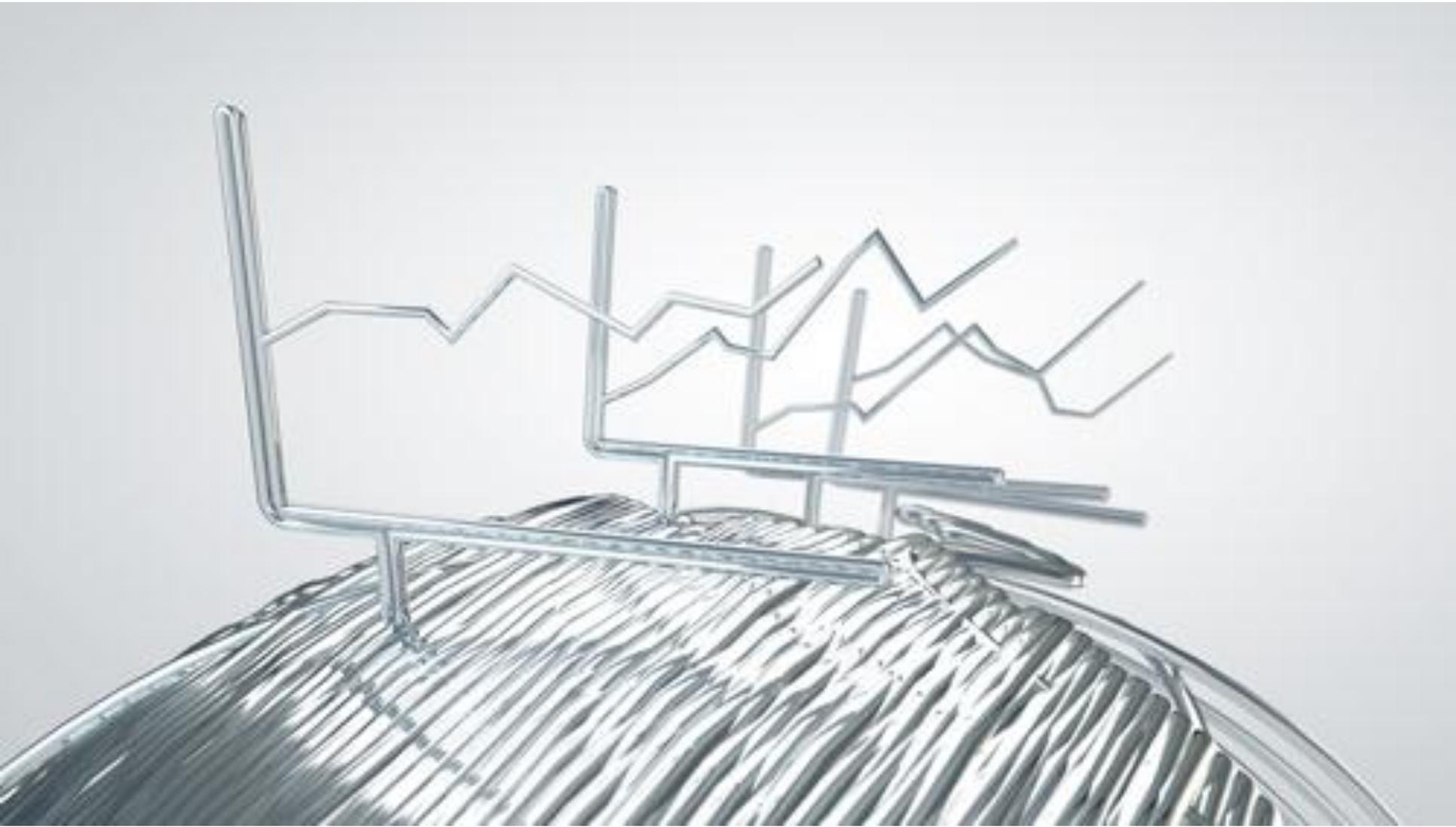
Leverage scale and help  
realize objectives

# Bekaert's ongoing capacity expansions and M&A projects

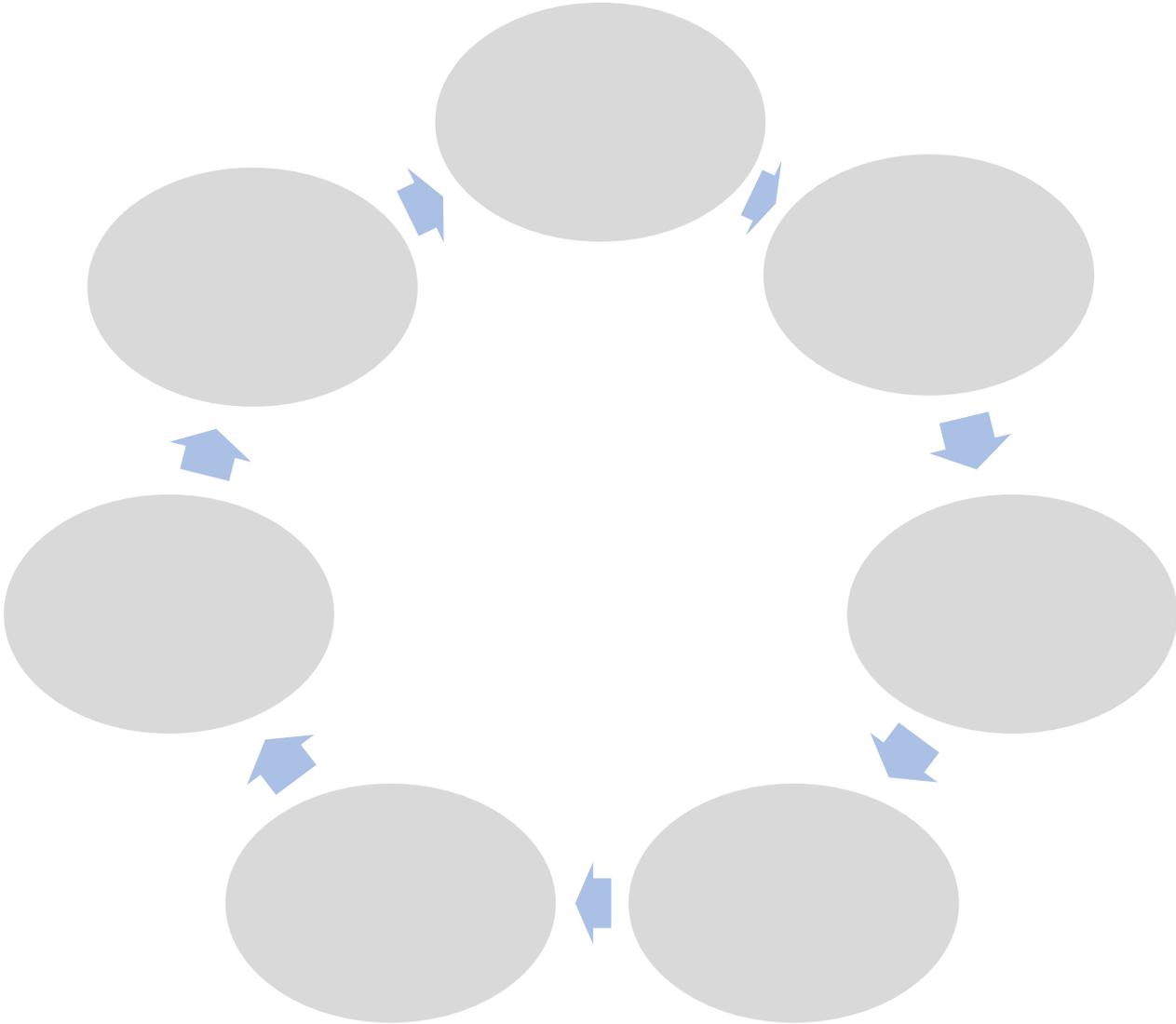


 **TIRELLI**  
 **BEKAERT**

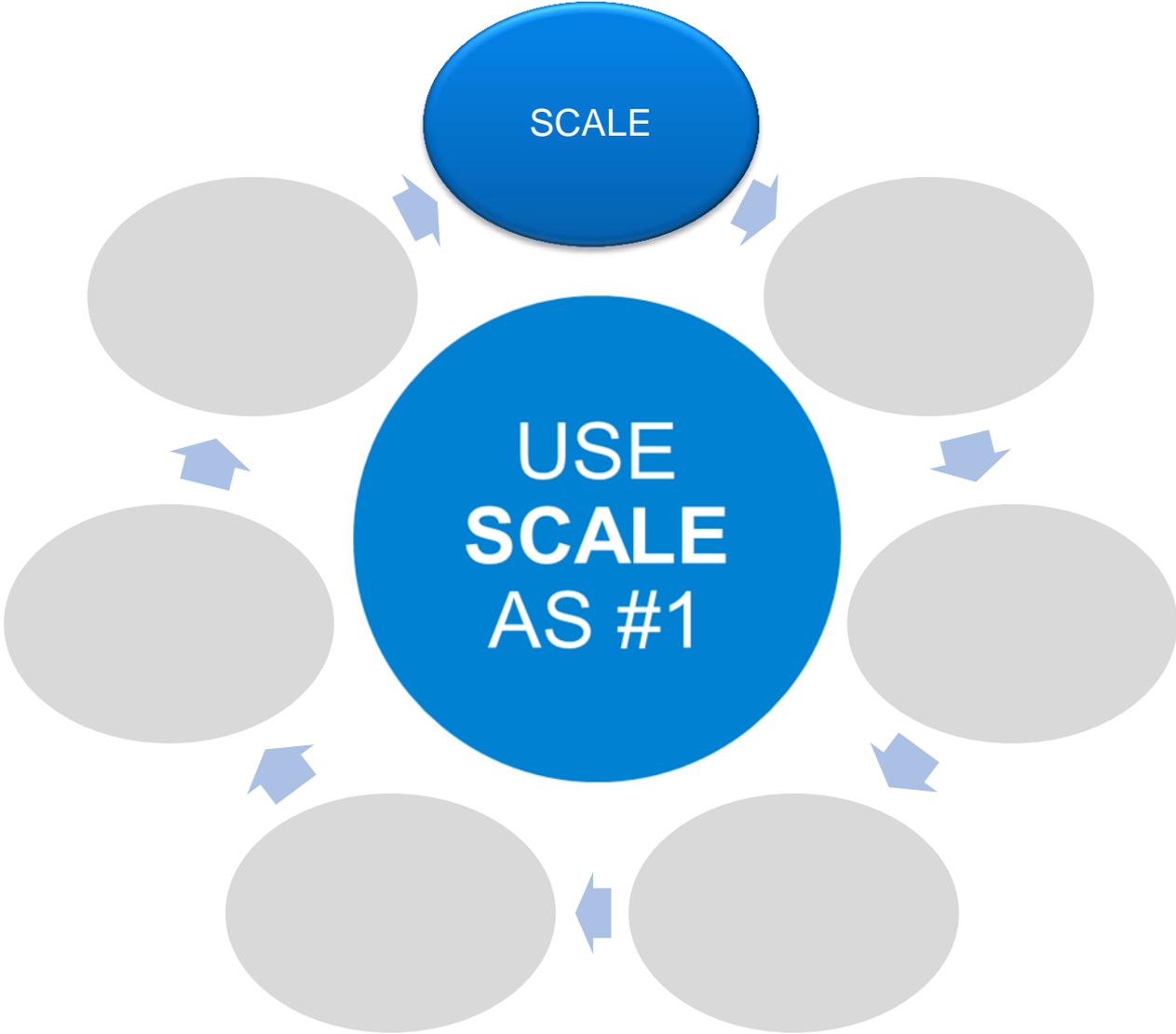
  
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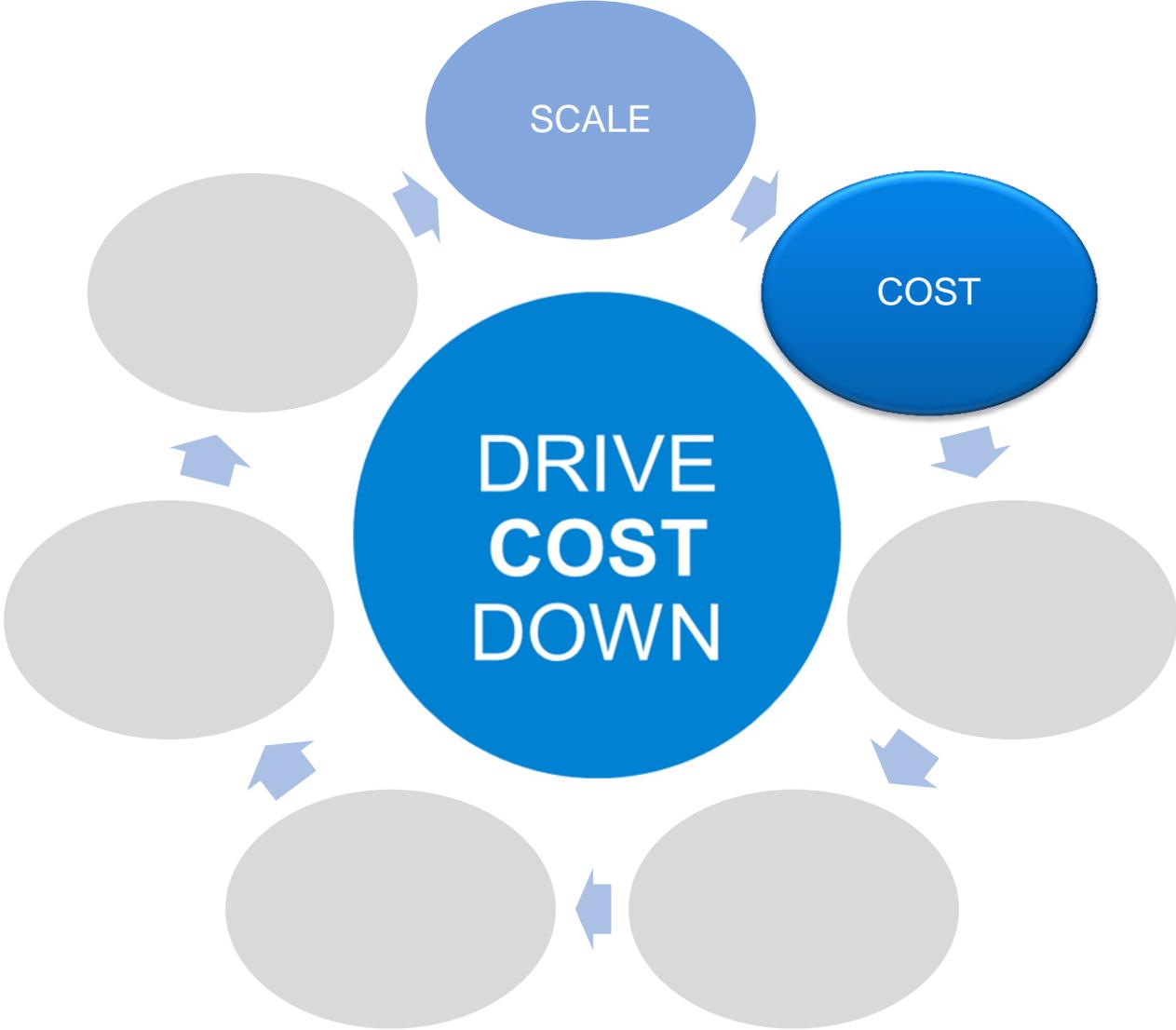
# Virtuous Circle of Scale



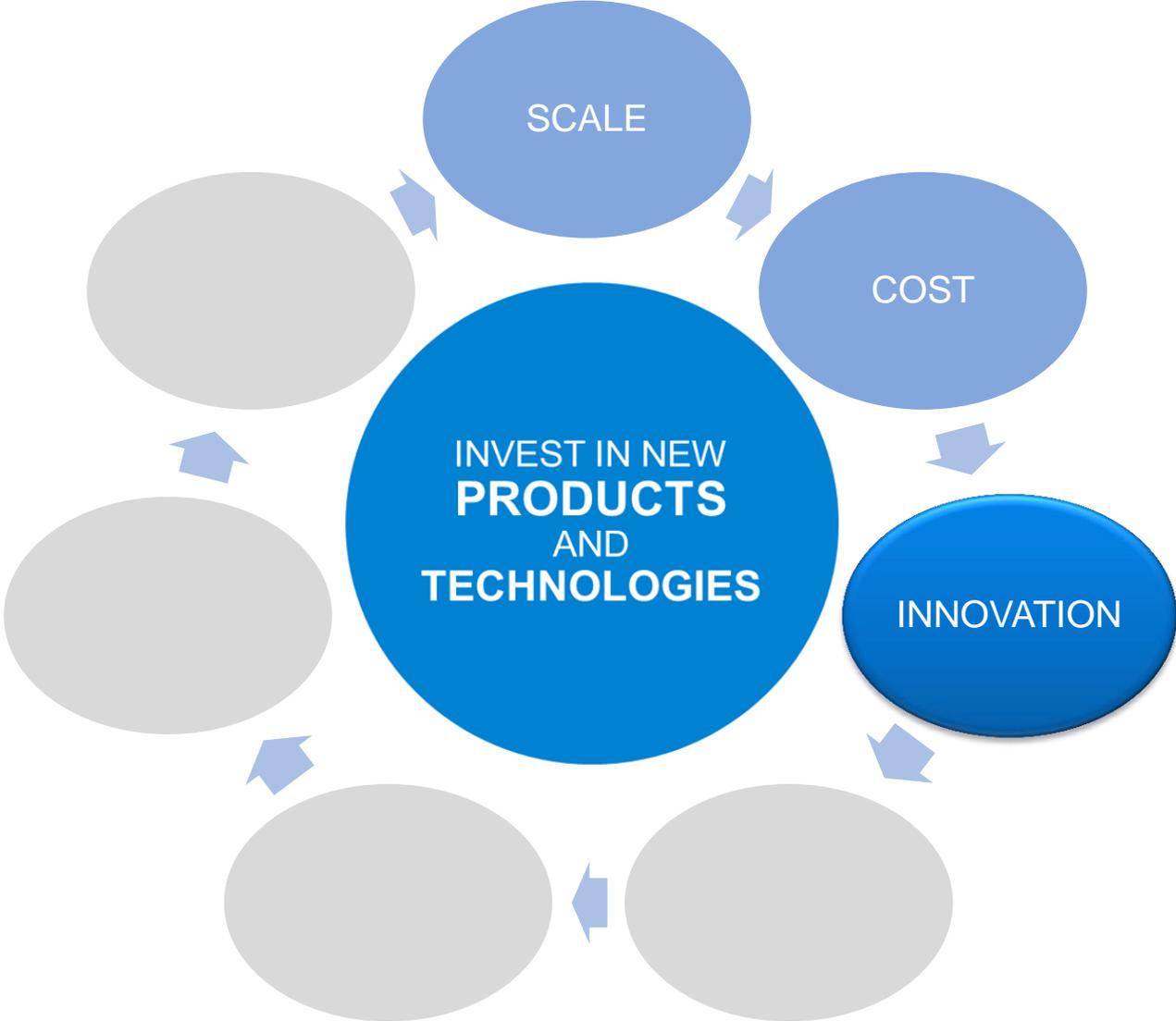
# Virtuous Circle of Scale



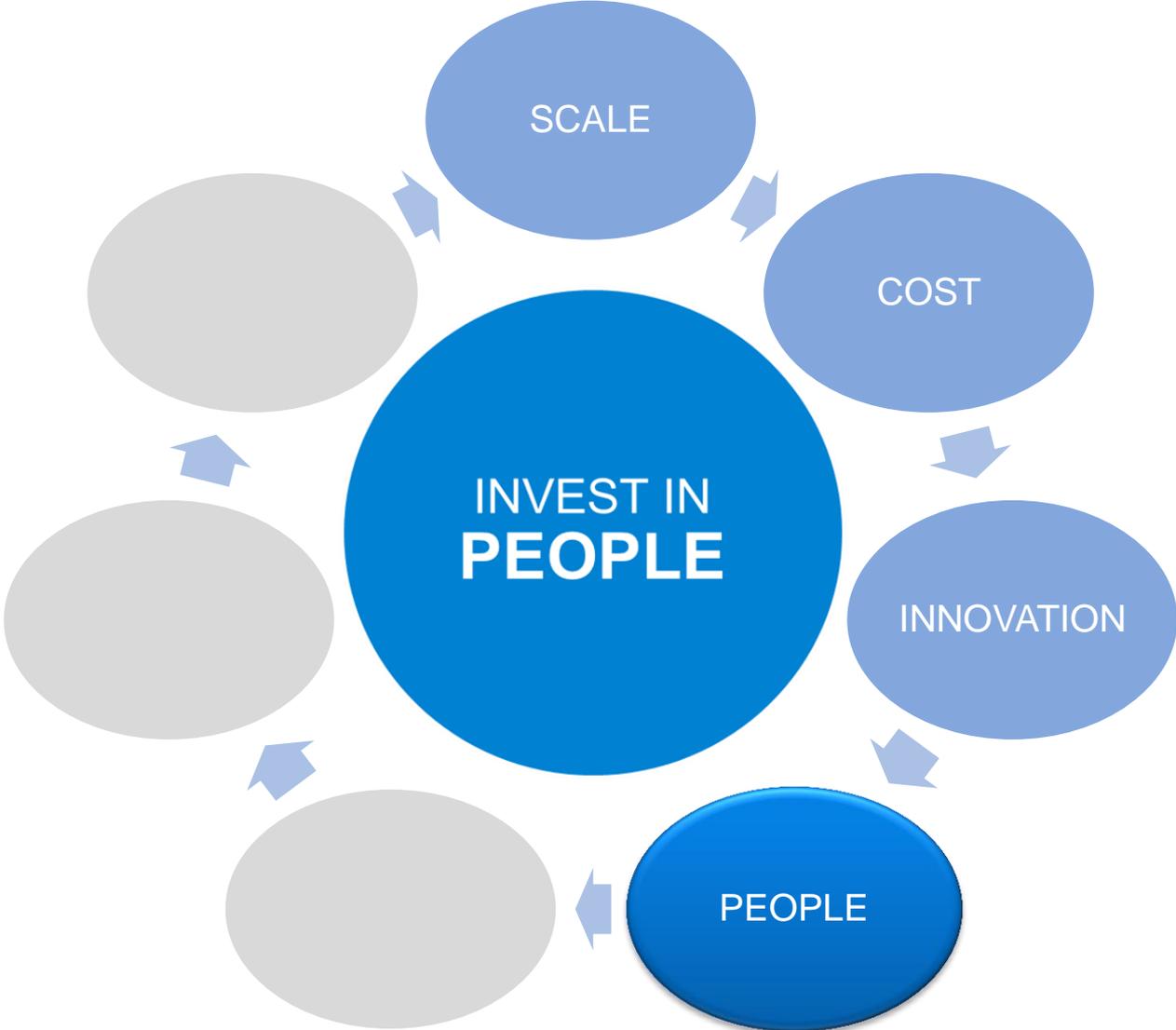
# Virtuous Circle of Scale



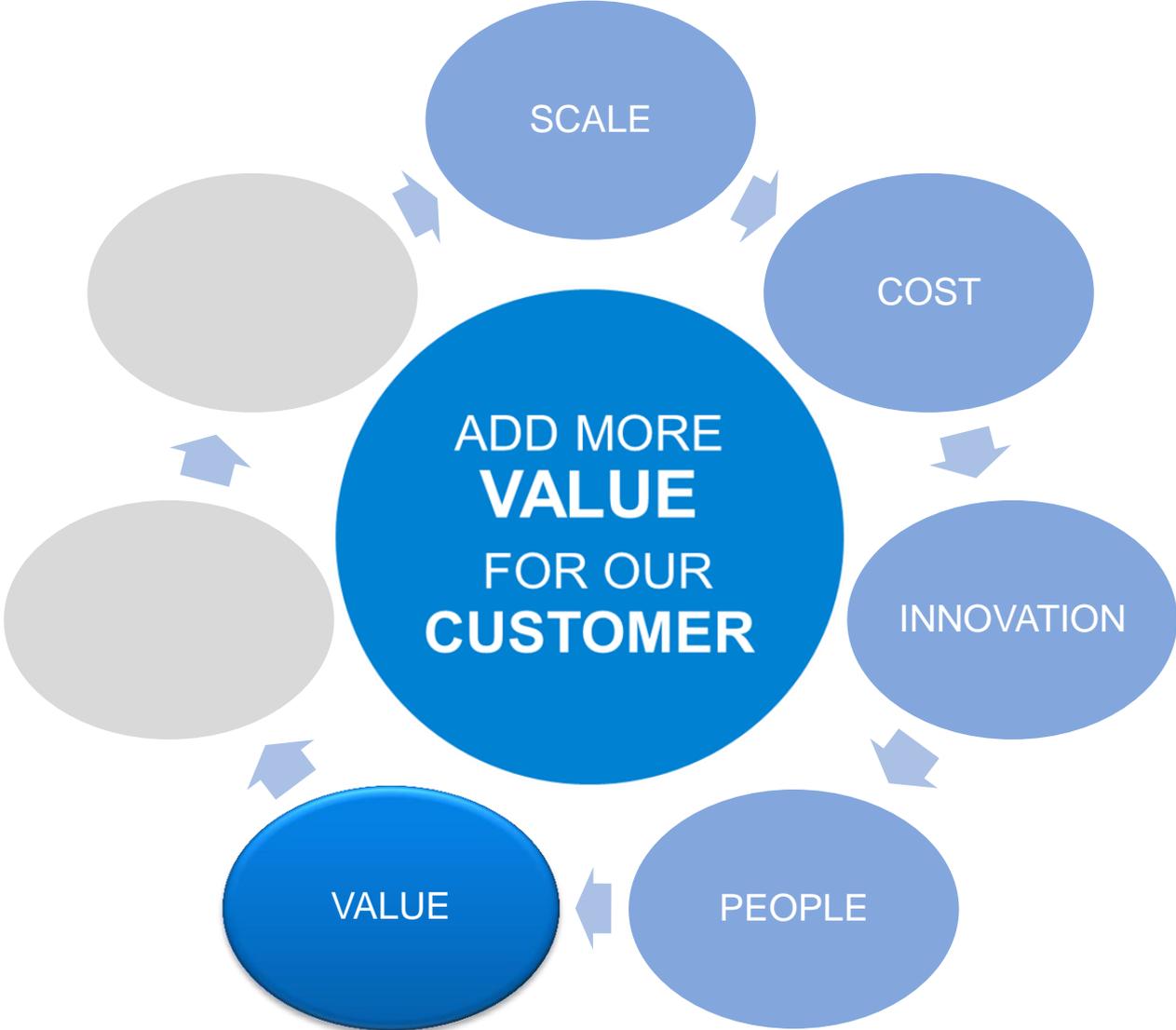
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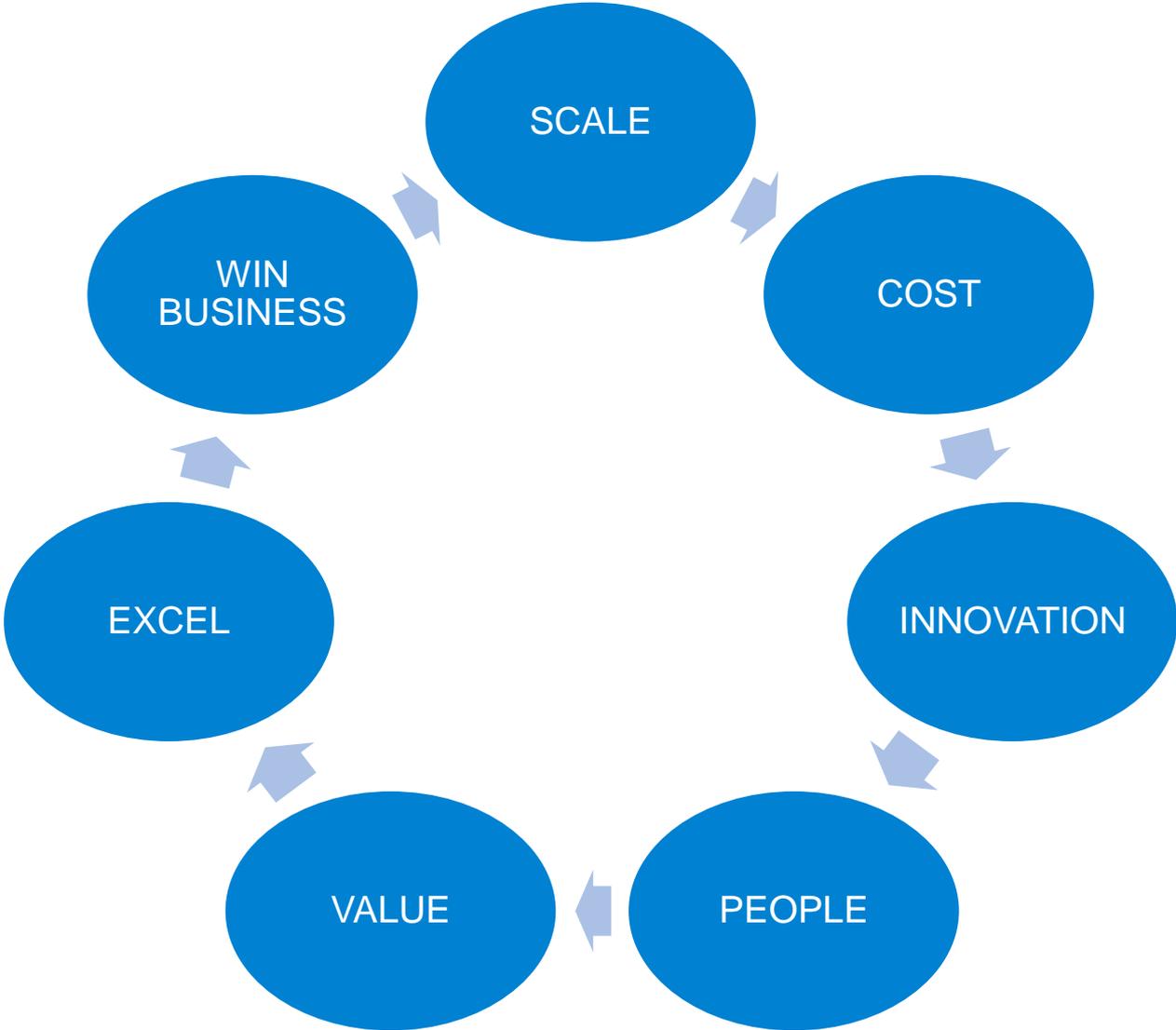
# Virtuous Circle of Scale



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# Virtuous Circle of Scale







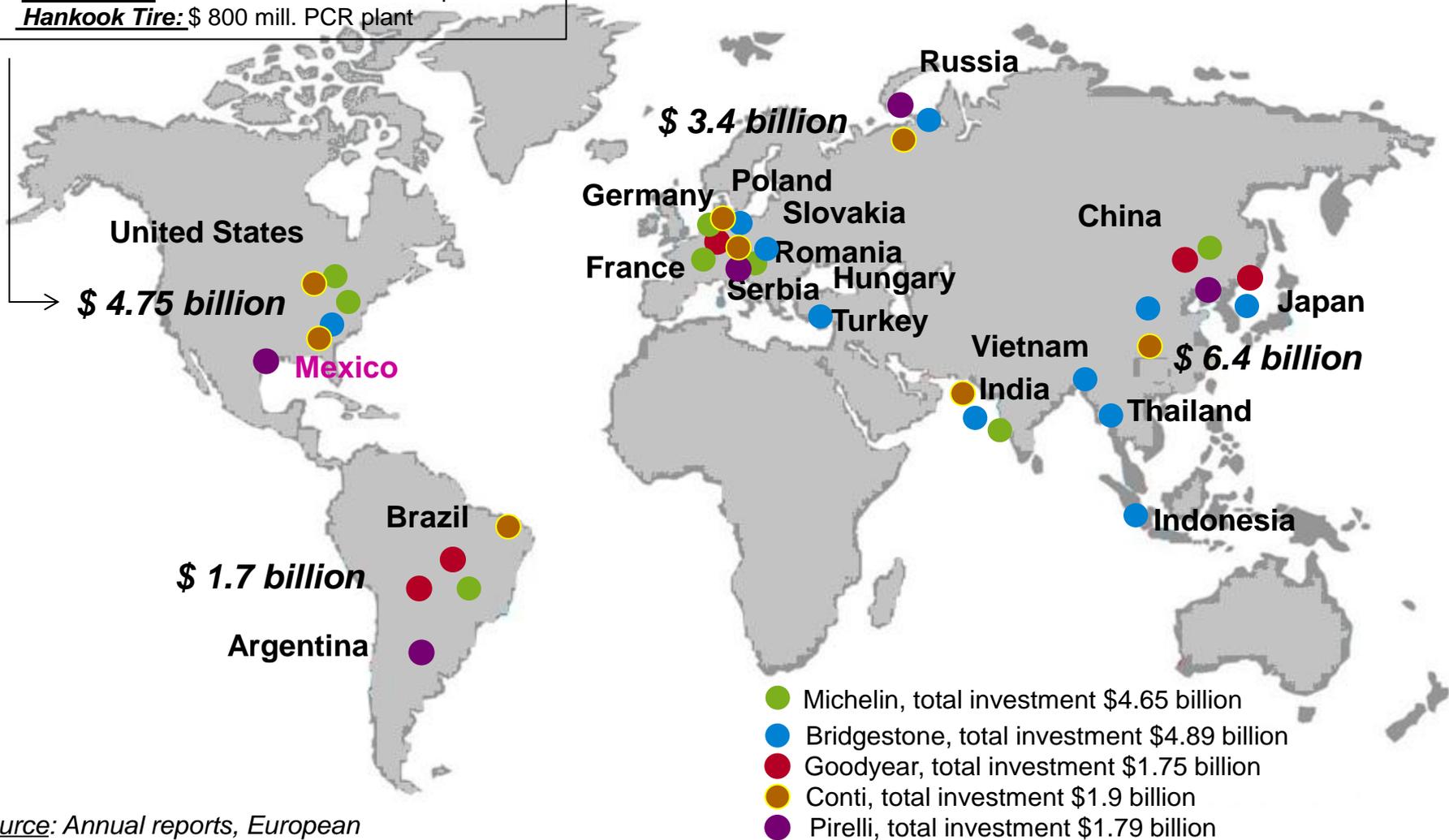
Lieven Larmuseau  
EVP Rubber Reinforcement



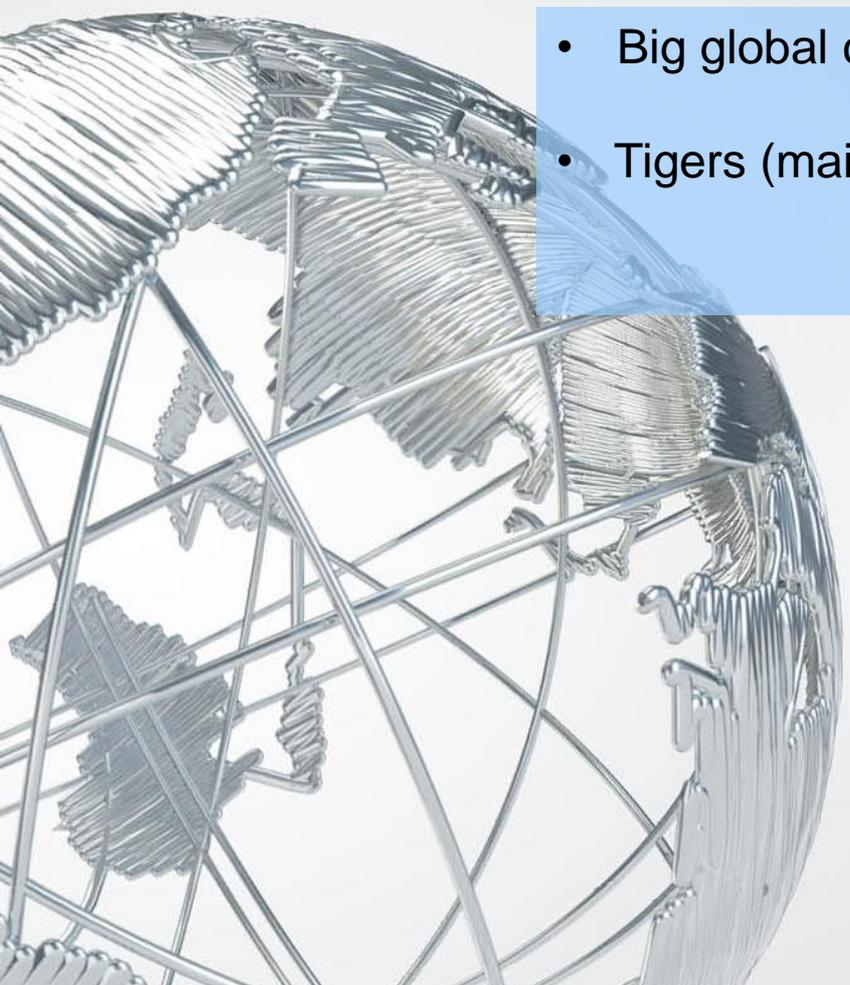
- Growing on average 4%/year
- Driven by
  - TBR : - GDP growth  
- increasing radialization
  - PCR : “car park” growth
- Supported by investments of our customers

# Investments of tire makers

- **Yokohama Tire:** \$300 mill. truck and bus tire plant.
- **Kumho Tire:** \$ 200 mill. to restart PCR plant
- **Hankook Tire:** \$ 800 mill. PCR plant



Source: Annual reports, European rubber journal and tire business

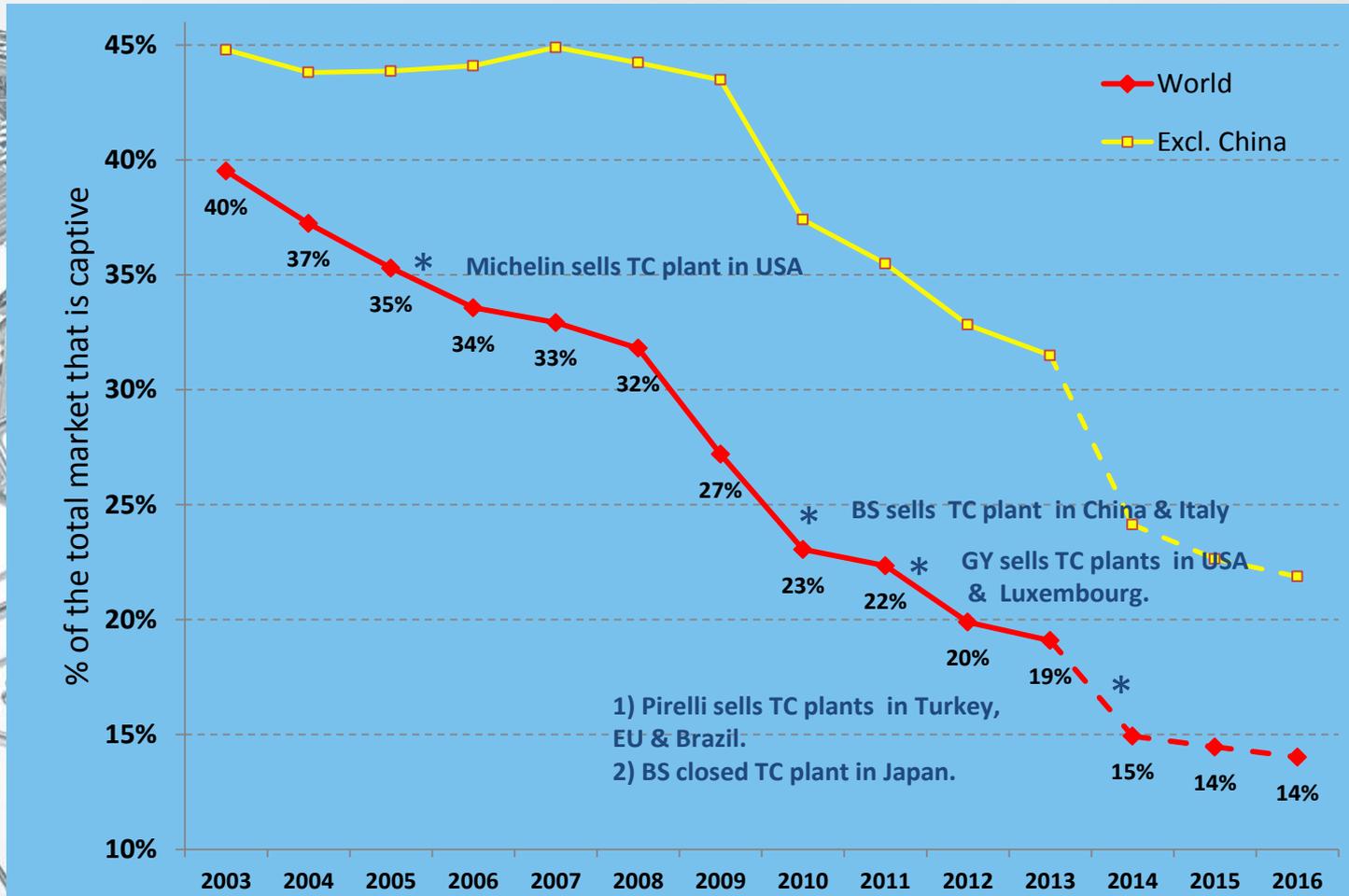
- 
- Big global customers ⇨ Bekaert has a strong position
  - Tigers (mainly Asian) ⇨ Bekaert has a unique opportunity as they are expanding worldwide

# How to develop WIN-WIN relationships with global customers



- Worldwide footprint
  - Mature markets: net import model
  - Developing markets: local presence
    - short supply chain
    - understanding needs, fit for use products
    - risk reduction
- Technology
  - Joint development agreements with major customers (under NDA)
  - Own technology portfolio
- Long Term commitment
  - Very broad approval portfolio
  - Long term supply agreements with major customers

# Key characteristic : Tire Cord market is becoming less captive



Source: Bekaert Internal

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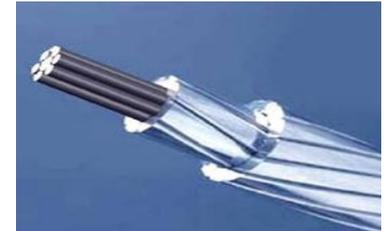
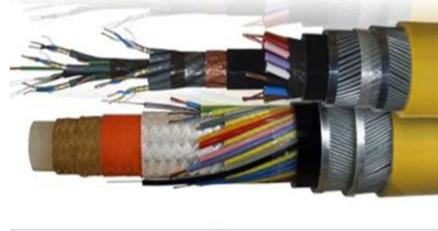
- 
1. Clear customer end product segmentation, leveraging our brand and technological competencies.
  2. Cost position allows us to use our assets in an optimal way.
  3. Deployment of our WIN-WIN model with special focus on winning tire makers and start-ups.



Matthew Taylor  
ISW

# Industrial steel wires (ISW) Business Platform – Field of play

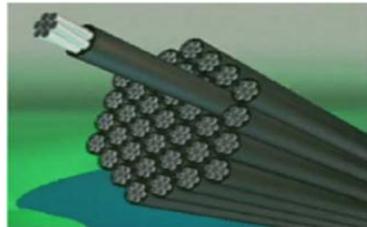
## Cable armoring solutions



## Rope wires



## Strands



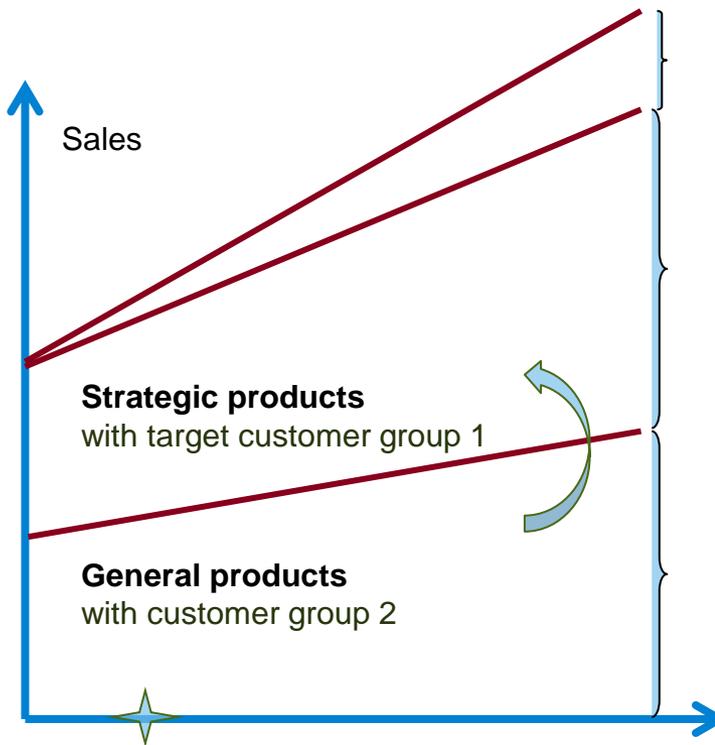
## Coated low carbon solutions



# Industrial steel wires (ISW) Business Platform

## Strategic Objective

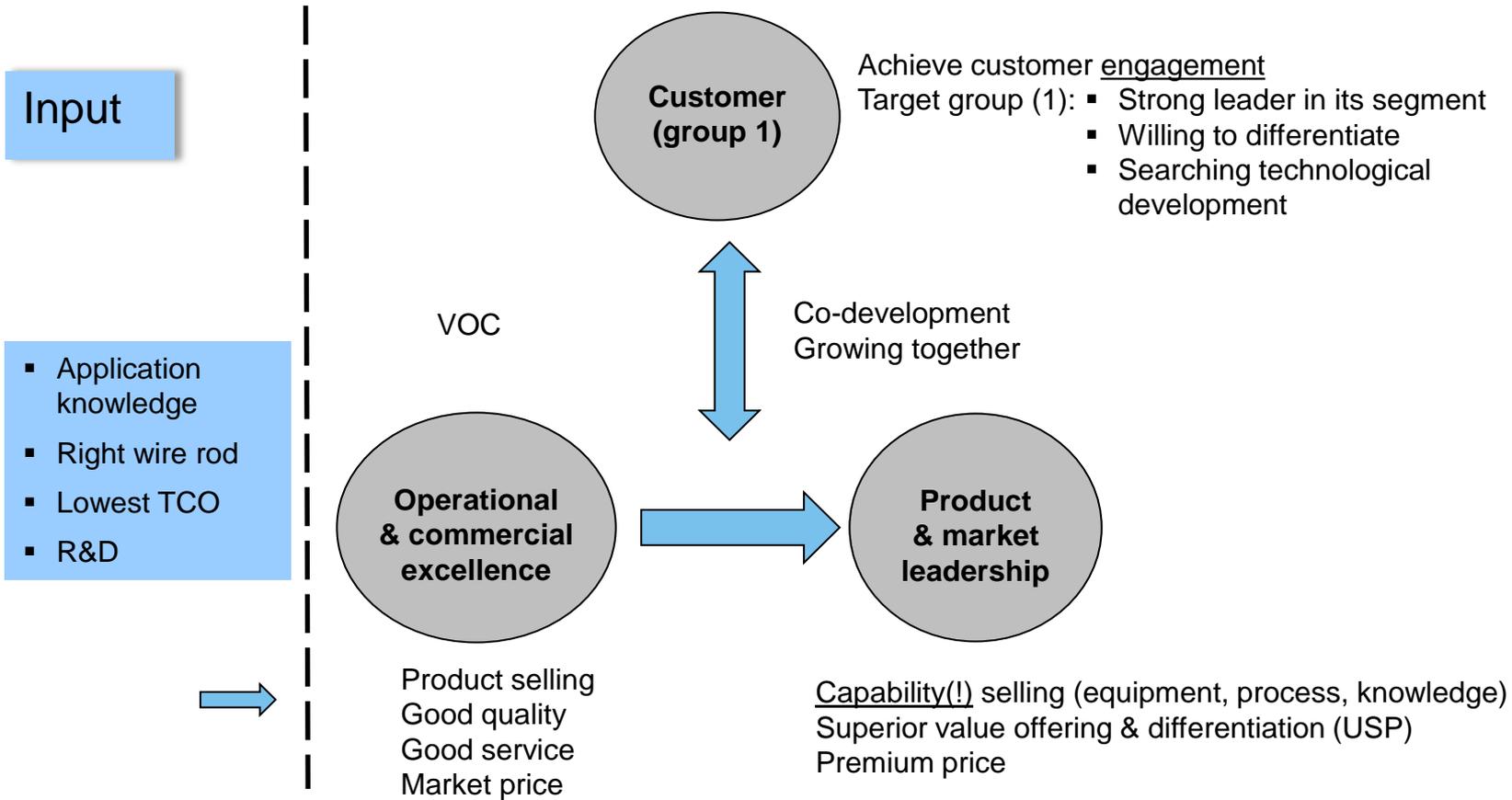
Realize a sustainable profit and a profitable growth by having Product Leadership, be the Preferred Supplier and offering superior value for the target applications and target customers



- **Growth** in trading  
(additional insight in the market)
- **Growth** in strategic segments  
(principle: See next slide)
- **Growth** in new regions (brown fields)  
( Asia ; M.E. ; Russia)
- **Develop a customer base & building a business activity.**

# How to reach Sustainable Profitable Growth

⇒ Achieve product leadership & customer engagement



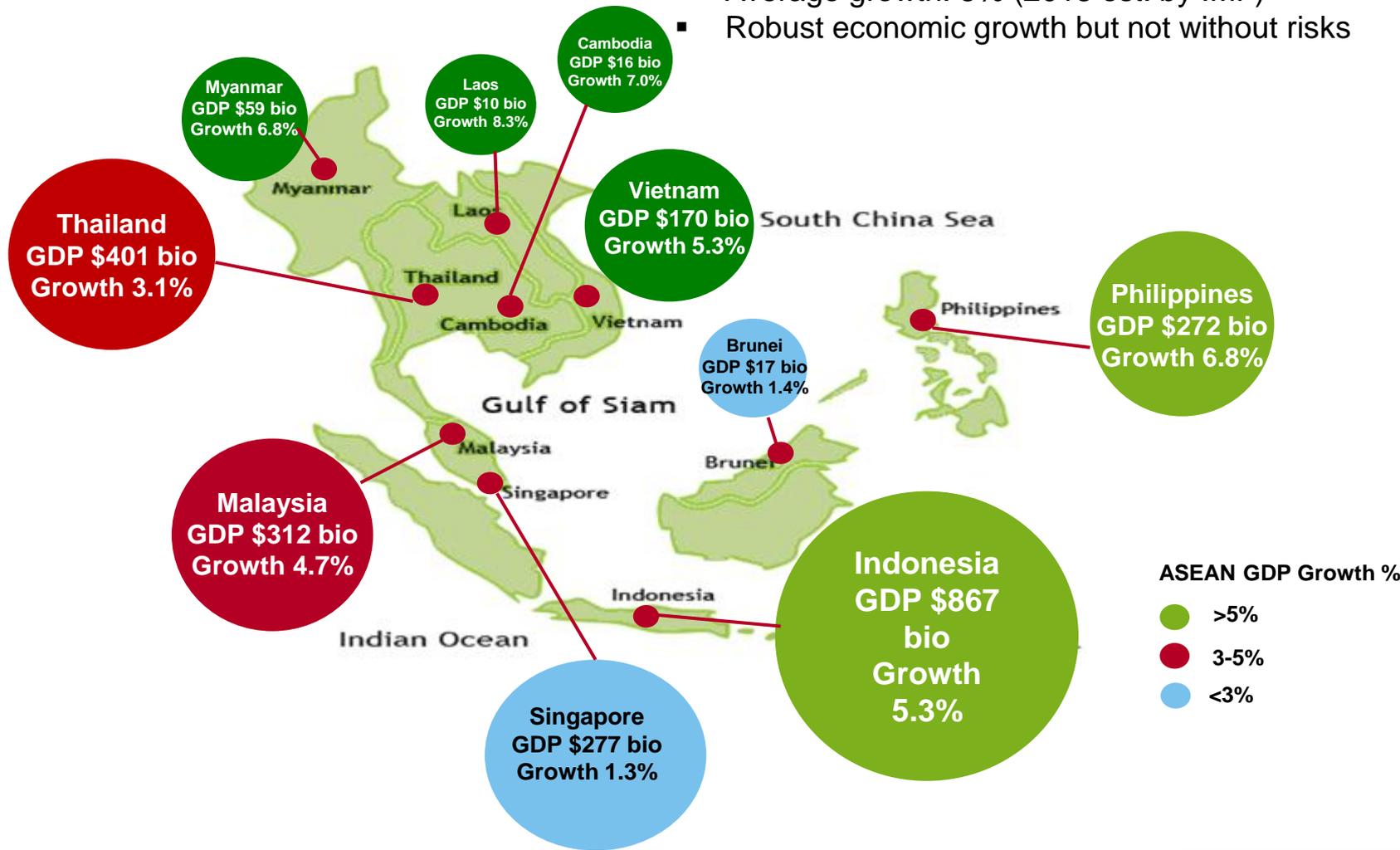
# First example : Hlohovec and Bohumin, Europe

- Objective : Follow our customers and lower the cost of our manufacturing platform
- Challenge : Not easy to convince customers in the beginning (afraid to get lower quality and support compared to our WE plants)
- Took a long time, now getting the full benefits



## Second example : South East Asia - building up a position

- Total GDP: \$2.412 Trillion (2013)
- Average growth: 5% (2013 est. by IMF)
- Robust economic growth but not without risks



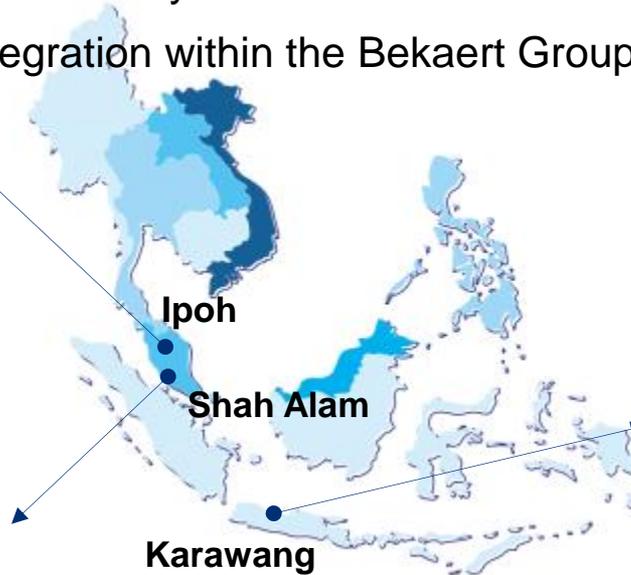
# About Bekaert Southern Wire

- Joint venture 55% owned by Bekaert and 45% owned by Southern Steel Berhard
- Established September 2012
- Subsidiaries in Ipoh, Shah Alam (Malaysia) and in Karawang (Indonesia)
- Close to 600 employees: ~500 in Malaysia and 80 in Indonesia
- Technology & Commercial integration within the Bekaert Group

Bekaert Southern Wire (50 000 T)



Bekaert Southern Speciality Wire (45 000 T)



PT Bekaert Southern Wire (40 000 Tons)



## Certifications:

ISO9001:2008QMS - SIRIM

ISO14001:2004EMS - SIRIM

OHSAS:18001:2007 - SIRIM

American Petroleum Institution (ropes)

ASTM A471-1998 (ropes)

Lloyd's Product Certificate (ropes)



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