

Capital Markets Day

Bekaert HQ, Zwevegem

15 November 2019

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Content

1	Introduction	Matthew Taylor, CEO	09:30-09:50
2	Q3 trading update	Taoufiq Boussaid, CFO	09:50-10:10
3	Business update per segment	Divisional CEOs	10:10-11:50
4	Outlook and conclusions	Matthew Taylor, CEO	11:50-12:15
5	Q&A	All	12:15-13:00
6	Lunch	All + CSO	13:00-14:30

Executive Leadership team

Four Business Units:



Divisional CEO
Rubber Reinforcement

Arnaud Lesschaeve



Divisional CEO
Steel Wire Solutions

Stijn Vanneste



Divisional CEO
Specialty Businesses

Jun Liao



Divisional CEO
Bridon-Bekaert Ropes Group

Curd Vandekerckhove



CEO

Matthew Taylor

Four Global Functional Domains:



Chief Financial Officer

Taoufiq Boussaid



Chief HR Officer

Rajita D'Souza



Chief Strategy Officer

Juan Carlos Alonso



Chief Operations Officer

Matthew Taylor (ad interim)*

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Our current business context: difficult market conditions in all sectors relevant to Bekaert



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Bekaert reports 2% consolidated sales growth in the first 9 months of 2019

Sales, trends and actions

Despite deteriorating market conditions, Bekaert achieved **2% consolidated sales growth** in the first nine months of 2019, driven equally by price-mix and favorable currency movements.

The key trends in the three-month period July-September 2019 were:

- Decreasing raw material prices reflecting lower demand for steel products globally
- Deterioration of market conditions in China and India
- Seasonality impact in line with expectations

Bekaert's actions in the third quarter led to:

- Continued good growth in our construction and tire business
- Strong pricing and improved business mix at Bridon-Bekaert Ropes Group
- The execution of the restructuring program in Belgium
- Further cost savings and planning of additional footprint optimization actions
- A significant reduction in working capital and debt leverage
- The successful issue of a € 200 million retail bond with positive impact on debt maturity, gross debt and interest charges

Consolidated and combined sales for the first nine months of 2019 – in millions of €

Consolidated sales	2018	2019	Share	Variance	Organic	FX
Rubber Reinforcement	1 420	1 494	45%	+5%	+3%	+2%
Steel Wire Solutions	1 135	1 108	34%	-2%	-4%	+2%
Specialty Businesses	316	311	9%	-2%	-3%	+1%
BBRG	341	365	11%	+7%	+6%	+1%
Other	15	15	1%	+3%	-	-
Total	3 227	3 293	100%	+2%	+1%	+1%



Working capital: key figures

(in mio €)	September 2018	Year-end 2018	September 2019
Inventories	989	932	896
Accounts receivable	964	851	799
Accounts payable	(959)	(908)	(777)
Working capital	994	875	917

- **Average working capital on sales** improved to 20.4%, compared to 21.9% at the end of September 2018.
- **Inventories** are almost 10% lower year on year reflecting the company's working capital efforts.
- **Accounts Receivable** were € 165 million lower compared to the same time Balance Sheet date last year with similar sales over the third quarter in both years, reflecting the impact of the factoring programs (€ 109 million) and the significant efforts done in collecting outstanding receivables.
- **Accounts payable** are lower than same moment last year due to less purchases, also reflecting the result of the inventory level reduction efforts.
- Movements in **FX closing rates** had a net impact on Working Capital of € +25 million against end of last year. Excluding the adverse FX effect, the working capital would have been **€ 888 million** as at 30 September 2019.

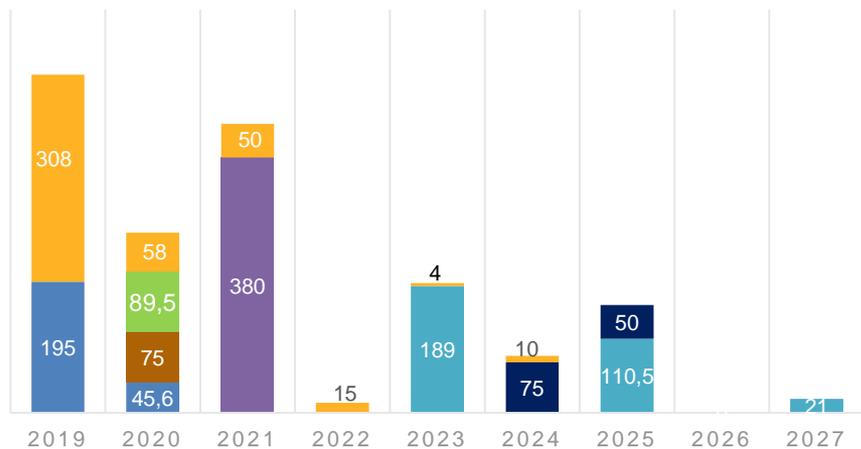
Net debt

(in mio €)	September 2018	Year-end 2018	September 2019
Net financial debt	1 303	1 153	1 181

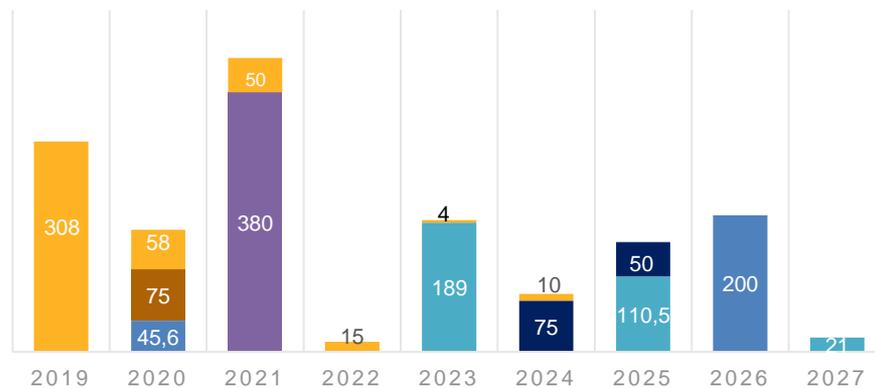
- Note: impact of IFRS16 (Leases) added € 84 million as per end September. Excluding those leases, **Net Debt dropped by € 206 million** versus the same B/S date last year.

Debt financing maturity table

BEFORE BRIDGELOAN SETTLEMENTS



AFTER RETAIL BOND AND BRIDGELOAN SETTLEMENT

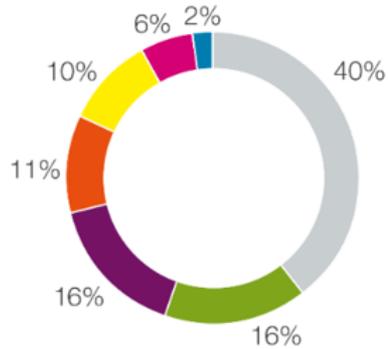


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Steel Wire Solutions (SWS)

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



Stijn Vanneste

Divisional CEO Steel Wire Solutions

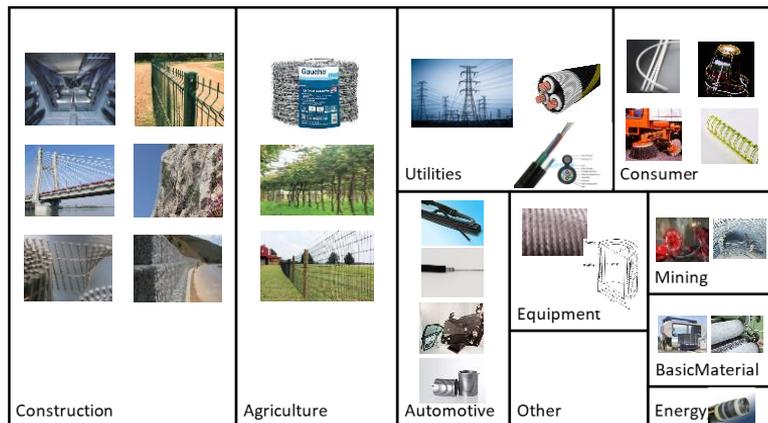
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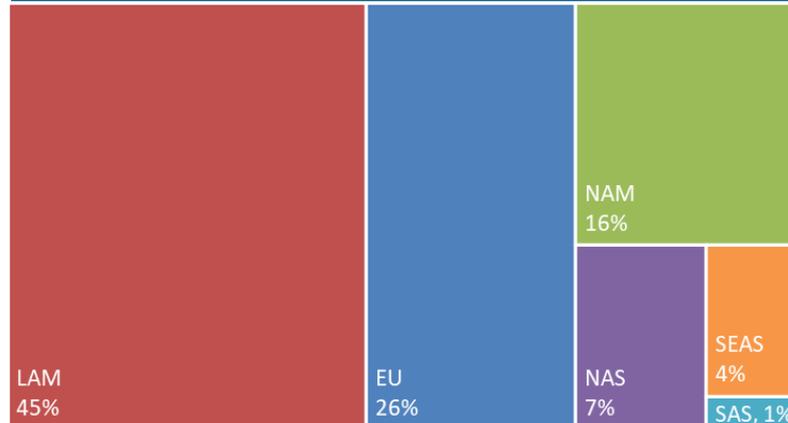
	Consolidated	Combined (*)
Employees	6 600	8 800
Tons/yr	1.1 mln	1.7 mln
Sales	€ 1.5 bln	€ 2.1 bln

(*) Combined includes BBA Brazil JV Bekaert–ArcelorMittal

Main product categories (Consolidated, by Volume)



Geographies Served (Consolidated, by Volume)



SWS market dynamics, position and competition

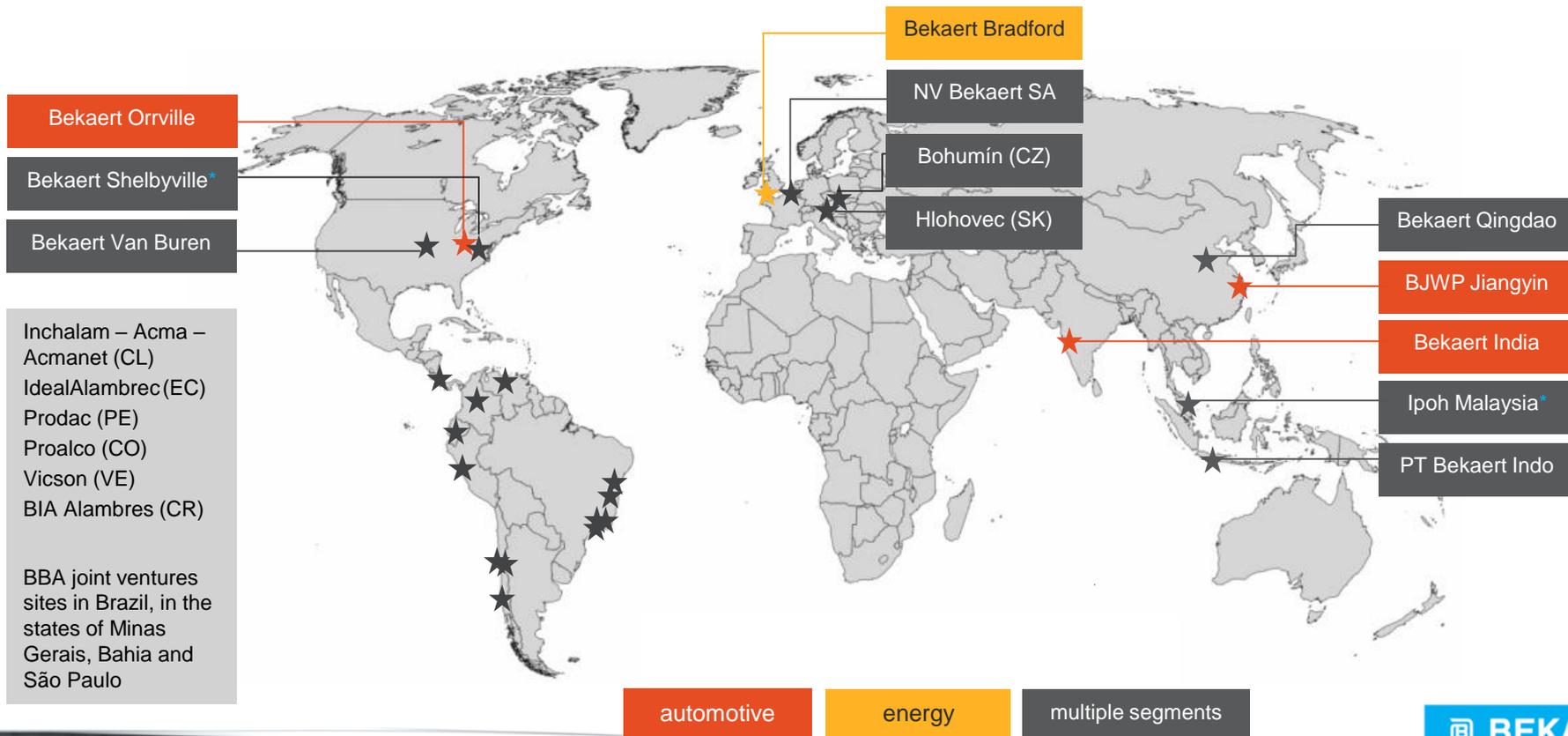
	Segment	Market growth 2018-19 2019-22		Market dynamics and future growth potential versus a weak 2019	Bekaert SWS position and competition
	Construction	-	3-4%	<ul style="list-style-type: none"> • Strongest growth potential in Asia • Emerging segments for growth: SHT stay cable, PT 	<p>Good presence via global customers and strong regional positions in Chile and Ecuador. Competition with global players in bridge construction, and with many regional players in PC strand.</p>
	Agriculture	-	2-4%	<ul style="list-style-type: none"> • Increased protein consumption, farming intensification and protection • TCO: better performing products easier to install/use 	<p>Strong global position in tensioning wires and strong brands in Latin America.</p> <p>Competition: increased consolidation</p>
	Utilities	-	4-6%	<ul style="list-style-type: none"> • Driven by renewable energy, 5G data & increase in transmission capacity in developing economies • Value opportunity in amagnetic, high-tensile, etc. 	<p>Market leader in submarine power cable (EU & NAS) and in overhead power cable (NAM).</p> <p>Fragmented local competition in emerging markets</p>
	Automotive	- -	2-3%	<ul style="list-style-type: none"> • Growth in China and emerging markets <-> stagnation in developed markets • Key Trends: electrification, hybridization of powertrain, improved seating & comfort and continued focus on weight reduction 	<p>Highly competitive environment with integrated players and specialized competitors.</p> <p>Bekaert plays in high-end applications- eg, wiper blade and promising new product developments.</p>
	Consumer	-	3-5%	<ul style="list-style-type: none"> • Key megatrends: e-commerce, sustainability, digitization/IoT, and personalization 	<p>Market and technology leader in key segments</p> <p>Challenging market conditions: high price pressure</p>

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Segment	Market growth 2018-19 2019-22		Market dynamics and future growth potential versus a weak 2019	Bekaert SWS position and competition
 Equipment	=	2-3%	<ul style="list-style-type: none"> Rope wire for lifting, mooring, towing & fishing equipment and special shapes in capital goods 	<p>Stable customers with quality focus</p> <p>Customers compete with BBRG in certain applications</p>
 Mining	Latin America	= up	<ul style="list-style-type: none"> Global mining production expected to be stable Continued growth potential in Latin America 	<p>Mining presence (outside LATAM) limited to cable bolt strands and mine mesh wire</p> <p>Strong position in Peru with full solution offering (also beyond wire)</p>
	Rest of World	- =		
 Basic materials	+	4-5%	<ul style="list-style-type: none"> Non-woven textile carding wire growth Other key Basic Materials for Bekaert are in the paper industry and in quarry sector 	<p>Good position in high-end segments of textile wire</p> <p>Product innovation in promising applications</p>
 Energy	-	3-5%	<ul style="list-style-type: none"> Market recovering but overcapacity remains Battle of technologies in the pipes business 	<p>Bekaert value products to lead growth</p> <p>Fierce competition in markets with overcapacity</p>

BEKAERT SWS manufacturing locations



BEKAERT SWS Challenge #1: improve profitability in very difficult market circumstances

(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%

RECAP 1H/2019

- **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.

Loss- / low-margin entities



- We will close underperforming entities that do not have the potential to recover:
 - Shelbyville, US
 - Ipoh, Malaysia
- Profit restoration actions in entities with potential – some recent successful examples:
 - Qingdao, China
 - Bradford, UK

Cost management



- Major cost-out actions
 - Move R&D operations from Belgium to Slovakia
 - FTE reduction – restructuring programs in ongoing businesses
 - Overall very strict cost control (BMS)

Cash Generation



- Rotation & ROCE
 - Successful working capital reduction program
- Capex restriction
 - Only what is really needed or ensures quick payback

Current strengths, weaknesses, opportunities and threats

Established industry player: strong brand recognition, diversified portfolio & global presence
The technology reference in various markets
Strongly anchored in attractive niche applications
Irrepressible team with strong fighting spirit

New macro-trends create new opportunities (data expansion, offshore wind, infrastructure)
Increasing demand for total solutions, resulting in opportunities for downstream integration and strategic alliances



Complex legacy footprint, high cost inflation & high overhead

High share of products in the maturity or decline phase of their life cycle

Historically more focused on in-house development rather than on partnership/ecosystem/solution thinking

Squeeze between powerful steel giants & consolidated end-markets / distributors

Low barriers-to-entry in many of our markets, causing fast commoditization

Trade wars, Regulation and Political instability

Our first challenge is to **restore profitability** – Our ambition is to solidify our business through a globally optimized footprint, technology leadership and strategic value-adding partnering

Our strategic priorities

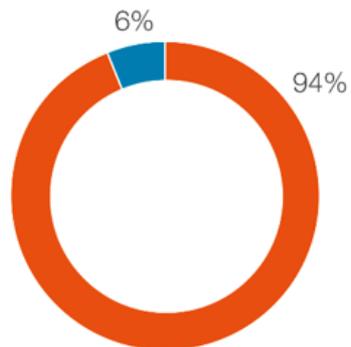
- Build a **customer-centric** organization that renews the Bekaert solution portfolio and converts **adjacencies & downstream** markets into opportunities
- Grow with **new solutions** in existing markets and establish strong positions in **new markets**
- Deliver on strategic value-adding **partnering** initiatives, particularly in the Americas
- Maximize the **return-on-technology** through close interaction with key customers, partnerships and strong IP
- Establish a lean & operationally **excellent organization**
- Become the **safest steel wire solutions company** on the planet
- Install a **performance culture** (EPM), with lean and empowered teams, incentivized to deliver breakthroughs instead of incremental change.



Stijn Vanneste
Divisional CEO SWS

Rubber Reinforcement (RR)

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



■ Tire & Automotive

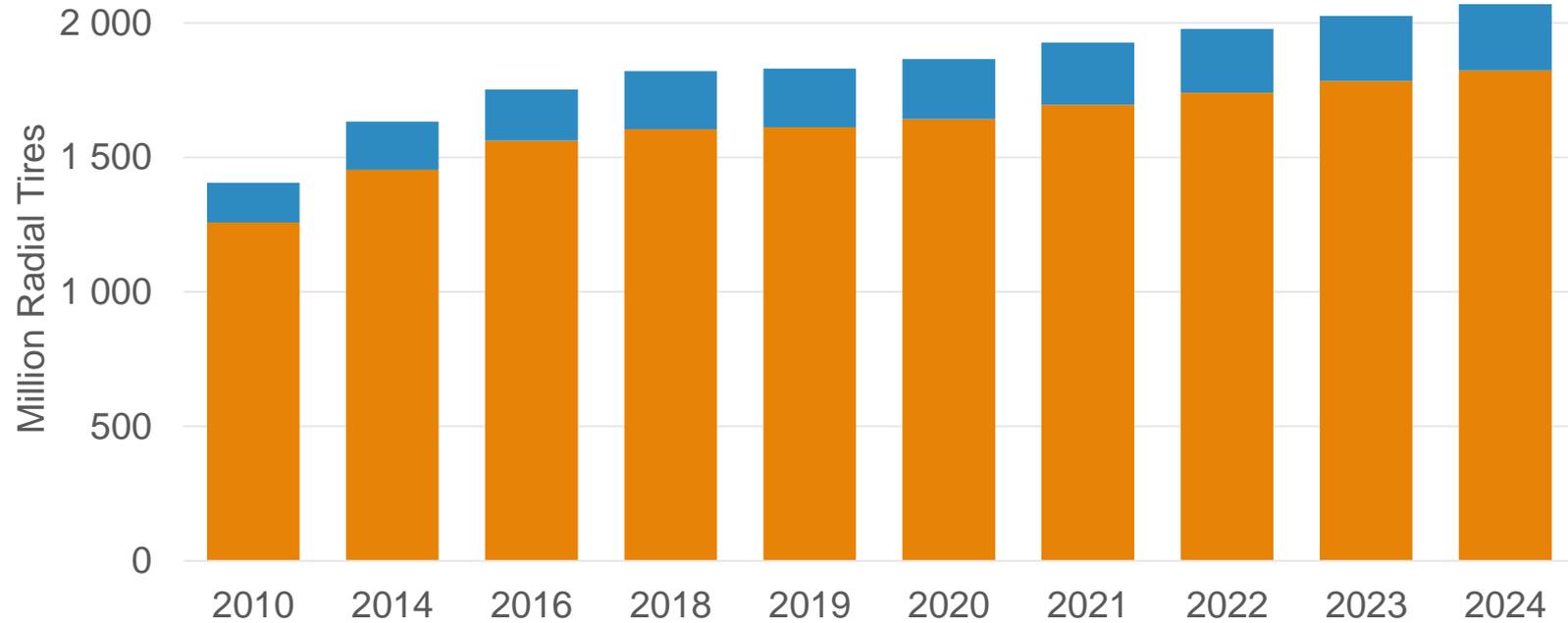
■ Equipment

Arnaud Lesschaeve

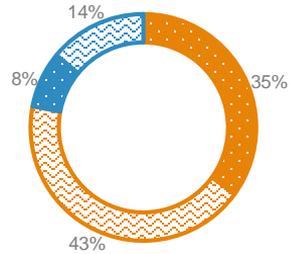
Divisional CEO Rubber Reinforcement

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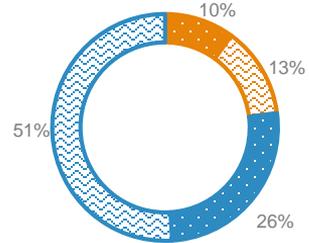
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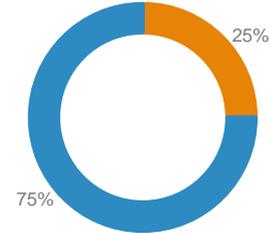
Tire sales China



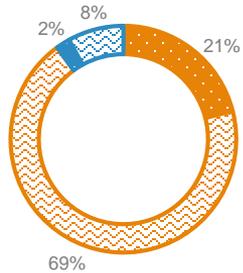
Tire cord demand China



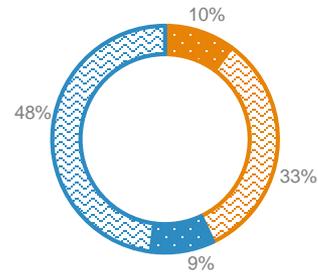
Bekaert TC China



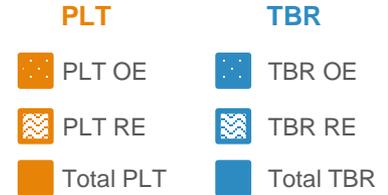
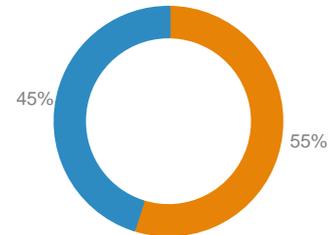
Tire sales RoW



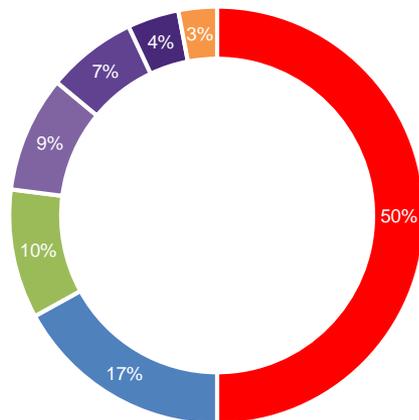
Tire cord demand RoW



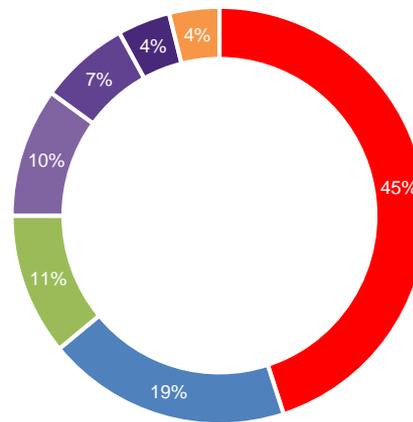
Bekaert TC ROW



Tire cord: 3500 kton

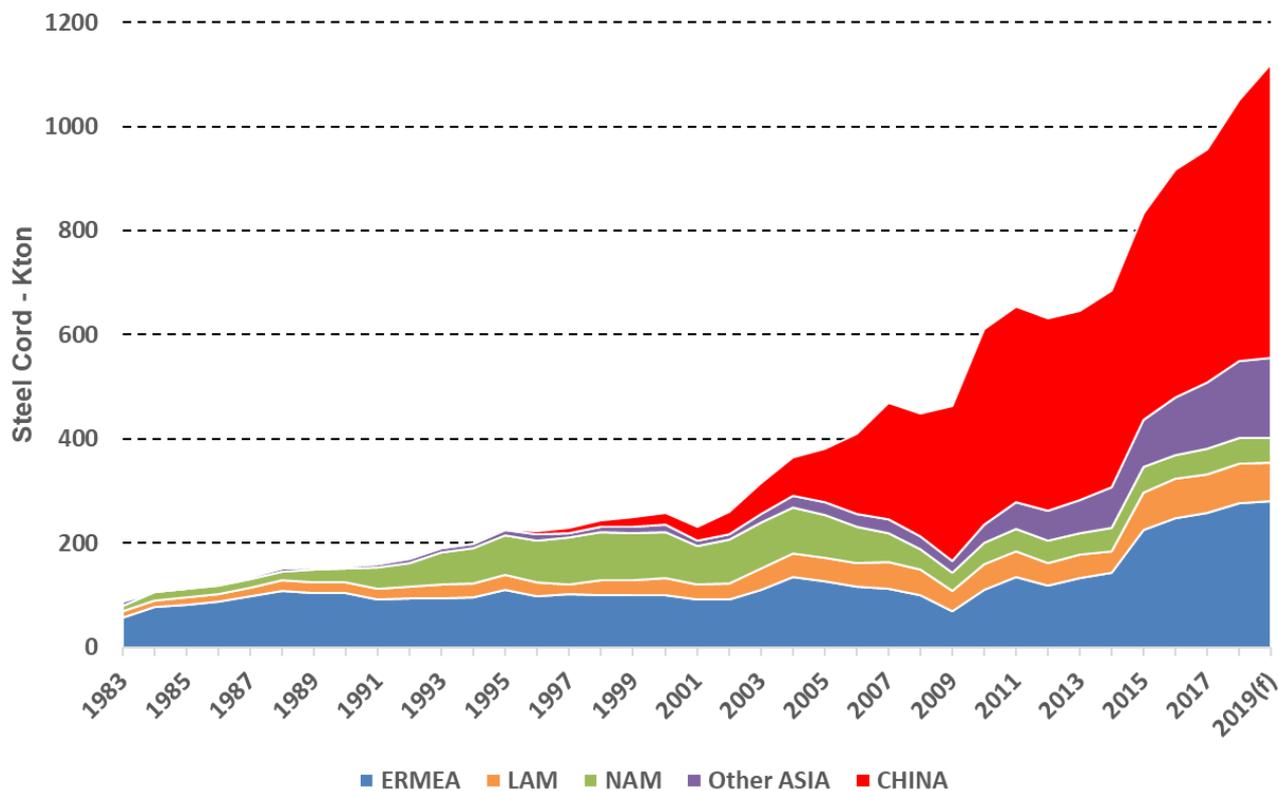


Bead wire: 1350 kton

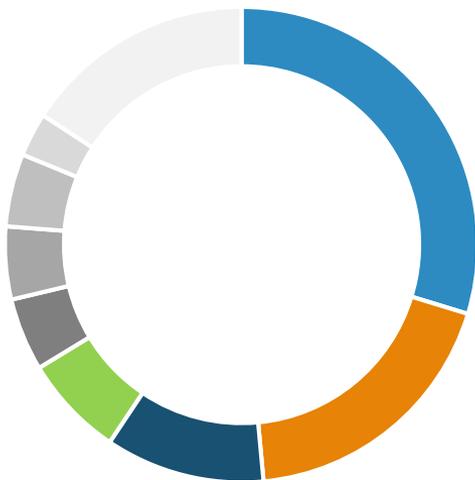


CHINA EMEA NAM JP/KR SEA INDIA LAM

BEKAERT RR: capacity growth by region



Tire cord: 3500 kton



Bead wire: 1350 kton

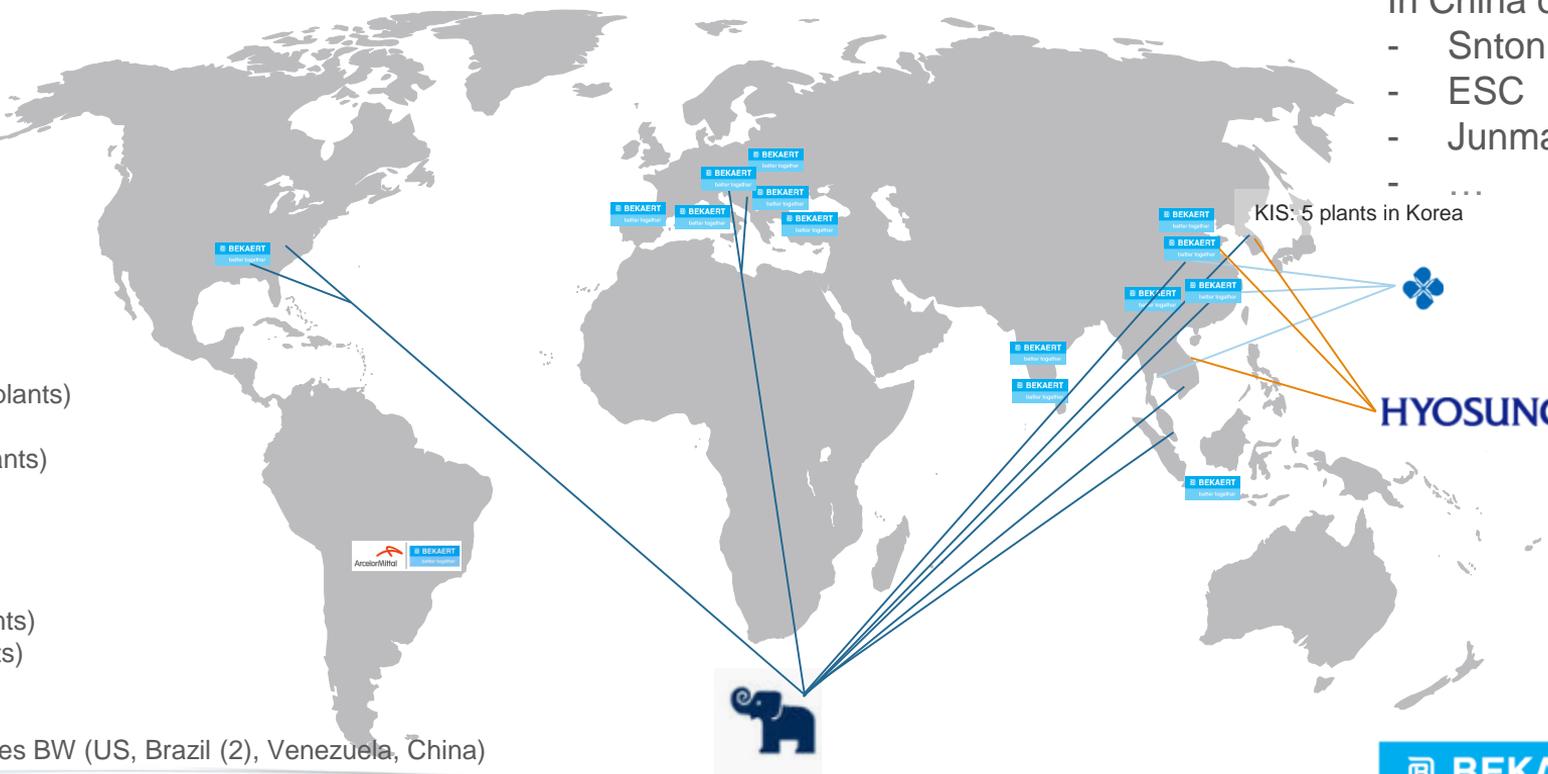


BEKAERT CAPTIVE MAIN COMPETITORS OTHERS OTHER PLAYERS <3% EACH

RR MARKET: tire cord producers and footprint



- US
- Brazil JV (3 TC plants)
- Spain
- Turkey (2 TC plants)
- Slovakia
- Romania
- Italy
- Russia
- China (5 TC plants)
- India (2 TC plants)
- Indonesia
- [Vietnam]
- + 5 additional sites BW (US, Brazil (2), Venezuela, China)



In China only:

- Snton
- ESC
- Junma
- ...

KIS: 5 plants in Korea

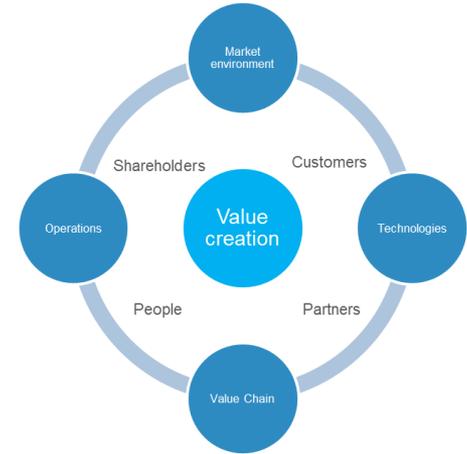


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Current strengths, weaknesses, opportunities and threats



- Growth
 - Secure our market positions
 - Grow share Chinese tire manufacturers
- Customer excellence
 - Constantly introduce new innovations, anticipating the market needs
 - Segmentation approach
 - Pricing competitiveness
- Quality leadership
 - Improve program development (launch and ramp-up phases) new products and processes
- Operational & Supply Chain excellence
 - Offset cost inflation by improved cost effectiveness
 - Optimize the utilization of assets by reducing complexity and improving our capability to anticipate demand trends / capacity planning



Overall, Bekaert RR is a very robust business

Our ambition is to grow volume, market share, EBIT and ROCE

Current context not easy: demand slowdown, continuous trade tariff changes, weaker profit performance of customers

Our priorities

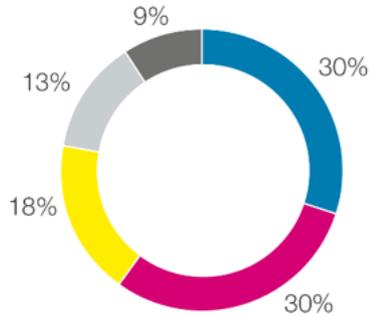
- Be the undisputed technology leader in our markets
- Take advantage of our strong footprint and innovative skills to continue to differentiate ourselves from our competitors and to reinforce our positions
- Improve our ability to anticipate customer needs and be involved early enough to influence their decision
- Leverage operational, supply chain and customer excellence to consolidate our leadership



Arnaud Lesschaeve
Divisional CEO RR

**Bridon-Bekaert Ropes Group
(BBRG)**

Ropes and advanced
cords businesses

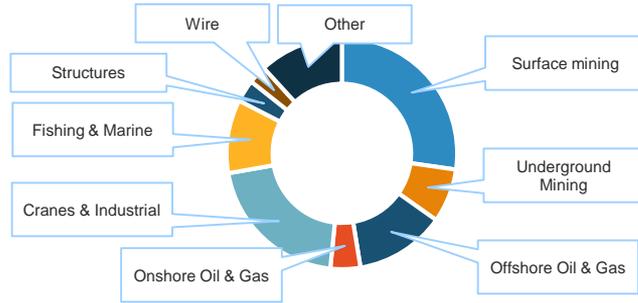


■ Energy ■ Basic Materials ■ Equipment
■ Construction ■ Other

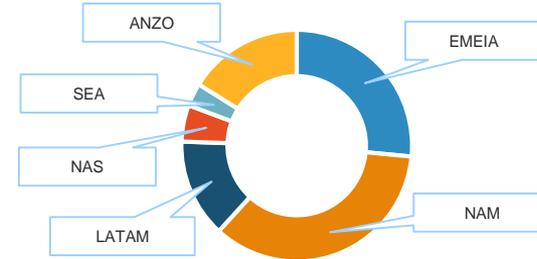
Curd Vandekerckhove

Divisional CEO Bridon-Bekaert Ropes Group

Segments / applications served



Geographies Served



Global Footprint

- 2 Wire mills
- 13 Roperies
- 5 Service Centers
- 2 200 employees



ROPES MARKET: 5 global players and many local and regional players

5 global players:
~15-20%
of global market

BRIDON · BEKAERT
THE ROPES GROUP

Teufelberger + **Redaelli**
Together in Motion

WireCo
WorldGroup

Kiswire

usha martin

Many local/
regional players:
~80-85%
of global market



BRIDON-BEKAERT ROPES GROUP: actions to solidify and grow our Ropes position

	Segment	Competitors	BBRG Position	BBRG strengths and challenges	BBRG Actions
	Surface Mining	WireCo Haggie	Market leader	<ul style="list-style-type: none"> • Leading performance and lowest TCO • Local presence in main mining geographies 	Solidify market position with new product development: 'smart mining' automation, synthetics, ..
	Underground Mining	WireCo, Haggie Severstal, local Chinese	Joint leader	<ul style="list-style-type: none"> • Strong reputation in highly regulated market 	Solidify/grow market position with new product development: eg portfolio upgrade for deep shaft quality ropes
	Offshore Oil & Gas	Redaelli, Teuffelberger, Kiswire, Usha M	Market leader	<ul style="list-style-type: none"> • Strong performance product offering • Challenged by more basic, standard solutions from competitors 	Improve cost leadership and achieve performance leadership trough product innovation (hybrids, synthetics)
	Onshore Oil & Gas	WireCo Local players	2 nd player	<ul style="list-style-type: none"> • Short-cycle competitive environment • TCO of BBRG's premium product family 	Distribution model alternatives Promote TCO advantages
	Crane & Industrial	WireCo, Diepa, Verope, Kiswire Teuffelberger	Credible player	<ul style="list-style-type: none"> • Joint leadership position in NAM • Not a top player in EU market 	Accelerate new product development of high performance crane ropes and improve cost & price competitiveness
	Fishing & Marine	WireCo, Kiswire, DSR, Randers	Joint leader	<ul style="list-style-type: none"> • Market leader in sub-segments • New generation mooring lines 	Drive product development with anti-fouling properties for aquaculture and FOW
	Structures	Redaelli, WireCo, Fatzer, Chinese	Credible player	<ul style="list-style-type: none"> • Bridge cables challenged by other concepts • Tenders new stadiums EU, China, NAM 	Leverage "made in USA" product offering Explore partnerships to increase share of the value chain

Surface Mining



✓ Shovel ropes



- Hoist (7-8 weeks)
- Crowd-retract (4-8 weeks)

✓ Dragline ropes



- Hoist (5-6 months)
- Dragline (2-3 months)
- Dump rope (12-24 days)

✓ Pendants

- Pendants (5-7 years)

✓ Material Handling



- Drive ropes for conveyor belts (3-10 years)



Underground Mining

✓ Hoist ropes

- (1.5-6 years)



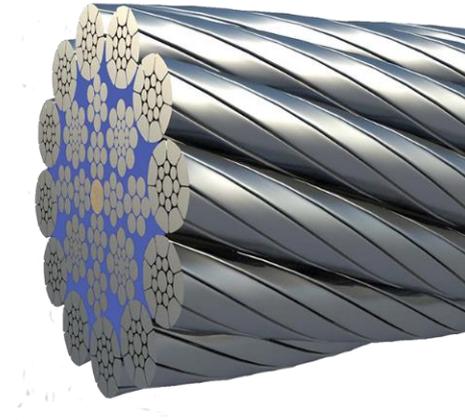
✓ Balance ropes

- (2-10 years)



✓ Guide ropes

- (1.5–4 years)



Offshore Oil & Gas

✓ Exploration ropes

- Moorings
- Deck cranes



✓ Construction ropes

- Heavy lift cranes
- A&R winches
- Deck cranes



✓ Production

- Platform cranes
- Moorings
- Deck cranes



✓ Deep Water Mooring

- Installation market
- Lifetime 20 years
- Bespoke design per project
- Piece weights up to 150 t



Onshore Oil & Gas

✓ Drilling rigs

- Drilling lines



✓ Well servicing

- Tubing lines
- Sand lines



Crane & Industrial

✓ Construction



- Tower Cranes
- Rubber-tired Mobile Cranes (RTM)
- Crawler cranes
- Piling / Foundation

✓ Industrial



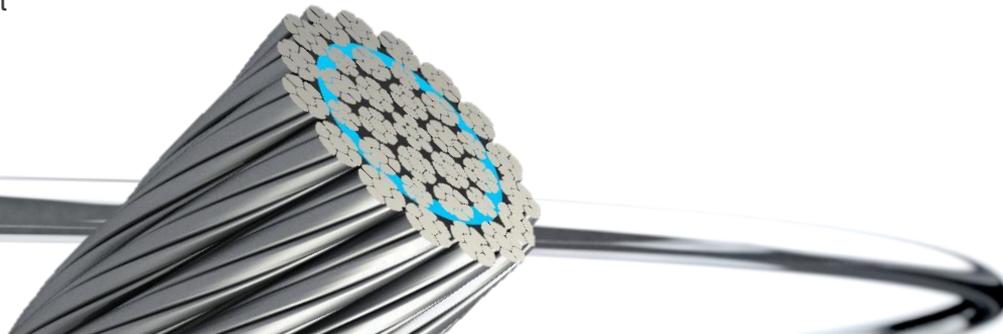
- Overhead & Gantry Cranes
- Steel Mill & Heavy Duty Cranes
- Electric Hoist



✓ Port & Maritime



- Ship-To-Shore Cranes (STS)
- Rubber-tired Gantry (RTG)
- Rail Mounted Gantry (RMG)
- Straddle Carriers
- Harbour Mobile Cranes (HMCs)
- Mineral/Ship (un)loaders



Fishing & Marine

✓ Wild Catch Fishing

- Fishing ropes
- Nets



✓ Aquaculture

- Anchor lines

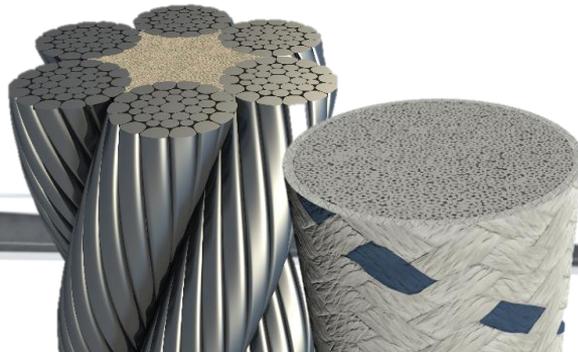


✓ Renewables & FOWT



✓ Marine

- Single Point Mooring (SPM)
- Floating Liquefied Natural Gas (FNLG)
 - Ship-terminal mooring lines
- Navy
 - Arrestor cables
 - Sonar cables



Structures

✓ Cable bridges



✓ Stadium roof

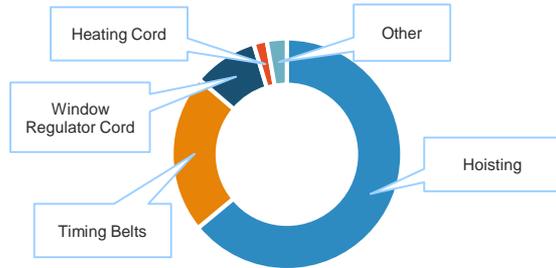


✓ Other structures

- Installation market
- Lifetime 20-100 years
- Bespoke design per project
- Piece weights up to 70 t



Segments / applications served



Main product categories

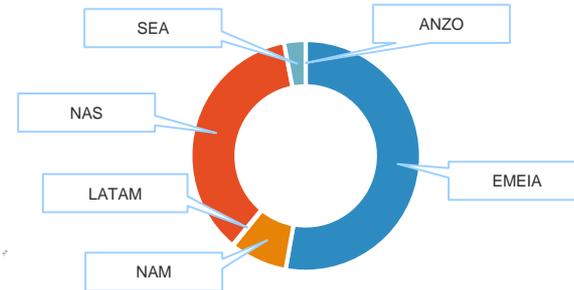
- Fine galvanized steel cords used as reinforcement material in elevator belts and timing belts
- Fine galvanized steel cords used in automotive – eg window regulator cord, heating cord
- Plastic coated cords for elevators
- Steel cord reinforced thermoplastic strips (SRTTP) for reinforcement of high-pressure flexible pipes used in Oil & Gas

Footprint

- 2 Plants: Aalter/BE and Shenyang/CN
- 369 employees
- HP wires and big diameter cords from: additional sourcing from Bekaert Hlohovec



Geographies Served





- ✓ fine steel cord
 - Used to reinforce elevator belts



- ✓ Flexisteel[®] coated rope
 - Final product used in elevators



- ✓ Window regulator Cord (WRC)



- ✓ Heating Cord (HTC)



BRIDON-BEKAERT A-CORDS: actions to solidify and grow our market position

	Segment	Competitors	BBRG Position	BBRG strengths and challenges	BBRG Actions
	Elevator	Fasten, Britx, Xingda	Market leader	<ul style="list-style-type: none"> • Technology leadership - IP protected • Urbanization trends to support further growth 	Support further penetration of innovative solutions Co-development with key customers
	Timing belts	Fasten, Weiyu, KIS	Market leader	<ul style="list-style-type: none"> • Strong position in the high-end European and North American markets • Increasing automation expected to continue to support growth 	Explore entry in other regions
	Window regulator cord	Jinyang, Chrysanthemum Young Heung, Ssang Yong	3 rd player	<ul style="list-style-type: none"> • Light vehicle market to pick up again in 2020 in emerging markets 	Product innovation – new coatings

Current strengths, weaknesses, opportunities and threats



“BBRG is the world's premier ropes and advanced cords solution provider that best understands and satisfies the product and service needs of customers globally. We are committed to be the leading innovator and provider of the best performing ropes and advanced cords globally. Our purpose is to create value for our customers and for our business by leveraging our expertise, scale, global reach and brands. We have the ambition to exceed the expectations of our customers, employees and shareholders.”

Our priorities

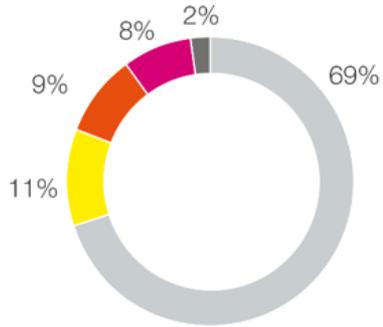
- Accelerate the implementation of our **profit restoration** program
- **Customer centricity** and commercial excellence (continued effort segmentation/pricing power)
- Product **innovation**
- **Cost-efficiency** through savings, scale improvement and footprint optimization
- Lean set-up and more **integration** with Bekaert services



Curd Vandekerckhove
Divisional CEO BBRG

Specialty Businesses (SB)

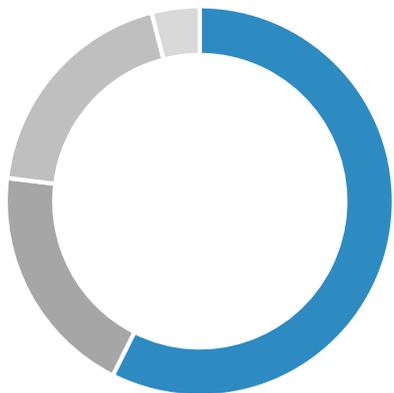
Building products, fiber technologies, combustion technology and sawing wire



■ Construction ■ Energy ■ Basic Materials
■ Tire & Automotive ■ Other

Jun Liao

Divisional CEO Specialty Businesses



- Building Products
- Fiber Technologies
- Combustion Technologies
- Sawing Wire

Building Products

BEKAERT BUILDING PRODUCTS: general overview

Segments / applications served

C
O
N
C
R
E
T
E

M
A
S
O
N
R
Y

Overground



Insitu flooring



Brickwork walls

Underground



Shotcrete mining & tunnelling



Stucco



Precast segmental lining



Asphalt resurface

P
L
A
S
T
E
R

R
O
A
D

Footprint



Main product categories

CONCRETE



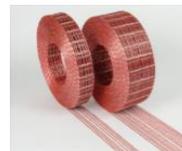
DRAMIX®

PLASTERING



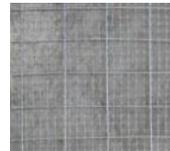
Widra®

MASONRY



Murfor® Compact

ROAD

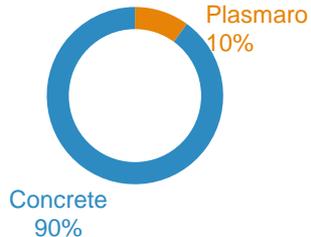


Fortifix®

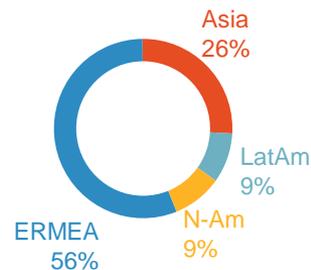
PLASMARO

Geographies Served

Total Building Products



CONCRETE



PLASMARO



BEKAERT

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BUILDING PRODUCTS market position, competitors, trends

Segment	Competitors	Bekaert Position	Demand drivers	Opportunities and challenges
Dramix® overground	ArcelorMittal, Krampe Harex	Market leader with 40% of the market in steel fibers	<p>Customers are flooring contractors and readymix producers</p> <ul style="list-style-type: none"> • TCO: correlation with steel prices (fibers <> traditional reinforcement) • Labor shortage drives a need for speed of execution (steel fibers advantage) • Subdued investment climate in EMEA but continued growth potential in other regions • CAGR 3-4% 	<p>Increase penetration of steel fibers in the global concrete reinforcement market (today: limited to about 3%)</p> <p>Continuous product innovation</p> <p>Grow outside EMEA</p> <p>Grow capacity and output to capture the growth</p>
Dramix® underground	Korean players, ArcelorMittal, Krampe Harex		<p>Customers: firms specifically set up for projects in metro lines/tunnels and mining companies</p> <ul style="list-style-type: none"> • Growth infrastructure spending tunnels • Increasing acceptance of new materials • Safety and environmental regulations and awareness 	<p>Brexit uncertainty impacts projects UK</p> <p>Underground-specific: accelerate growth after buy-out Maccaferri in BMUS.</p>
Plasmaro			<p>Customers: specialized distributors or building merchants and road repair contractors</p> <ul style="list-style-type: none"> • GDP • Road: public infrastructure spending • Plastering/Masonry: residential housing 	<p>Labor-intensive masonry sector in search of easy-to-install solutions</p> <p>Road reinforcement (asphalt): no regulation yet on durability/cracks > today a challenge (low cost preference) – future (regulation) potential</p> <p>Residential markets are cooling down</p> <p>Extend market scope: now Europe only</p>

Current strengths, weaknesses, opportunities and threats

Moving towards a more attractive cost base with reduced total cost

Stronger organization with centralized global operations, and regional leadership to shape global as well as regional strategies

Product innovation: Murfor® Compact and Fortifix® in existing and new markets.

Construction specifications: acceleration of steel fiber standards for underground worldwide

Dramix® development for metro lines and other dedicated applications



Slow progress in new market development

Understand the changing needs and drivers for the mature segments (price and convenience)

Raw material price evolution

Chemical lobby pushing synthetic fibers

We want to further develop our leading positions by offering the **best value solutions** to existing and new customers



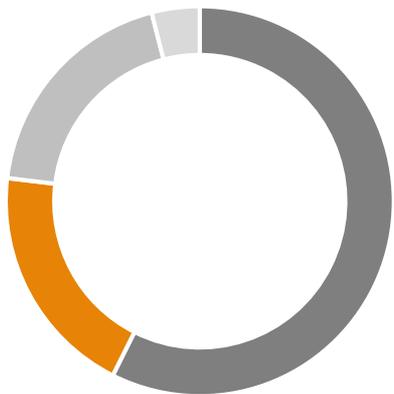
Our priorities

- Maintain market share in the mature segments: be the **preferred supplier** with convenient solutions at the right price and cost
- Develop **growth** in the ‘young’ segments:
 - Product: Murfor® Compact, Fortifix®, Dramix® 4D-5D
 - Regional: outside Europe
- Broaden the product & application **portfolio**
- Ramp up **capacity** in Czech Republic and India



Jun Liao

Divisional CEO SB

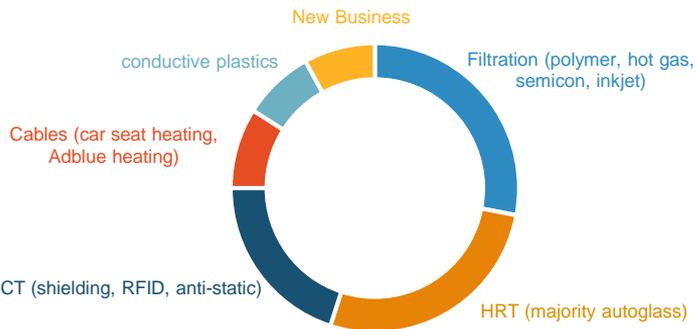


- Building Products
- **Fiber Technologies**
- Combustion Technologies
- Sawing Wire

Fiber Technologies

BEKAERT FIBER TECHNOLOGIES: general overview

Segments / applications served



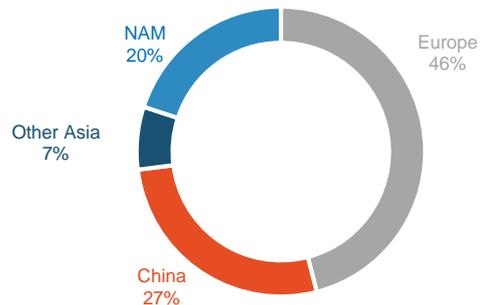
Footprint



Main product categories

Metal fibers	Porous media	Textile products			
Bekinox®	Bekipor®	Heat resistant textiles			
 Anti-static fibers  Multifilament yarn	 Non-woven media  Porous media	 Braided rope  Square braids  Felt products  Knitted fabrics			
 Short fiber  Staple fiber	 Porous media Pleated  Porous media Support mesh	 Quench products  Sleeves  Tapes  Woven			
Beki-Shield®	Engineered solutions	Bekinox®	Bekiflex®		
 Continuous fiber  Conductive grains	 Engineered media  Engineered 3D shapes	 Conductive blends  Conductive spun yarn  Highly cond. heating yarn  Highly durable heating yarn			

Geographies Served



FIBER TECHNOLOGIES: market positions, competitors, trends

Segment	Competitors	Bekaert Position	Demand drivers	Opportunities and challenges
Filtration	Hunan Huitong, Pall, Nippon Seisen	40% market share (55% of target markets)	<ul style="list-style-type: none"> Industrial filtration CAGR: +6% Customers: filter element producers TCO Regulations 	<ul style="list-style-type: none"> - Diesel particulate filter media: market currently down - Polymer filtration: overcapacity in plastics + Environmental: filter media hot gas/Hepa/... + Semicon growth: integrated circuits, smartphones + Stringent H&S – environmental regulations + Substitution opportunity: from glass to metal fibers
Heat resistant textiles	King's Metal		<ul style="list-style-type: none"> Automotive glass market CAGR: +3% Customers: glass bending industries Increased m² glass in vehicles Laminated glass, smart glazing 	+ Innovation
Electro-conductive clothing	Hunan Huitong		<ul style="list-style-type: none"> CAGR 3% Customers: shielding garments and RFID tags More demand for shielding fabrics Big data > smart textiles (RFID) 	- Long development cycle
Other	Hunan Huitong		<ul style="list-style-type: none"> Heated car seats and SCR systems CAGR: +5% 	<ul style="list-style-type: none"> + SCR Adblue – Euro 6d + Standardization of car seat heating comfort + sensor technologies

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Our objective: pushing the boundaries beyond metal fiber technology to enable **new applications** which contribute to a cleaner, safer, quieter and more comfortable world.

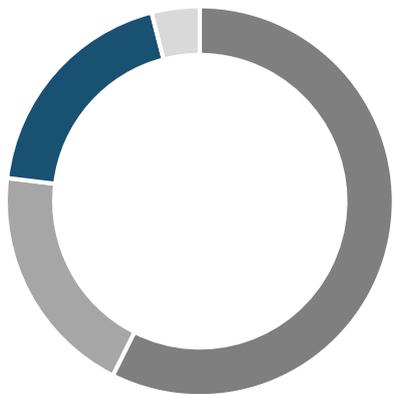
Our priorities

- Maintain our market share in mature segments by keeping **quality and service** level high while improving our **cost base**
- Grow further by extending our product & application **portfolio** and aligning our organizational set-up, to be fit for growth
- Search/drive **new applications** for the unique product attributes our fiber solutions have, and build awareness/promote those capabilities
- Accelerate **time-to-market** of new developments



Jun Liao

Divisional CEO SB

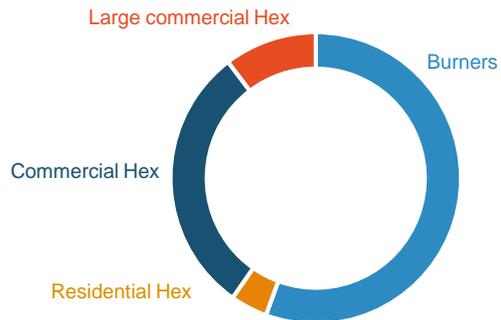


- Building Products
- Fiber Technologies
- **Combustion Technologies**
- Sawing Wire

Combustion Technologies

BEKAERT COMBUSTION TECHNOLOGIES: general overview

Segments / applications served



Footprint



Main product categories

Applications:

- Residential & Commercial Condensing Boiler
- Instantaneous & Storage Low NOx Water Heater
- Hot Air Low NOx Furnaces
- Gas Adaptive Boiler
- Commercial Cooking Appliances
- Microgen CHP
- Condensing Air Heater
- Power Burners

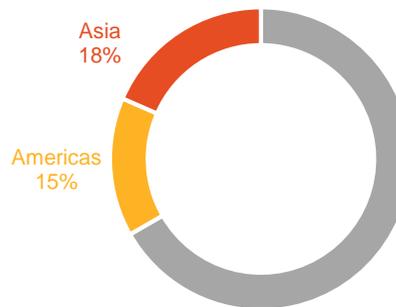


Supported by proven Bekaert brands:

- | | | | |
|-----------------|-----------|----------|-----------|
| Aconit® | Alumini® | Duonit® | Multipat® |
| Alucento® | Alupower® | Furijet® | WTB® |
| Alucom/Alumeqa® | Alustar® | Furinit® | |
| Aluflow® | Bekinit® | Euripat® | |

Geographies Served

Geographies served



ERMEA
67%

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COMBUSTION TECHNOLOGIES: market positions, competitors, trends

Segment	Competitors	Demand drivers	Opportunities and challenges
Gas burners	Worgas/Beckett, Polidoro	CAGR: 5% residential – 3% commercial Increased interest in gas-adaptive / high modulation systems	- Temporary slowdown in the transition from coal to gas heating in China (current challenge, future opportunity) + HEX shift from stainless to aluminum (future opportunity, but transition period)
Aluminum heat exchangers	Aluminum HEX: Valmex Dejatech Hebei [Stainless HEX: Sermeta, Condevo]	Energy transition increase interest in Hydrogen solutions Construction + replacement market TCO	+ Low NOx and other environmental regulations + Improve footprint (ongoing: eg – new plants in China and Romania)

Solidify leading position in gas premix combustion for the heating industry by offering high quality burner solutions and aluminum heat exchangers

Grow sales and EBIT

Our priorities

- Grow the business of commercial Heat Exchangers
- Grow our burner market share by further improving cost and technology leadership
- Accelerate time-to-market for new products
- Ensure excellent service degree, delivery performance and quality



Jun Liao

Divisional CEO SB



- Building Products
- Fiber Technologies
- Combustion Technologies
- Sawing Wire

Sawing Wire

Current strengths, weaknesses, opportunities and threats

High-quality thin diameter product
Customer network in both PV and semiconductor
Engineering and processing technology

Continuous growth in PV market
Product solution for high-end semiconductor wafering
Fewer competitors in thinner diameter business



Limited production scale

Continued price erosion

Define how we can grow a **sustainable position in target markets**, so we can benefit from increased scale and offset the price erosion

Our priorities

- Process and cost breakthrough in diamond wire and grow in the thinner diameter products
- Be a leader in core wire for thinner diameters through optimized processes
- Grow business in semiconductor sector



Jun Liao

Divisional CEO SB

Content

1	Introduction	Matthew Taylor, CEO
2	Q3 trading update	Taoufiq Boussaid, CFO
3	Business update per segment	Divisional CEOs
4	Outlook and conclusions	Matthew Taylor, CEO
5	Q&A	All

SUMMARY OF ACTIONS

From a business development perspective

- Continued growth in target markets
- Improving the product and business mix
- Driving customer centricity
- Accelerating technological leadership

From an organizational & B/S health side

- The execution of the restructuring program in Belgium
- Additional footprint optimization: plant closures in Shelbyville, US and Ipoh, Malaysia and other footprint adaptations, eg set-up of Rogers, Arkansas and Rome, Georgia in the US.
- Further cost savings
- A significant reduction in working capital and debt leverage

OUTLOOK

The [business conditions have trended lower](#) in various sectors as a result of tighter markets and continued uncertainty.

- Our tire markets held up well in the first nine months of 2019 but are expected to slow down in the fourth quarter as a result of the normal seasonality and destocking actions throughout the supply chain
- The steel wire solutions activities are projected to further contract in the last quarter, mainly because of the impact of the social protest actions in Latin America, trade tariffs, and further economic slowdown globally
- We do not foresee a downturn in construction markets other than the usual seasonality impact
- We expect the business environment of Bridon-Bekaert ropes group to remain challenging.

In this scenario of economic slowdown and year-end seasonality, [Bekaert continues to implement actions to offset the external headwinds](#). These actions are focused on managing [cost, pricing, mix and footprint](#) and aim to deliver an improvement of the underlying business performance.

We are also further improving our [working capital level and debt position](#) and are well on track to bring our debt leverage below 2.5 by year-end. Despite our effective inventory reduction actions, we do project [significant adverse non-cash adjustments to the year-end inventory valuation](#) due to raw material prices decreasing more significantly than anticipated, driven by the overall economic downturn.

We are implementing actions to improve our footprint and business-mix.

These will have an impact on the [one-off provisions for 2019](#):

- We have started executing the restructuring program in Belgium after having reached, on 1 October 2019, an agreement with the unions on the related social plan. A provision of € -30 million has been booked for the costs related to the social plan in addition to the one-off elements already accounted for in the first half of the year (€ -7 million).
- The closure of Shelbyville, US and Ipoh, Malaysia – the restructuring in Rubber Reinforcement US (moving hose reinforcement wire activities from Rome to Rogers) – and other footprint optimizations will add another € -50 million in one-offs in the accounts of 2019.
- Proceeds from selling land and buildings and the benefits from stopping loss generation and from reducing the cost base will only become visible as from next year onwards.

Our Vision - Our Field of Play

Consistent with our *better together* aspiration, we relentlessly pursue to be the preferred supplier for our steel wire products and solutions, by continuously delivering superior value to our customers around the world.

» Goal Statement for the Heart

Drive value creation through a One Bekaert Team with the passion to win, operating in a no-harm-to-anyone working environment

» Goal Statement for the Head

Increase (2015-2020) : Revenue
Profit
ROCE

» Our Long Term Core Strategies

1. Drive the customer into the heart of our business
2. Value driven growth
3. Technology leadership and speed
4. Leverage scale, reduce complexity and reach lowest total cost
5. Engage and empower people

» Our Immediate Must Win Battles

1. Advance customer excellence
2. Accelerate profit restoration
3. Improve organizational efficiency
4. Enhance operational excellence
5. Optimize working capital

 **BEKAERT**

better together

Our Values

We act with integrity - We earn trust - We are irrepresible!



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