

Q3 trading update

Bekaert reports progressive rebound

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Oswald Schmid, CEO a.i. – Taoufiq Boussaid, CFO

20 November 2020

Bekaert reports progressive rebound

The second quarter of 2020 was significantly affected by the demand drop caused by the Covid-19 pandemic.

Despite a continued high level of uncertainty, the third quarter marked a **turning point** in most markets.

Business Unit performance

Market developments and our progress by segment in Q3



Tire markets

- Strong and fast rebound in tire markets both in replacement and OE (versus a very weak Q2)
- Replenishment of low inventory levels in the supply chain
- Less import flows due to trade tensions and logistic issues (transport capacity and cost) – more local/regional sourcing

Rubber Reinforcement: strong rebound

- Q3 Sales up +50% from Q2
- Volume recovery to above last year's levels since August
- Very strong demand in Asia (China, India, Indonesia) – normalized in EMEA – while North America still lagging behind
- Sales to further increase in Q4



Construction markets

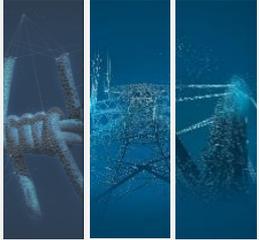
- Overall, lower construction spending
- Some hesitation in infrastructure markets in attendance of stimulus programs
- Seasonality ahead in the winter season

Specialty Businesses: no major changes in business conditions

- Q3 Sales up +18% from Q2
- Driven by business mix, less by volumes (versus last year)
- No major changes in Q4 business conditions, except for the usual seasonality

Business Unit performance

Market developments and our progress by segment in Q3



Agriculture, Utility, Mining markets

- Continued good demand
- Considered 'essential' sectors
- Demand pick-up in Latin America following relaxation of Covid-19 measures in most countries

Steel Wire Solutions: solid demand

- Q3 Sales up +16% from Q2
- Sales volumes slightly above Q3 2019 (+1.2%)
- Continued good demand in EMEA, pick-up in Asia and Latin America
- Sales are expected to remain solid in Q4, despite the usual seasonality



Ropes & Advanced Cords markets

- Crane and industrial markets at a low level
- Pick-up in fishing and marine
- Weak onshore O&G project business, mainly in US

Bridon-Bekaert Ropes Group: sales trending lower

- Sales down -11% from Q2
- Lower volumes in ropes – partly due to strategic choice to reduce presence in lower margin applications
- Softening conditions for A-Cords
- Q4 revenue to broadly remain in line with Q3

The third quarter marked a turning point

Third party sales in the three-month period July-September 2020 (in millions of €)

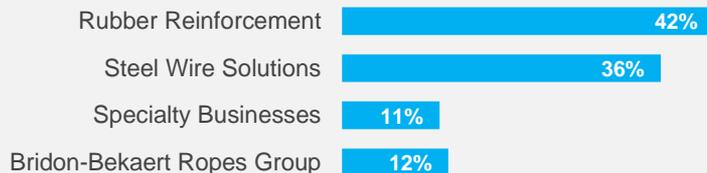
Consolidated sales	Q2 2020	Q3 2020	Q3:Q2 2020	Q3 YOY
Rubber Reinforcement	292	437	+50%	-9%
Steel Wire Solutions	294	342	+16%	-4%
Specialty Businesses	87	103	+18%	-5%
BBRG	114	101	-11%	-18%
Group	6	1	-	-
Total consolidated sales	793	985	+24%	-8%
Total combined sales	911	1 174	+29%	-9%

Bekaert sales over the first nine months

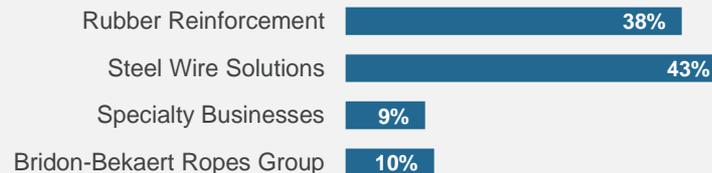
Third party sales for the first nine months of 2020 (in millions of €)

Consolidated sales	2019	2020	Variance	Organic	FX
Rubber Reinforcement	1 494	1 146	-23%	-22%	-1%
Steel Wire Solutions	1 108	982	-11%	-7%	-5%
Specialty Businesses	311	288	-7%	-6%	-1%
BBRG	365	330	-10%	-7%	-3%
Group	15	9	-	-	-
Total consolidated sales	3 293	2 755	-16%	-14%	-3%
Total combined sales	3 911	3 239	-17%	-11%	-6%

Consolidated sales



Combined sales



COVID-19 update

Fast and effective responses with unity of effort and spirit

While life and business are back to normal in China, the 2nd wave of the pandemic hits Europe hard and surges in the USA.



Our coordinated approach in **countering the crisis** now helps us **emerging stronger** during an extraordinary rebound in Q3 and keeping momentum for Q4.



Effective actions to protect our **people**, secure supply continuity to **customers**, and improve our **financial position**

Our business improvement actions in Q3

Our actions to improve our business relations and portfolio

- We stayed **close to our customers**
 - communicating constantly
 - developing advanced channels of interaction
 - dealing well with short-term order updates & changing delivery windows
 - ensuring supply continuity to customers around the world
- We **engaged our suppliers**
 - driving agile actions upstream the supply chain
 - ensuring timely availability of raw materials
 - stepping up excellence standards through a global virtual supplier campaign
- At the same time, we improved the **product and business mix**
 - in line with our strategy to upgrade the overall business portfolio
 - raising our presence in higher value businesses



Balance sheet

Strengthening our financial position and reducing net debt

- **Net debt** was € 834 million on 30 September 2020, € -143 million down from year-end 2019 (€ 977 million) and € -347 million down from € 1 181 million on 30 September 2019. The company's working capital efforts, stringent capital expenditure discipline, and positive cash flow generation will continue to help improve the balance sheet.
- As a result, net debt on underlying EBITDA reduced **below 2.0**, versus 2.5 at the end of the third quarter of 2019 and 2.1 at the close of last year.
- Post-balance sheet date: the successful issue of a 7-year € 200 million **retail bond**.

capital allocation



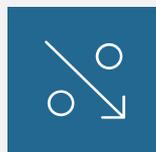
tight control

measures



positive cash flow

net debt



<2

bond issue



€ 200 million

- The [structural improvement](#) actions implemented since the end of 2019 and our [agile response](#) to Covid-19 have demonstrated their effectiveness in strengthening Bekaert's resilience.
- While the Covid-19 pandemic continues to create a high level of uncertainty, the recovery of demand in most of our markets and the lasting benefits from structural improvement actions will enable us to make [a step-up in performance](#) in the second half of 2020.
- Despite lower overall sales than last year, we expect the underlying EBIT for the full year 2020 to be [close to 2019](#), resulting in an improved [underlying EBIT margin](#).
- Driven by strong cash generation and disciplined working capital and debt management, we have brought down the [net debt leverage below 2](#) at the end of the third quarter and will maintain this net debt on underlying EBITDA level as a target - ahead of plan - for the close of 2020.

Save the Date



FY 2020 Results Announcement

CEO and CFO

3 March 2021

Webcast 02:00 p.m. CET

Capital Markets Day

Executive Leadership

10 March 2021

Webcast 10:00 a.m. CET

Q&A



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