

# Q3 trading update

Bekaert reports progressive rebound

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20 November 2020

## Bekaert reports progressive rebound

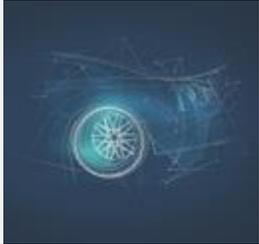
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The second quarter of 2020 was significantly affected by the demand drop caused by the Covid-19 pandemic.

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

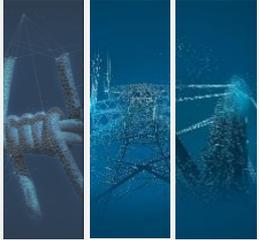
- Overall, lower construction spending
- Some hesitation in infrastructure markets in attendance of stimulus programs
- Seasonality ahead in the winter season

## 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 €)

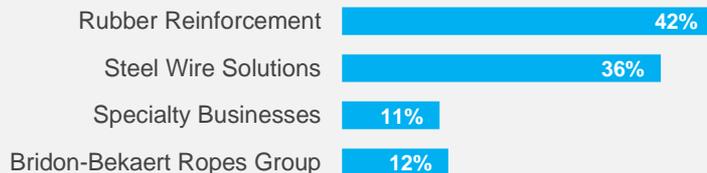
Consolidated sales	Q2 2020	Q3 2020	Q3:Q2 2020	Q3 YOY
Rubber Reinforcement	292	437	+50%	-9%
Steel Wire Solutions	294	342	+16%	-4%
Specialty Businesses	87	103	+18%	-5%
BBRG	114	101	-11%	-18%
Group	6	1	-	-
Total consolidated sales	793	985	+24%	-8%
Total combined sales	911	1 174	+29%	-9%

# Bekaert sales over the first nine months

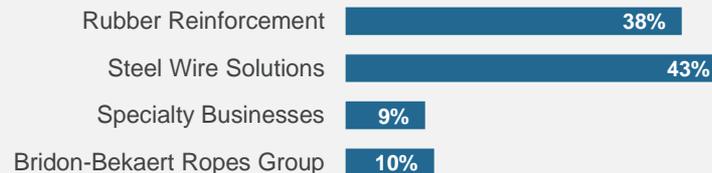
Third party sales for the first nine months of 2020 (in millions of €)

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	-	-	-
<b>Total consolidated sales</b>	<b>3 293</b>	<b>2 755</b>	<b>-16%</b>	<b>-14%</b>	<b>-3%</b>
<b>Total combined sales</b>	<b>3 911</b>	<b>3 239</b>	<b>-17%</b>	<b>-11%</b>	<b>-6%</b>

## 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 2<sup>nd</sup> 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



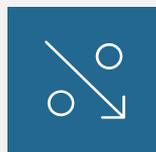
tight control

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

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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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