Bekaert H1 2024 Results

26 July 2024

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Agenda

1. **Introduction and highlights**
   Yves Kerstens, CEO
2. **Financial review**
   Taoufiq Boussaid, CFO
3. **Strategic and operational review**
   Yves Kerstens, CEO
4. **Outlook**
   Yves Kerstens, CEO
5. **Q&A**

Yves Kerstens,
CEO

Taoufiq Boussaid,
CFO

Yves Kerstens, CEO

Introduction and highlights

Key developments – H1 2024[1]

Another period of robust results delivery

Ongoing strategic execution

- Positive M&A momentum – acquired BEXCO
- Efficiency gains & structural cost improvements across the business

Improving business mix

- Three BUs at >10% EBITu[2] margin level
- SWS improved margins by +380bps to 11.4% in H1

Some delays in growth businesses

- +4% volume growth in Sustainable Construction with notable Dramix® wins in landmark projects and increasing adoption in newer markets
- Some contract delays in Hydrogen (12-18 months), but outlook remains robust
- Operational performance challenges at Steel Ropes – but turnaround plan deployed

Resilient financial delivery despite challenges

- Profitability improvements (9.9% EBITu margin, +20bps) despite lower volumes and sales
- Underlying EPS stable at €3.04 (vs €3.07 in H1 2023)
- Stable Free Cash Flow[3] (€43m) and low leverage at 0.7x[4]

Bekaert

One of the top 500 most sustainable companies in the world

TIME

WORLD'S MOST SUSTAINABLE COMPANIES

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2024

[1] All comparisons are relative to H1 2023
[2] EBITu is underlying EBIT as defined in the Alternative Performance Measures (EBIT before one-off items)
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[4] Leverage = net debt/EBITDAu

H1 2024 financial highlights

Robust results delivery despite challenges

Sales	€2.1bn	-11%[1]
EBITu[2]	€204m	-9%[1]
EBITu margin improvement	9.9%	+20bps[1]
Underlying EPS	€3.04	-1%[1]
Net debt	€399m	-25%[1]
Net debt / EBITDAu	0.7x	-0.2x[1]

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Strategic developments in H1 2024

Recycled-steel tires

Goodyear unveiled a tire comprised of 90% sustainable materials using Bekaert recycled steel tire cord

Critical approval received

Bekaert obtained SFRC[1] guidelines for Segmental Lining in Delhi (India), a key milestone for customer adoption

Flintstone fully integrated

Flintstone's connector and tensioner products, have been valuable additions to Bekaert's mooring solutions portfolio

BEXCO acquisition completed

BEXCO strengthens Bekaert's offering in synthetic offshore lifting and mooring solutions

Telecommunications solutions

Our innovative messenger and guy strand product met the Buy America guidelines set by the NTIA[2]

Steel circularity standards set

Bekaert Recycled Content Standard sets the benchmark within the industry for transparency in steel circularity

[1] SFRC: steel fiber reinforced concrete
[2] NTIA: National Telecommunications and Information Administration

Taoufiq Boussaid, CFO

Financial review

Consolidated sales

Robust results delivery despite challenges

	Consolidated Sales (in millions of €) H1 2023	Consolidated Sales (in millions of €) H1 2024		Raw Material & energy	+ Price-mix	+ Volume	= Organic	+ FX	+ M&A	= Growth
Bekaert	2,318	2,060	-11.1%	-5.1	-1.5	-3.8	-10.4	-1.0	0.4	-11.1

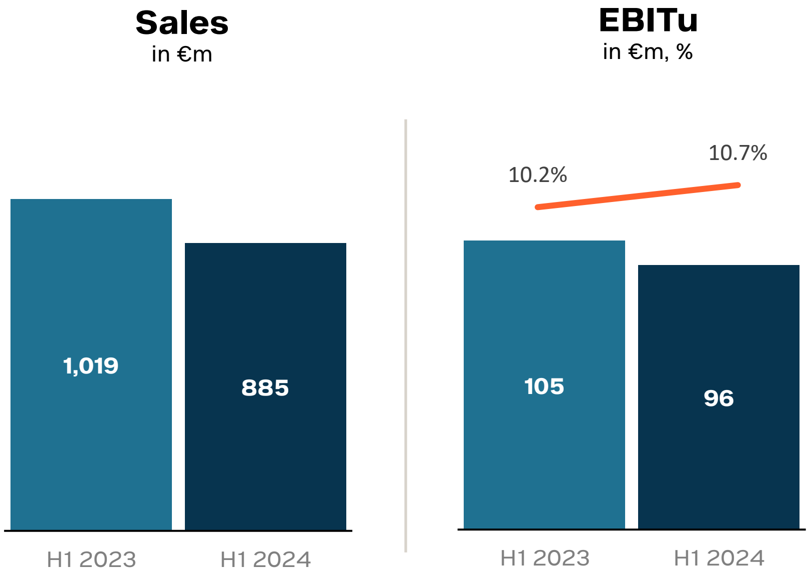
Variance (%)

	H1 2023	H1 2024		RM, energy Price-mix	+ Volume	= Organic	+ FX	+ M&A	= Growth
Rubber Reinforcement	1,019	885	-13.2%	-7.0	-4.2	-11.2	-2.0		-13.2
Steel Wire Solutions	635	574	-9.5%	-6.0	-4.2	-10.2	0.7		-9.5
Specialty Businesses	349	332	-4.9%	n/a*	n/a*	-3.8	-1.1		-4.9
Bridon-Bekaert Ropes Group	309	267	-13.8%	2.9	-17.9	-15.0	-1.5	2.7	-13.8

* n/a: In this BU, there is a broad range of non-comparable units including KG, pieces, m².

Rubber Reinforcement

Improved operational performance and profitability on lower volumes in a challenging environment



H1 2024 Review

-4% volumes vs H1 2023

- Lower sales from reversal of raw material cost inflation
- Price pressure in China in more commoditized products

+2% volume growth vs H2 2023

- Strong volume growth vs H2 2023 in EMEA (+13%) & North America (+8%)

EBITu margin 10.7%, +50bps

- Strong focus on cost efficiency and mix improvements

Strong cash generation

- China plants running at high-capacity utilization

50% sales from premium products

- Strong focus on stronger tensile cords and increasing recycled content of our products

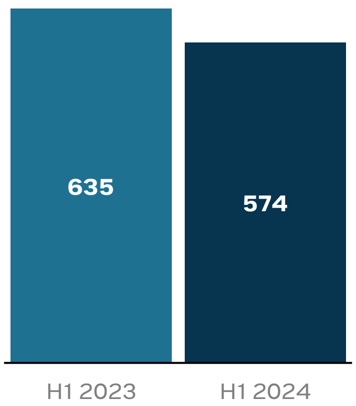
Ongoing ramp-up in Vietnam & India

- Sales in Vietnam continue to ramp-up including homologation of key accounts
- Expanding production capacity in India

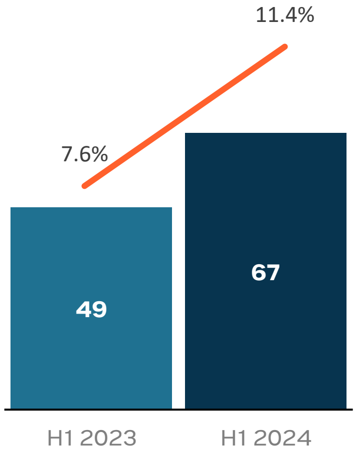
Steel Wire Solutions

Strong operational and business mix improvements from continued strategic transformation

Sales
in €m



EBITu
in €m, %



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+4% volume growth vs H2 2023

- Strong volume growth vs H2 2023 in EMEA (+12%) & North America (+20%)

c28% sales from Energy & Utilities

- Further mix improvements towards higher margin applications

EBITu margin 11.4%, +380bps

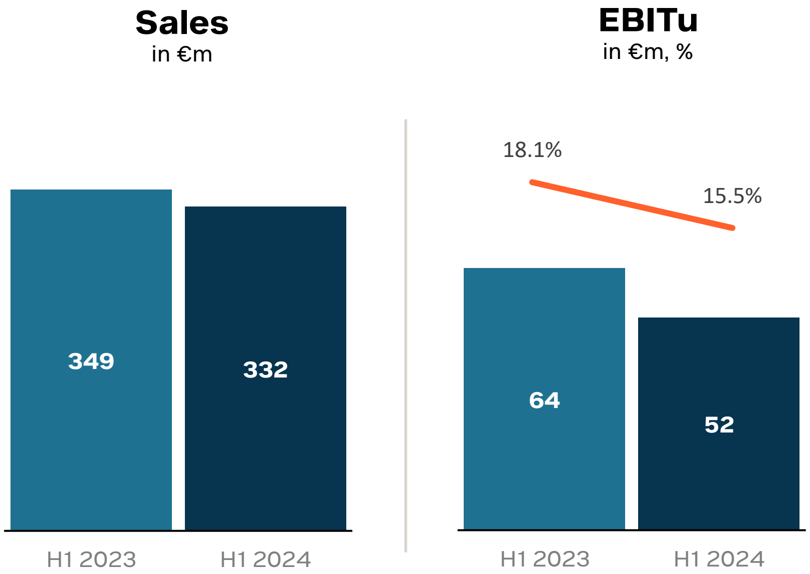
- Highly selective across service portfolio, improving mix
- Structural cost and operational improvements resulting in strong profitability
- Lower margin in H2 2024 given seasonality

Strong cash generation

- Excellent working capital management and cash flow generation

Specialty Businesses

Strong volume growth in Sustainable Construction, Hydrogen ramp-up continues despite sector delays



H1 2024 Review

Sustainable Construction

+4% volume growth vs H1 2023

- Improved market penetration
- Strong order book

c50% volumes from 4D/5D Dramix®

- Additional tunnelling projects using higher tensile fibers
- Notable success in industrial flooring projects

Lower margin vs H1 2023

- Lower pricing vs exceptional period in H1 2023
- Good market adoption rates in key economies (India and Saudi Arabia)

Hydrogen electrolysis

Production ramp-up supported by LTSAs

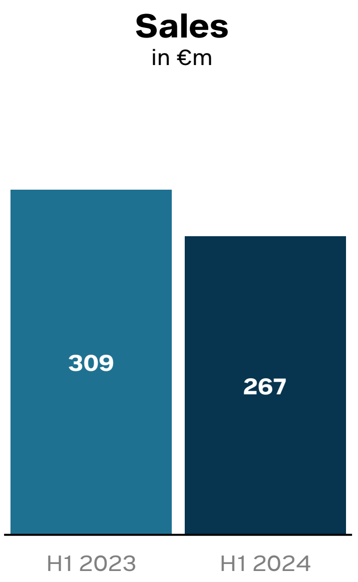
- Modular production ramp-up continues
- Long-term industry outlook remains strong, despite some delays and contract rephasing

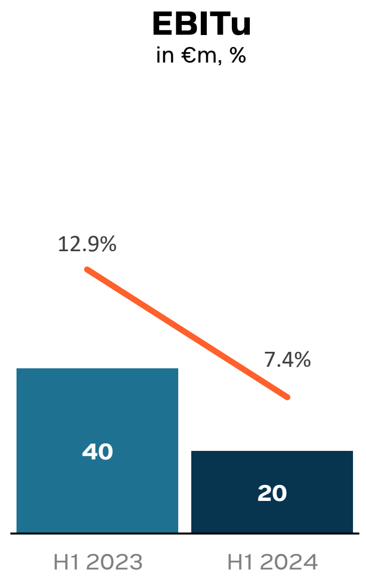
Other

- Ultra Fine Wires strong Q1 followed by material slowdown due to overstocking and faster shift away from steel-based products in the solar market
- Combustion Technologies business remains challenged
- +6% volume growth in Hose and Conveyor Belt sub-segment

Bridon-Bekaert Ropes Group

Operational issues and project delays in Steel Ropes businesses, recovery expected during H2 2024





H1 2024 Review

Issues fully identified, recovery expected during H2 2024

- Steel Ropes businesses in US & UK impacted by manufacturing issues and re-phasing of projects
- Faced some staffing shortages and production issues with transferred machines
- Production issues on track to be solved in Q3
- Sales volumes back at planned run rate by end of Q4

Strong progress in offshore mooring

- Continue to make significant advancements in floating offshore mooring solutions as part of several new projects

A-Cords

- Lower timing-belt sales compensated by higher sales in hoisting business

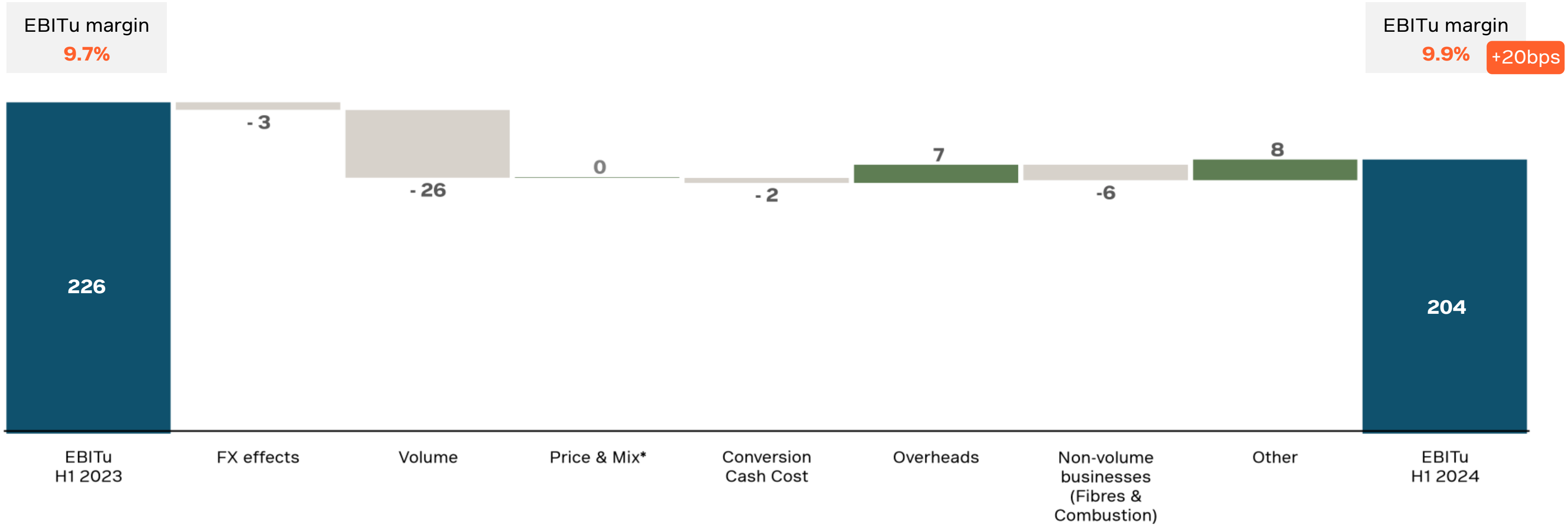
Acquisitions performing well

- Flintstone fully integrated
- BEXCO integration on track
- Industrial benefits and increased commercial opportunities

EBITu bridge

Improved margins from plant utilization, cost efficiencies and mix offsetting lower volumes and operational challenges in Steel Ropes

in millions of €

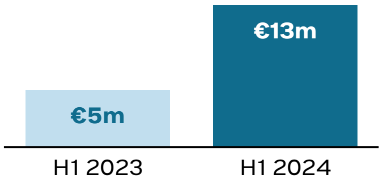


* Net of FIFO inventory valuation of +€37m

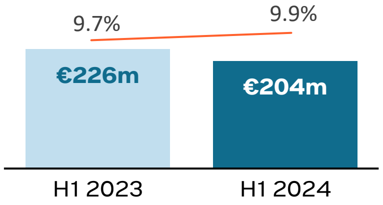
Consolidated income statement – key figures

In €m	H1 2023 Reported	H1 2024 Reported
EBIT	**220**	**192**
Interest income / expense	-14	-9
Other financial income and expenses	-21	-8
Result before taxes	**185**	**174**
Income taxes	-45	-44
Effective tax rate	*24%*	*25%*
Result after taxes (consolidated companies)	**140**	**130**
Share in the results of joint ventures and associates	23	20
Result for the period from continued operations	**162**	**150**
Result attributable to equity holders of Bekaert from continued operations	**161**	**147**
Basic EPS from continued operations (€ per share)	**2.98**	**2.80**
Weighted average number of shares (basic, in millions of shares)	*54.1*	*52.4*

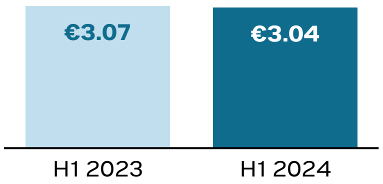
One-off items



EBITu[1]



Underlying Basic EPS from continued operations



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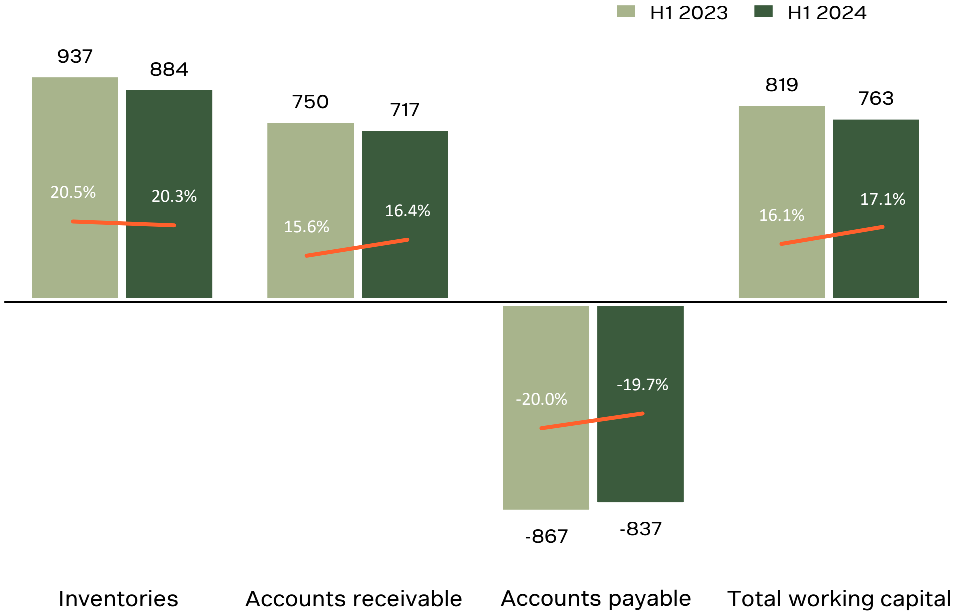
Working capital management

Continued focus on working capital

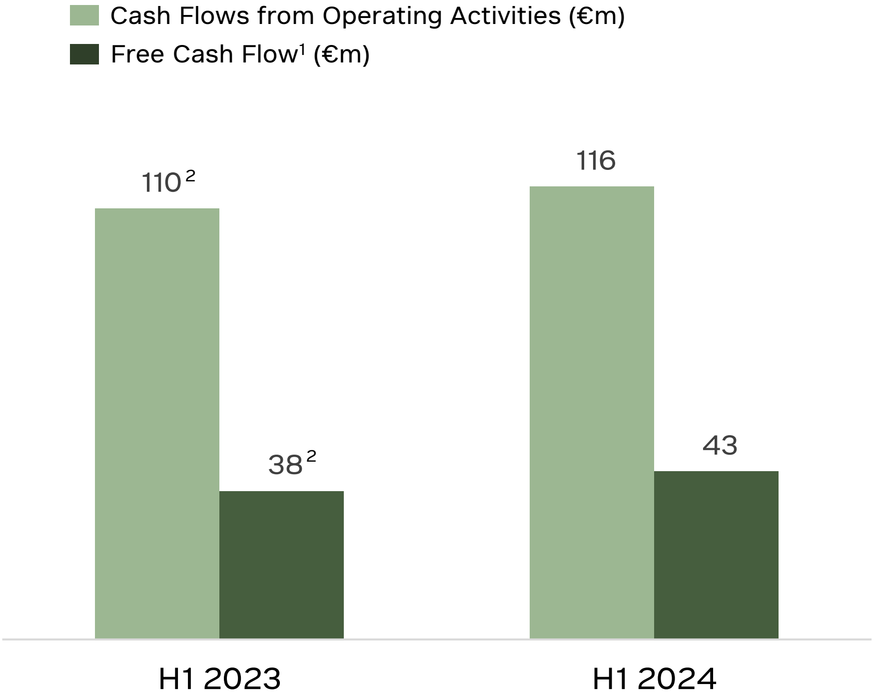
In millions of €, average as % of sales



- Total working capital down €56m vs H1 2023
  - Inventories and accounts receivables decreased, partly offset by a decrease in accounts payable
- Average working capital on sales increased to 17.1% as a result of:
  - H1 2023 inflated sales (higher input costs)

Stable cash flow generation

Allowing the group to invest in growth and to enhance shareholder returns



[1] Free Cash Flow (FCF) = Cash flows from operating activities – capex – net interest + dividends received
[2] Cash Flows from Operating Activities amounted to €162 million in H1 2023 including the contribution from businesses in Latin America now disposed of (FCF amounted to €80 million). Excluding these cash flows, the like for like figures for H1 2023 were €110 million and €38 million respectively.

Stable cash flows from operating activities

- €116m in H1 2024
- Despite lower sales and operational challenges in Steel Ropes businesses in US & UK

FCF[1] of €43m in H1 2024

- Despite increased investments to support future growth in H1 2024

Capex spend in FY 2024 will be lower than anticipated (c€200m)

- Tactical postponements given delays in some growth businesses

Strong FCF delivery expected for FY 2024

Yves Kerstens, CEO

Strategic review

Strategic overview

Strategic objectives

1. Move toward market driven, focused & self-sufficient BUs
2. Transform business portfolio to capture growth opportunities
3. Drive innovation across business & build up global brands
4. Strengthen Bekaert fundamentals – smart, sustainable & agile

Structure

1. Synergetic center and end-market oriented BUs
2. Clear performance orientation and accountabilities
3. People & talent development across businesses
4. Reinforce capabilities for acquisitions

H1 2024 scorecard

Perform ☑ ☑ ☐

- Margin up +20bps despite lower sales
- Three BUs at >10% margin level
- Stable cash generation

Transform ☑ ☑ ☐

- BEXCO acquisition
- Flintstone integration
- Portfolio & footprint rationalization
- M&A pipeline

Grow ☑ ☐ ☐

- Dramix® growth
- Hydrogen strong growth, despite industry delays
- Steel ropes operational challenges
- RR India capacity expansion

Prioritizing large and growing end-markets

Further clarity on SWS's priority end-markets

€7bn[1]

Tire Reinforcement

Growth driven by population and economic activity, accelerated by changing requirements from **electrification and circularity**

€7bn[1]

Energy Transition

Significant growth from trends of decarbonization, electrification, and needs for **renewable energy**

€5bn[1]

Advanced Lifting and Mooring

Strong growth outlook in targeted end markets supported by **decarbonization and urbanization**

€2bn[1]

Sustainable Construction

Fast growing construction market benefitting from **sustainability**, government infrastructure spending and **innovation**

€1bn[1]

Transmission & Performance Wires

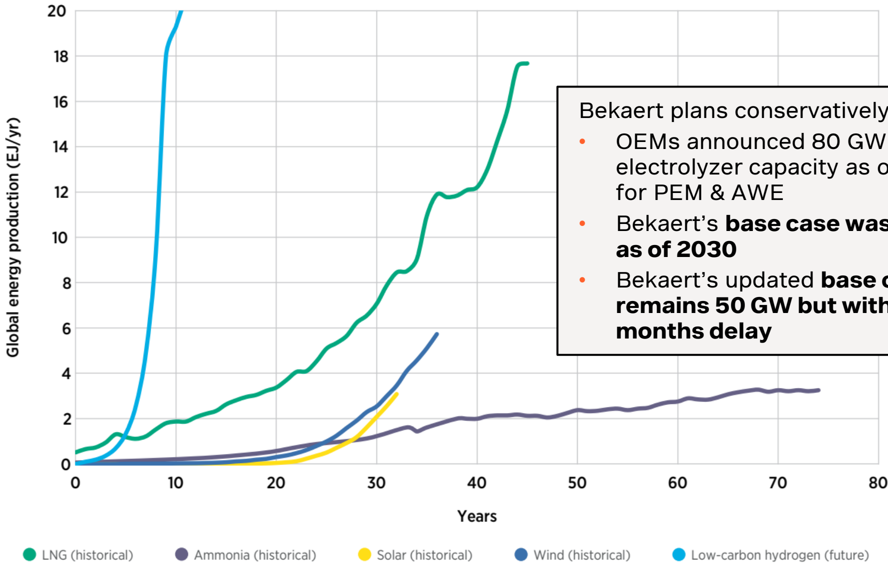
Strong growth in transmission network driven by **renewable capacities** to be grid connected and **electricity & data consumption growth**

[1] Estimated addressable market by 2028

Energy Transition – despite industry slowdown significant opportunity remains

Bekaert's modular capacity build-up and customer backing key to navigating industry dynamics

Historical growth for various technologies compared with low-carbon hydrogen (i.e. green & blue) growth required for a 1.5°C scenario[1]



Bekaert plans conservatively:

- OEMs announced 80 GW annual electrolyzer capacity as of 2030 for PEM & AWE
- Bekaert's **base case was 50 GW as of 2030**
- Bekaert's updated **base case remains 50 GW but with 12-18 months delay**

Note: Year 0 is 1975 for LNG, 1946 for ammonia, 1988 for wind and solar, 2021 for hydrogen. LNG = liquefied natural gas. Low-carbon hydrogen uptake for a 1.5°C scenario.

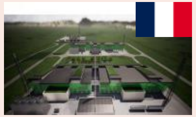
>12GW green H_2 projects reached Final Investment Decision

H2 green steel

ENOWA NEOM

Andalusian green hydrogen valley

Normand'Hy



- **Electrolysis** industry remains critical for transition to **green hydrogen** (99% of H_2 production today created from fossil fuels)
- Market faced some delays, but remains **sizeable** and well **supported by funding**
- Bekaert's **modular capacity expansion** plan provides **flexibility** as industry develops
- Bekaert has **strong visibility** thanks to **Long-Term Service Agreements**
- Some supply chain issues and **projects moving more slowly post Final Investment Decision**

[1] Source: International Renewable Energy Agency (IRENA) – Global Hydrogen Trade to Meet the 1.5°C Climate Goal

Advanced Lifting & Mooring – Acquisition of BEXCO strengthens our position

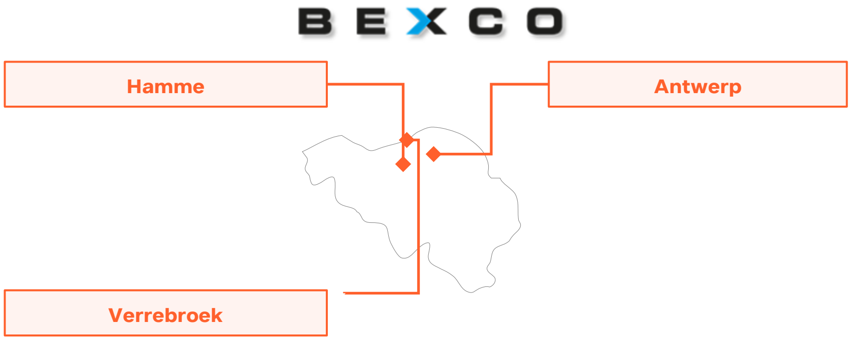
High quality business and template for future acquisitions

BEXCO at a glance

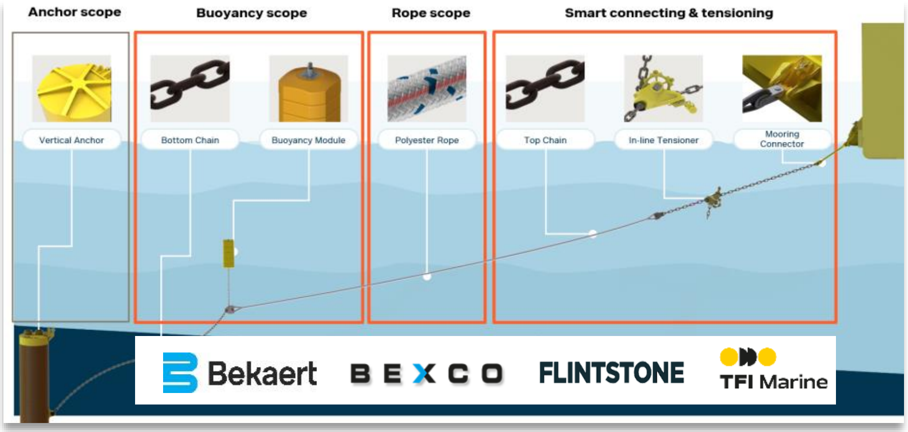
- Leading global player with >50 years experience
- Offering synthetic ropes for offshore energy production, both conventional and renewable
- Headquartered in Hamme, Belgium
- c130 employees
- c€40m sales in FY 2023 at similar operating profit margin to Bekaert group's margin

Manufacturing footprint

- Serving global clients from 3 sites in Belgium



- Acquired BEXCO for **cash consideration of c€40m**
- Combination of Bekaert and BEXCO creates a **synthetic ropes technology leader** to support the offshore energy industry's future growth
- **Acquisition fully in line with our growth plans** and ambition to support the transition to alternative energy sources
- Cost, procurement and sales synergies expected



Operational review

SpB Sustainable Construction – continued adoption of Dramix®

+4% volume growth despite sluggish overall construction market

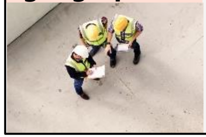
Key developments

New applications

Innovative applications in mature markets

- High tensile fibers
- Residential rafts in Germany (Stuttgart & Düsseldorf)
- Continued growth with Elevated slabs (SigmaSlab®)

New geographies



Increasing adoption in newer markets

- Obtained SFRC guidelines for Segmental Lining in Delhi (India)
- Jointless floor at logistics park in Jeddah, Saudi Arabia
- Jointless industrial floor in Chengdu, China

Landmark projects

- Metro Toulouse, France
- Gotthard Tunnel in Switzerland
- Western Harbour Tunnel Sydney, Australia
- 100,000m² seamless port pavement in Brisbane, Australia

Engineering capabilities critical

FALCONIX

Engineering design & consulting services key **enabler to grow steel fiber adoption**

Plays a crucial role in **developing national guidelines for steel fiber usage**

Key service to **drive penetration of advanced flooring solutions (e.g. rafts)**

Offering proprietary design tools & software

Looking to expand Falconix® footprint to **new geographies** (North America & Middle East)

BBRG operational update

Issues only in Steel Ropes businesses in US & UK
A-Cords and Synthetics unaffected

Challenges related to the closure of Pointe-Claire plant (Canada) and Gelsenkirchen (Germany) and transfer of operations respectively to US and UK steel rope plants

- Delays from transferred equipment running efficiently
- Process reliability issues, leading to higher scrap rates and delayed orders
- Issues finding and retaining staff to operate plant in new locations

Issues fully identified and turnaround plan deployed

- Production issues on track to be solved in H2
- Sales volumes back at planned run rate by year-end
- No other plants or regions affected

Lost sales and profitability impact in 2024

- Further lost sales in H2 2024 expected
- Improving profitability during H2
- No impact on pricing expected
- No impact expected in overall market shares
- Order book remains strong

Yves Kerstens, CEO

Summary and outlook

H1 2024 summary[1]

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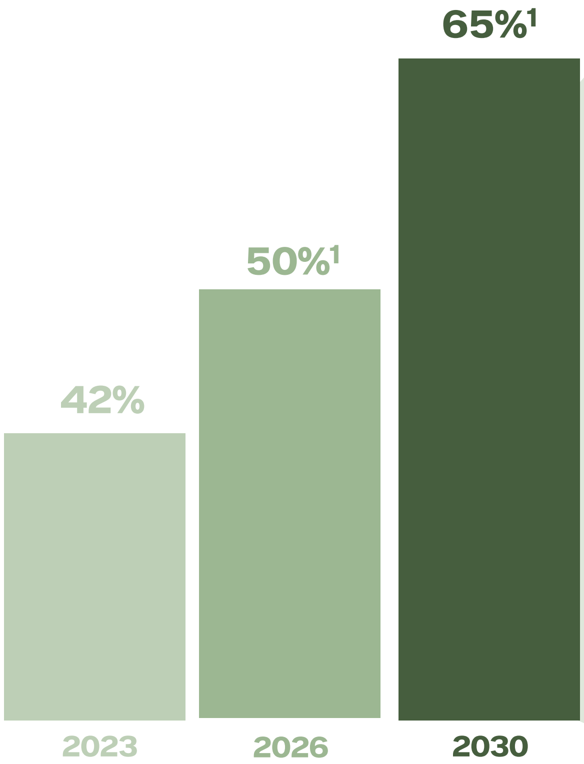
Outlook

- H1 2024 results are another milestone in the ongoing transformation of the group
- Resilient financial performance in H1 and robust financial position gives us confidence in our ability to further deliver on our strategic and financial priorities
- However, there have been delays to some growth businesses and in this environment, management now expects a modest decline in sales in FY 2024 against FY 2023
- However, it does anticipate in FY 2024:
    - Increasing EBITu margins
    - EBITu in-line with current expectations
    - Further strong free cash flow generation
- Looking beyond 2024, management remains confident in its existing longer term targets.

Q&A

Appendix

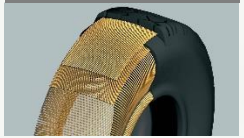
Driving growth and expansion of our Sustainable Solutions portfolio



% Sales from Sustainable Solutions

Multiple end-markets

ST/UT tire cord



Higher tensile strength improving fuel efficiency

Bezinal® coating

Active corrosion protection increasing product lifetime

Recycled-steel

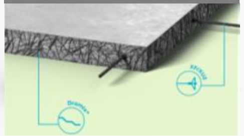
Tire reinforcement using recycled steel content

Sustainable Construction

Dramix®

Up to 50% less steel and 25% less concrete

SigmaSlab™



Dramix® steel fibers & CCL's post-tensioning combined

Murfor® Compact

Sustainable masonry reinforcement

Energy Transition

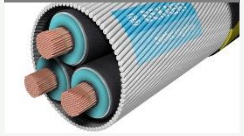
Currento®

Critical element for green hydrogen production

Armofor®

Solution for energy transportation

Bezinox®



Non-magnetic armoring wire for subsea power cables

Lifting & Mooring

Synthetic ropes

Synthetic mooring ropes for floating offshore wind (FOW)

Flexisteel®

Energy-efficient elevator rope

VisionTek

Asset health and condition performance monitoring

[1] EU Taxonomy-aligned turnover

Setting up Market Driven Verticals to unleash our full potential

Our ambition remains the same

Be the leading partner for shaping the way we live and move – safe, smart, sustainable

1 Shift portfolio towards growth & high value markets

- ✓ Energy Transition: **Currento®, Ampact™**
- ✓ Sustainable Construction: **Dramix®**
- ✓ Transmission: Power & Data, **Armofor®**
- ✓ Lifting & Mooring: Synthetic Rope, **BEXCO**

2 Extract the full potential of our current portfolio

- ✓ Tire Reinforcement
- ✓ Performance Wires
- ✓ Lifting & Mooring: Steel Rope, **Bridon®**

OUR CAPABILITIES

- Our brands: **Currento®, Dramix®, Bridon® …**
- Technology and innovation
- Reputation, 140+ years
- Market access
- Balanced and diverse portfolio
- Strong balance sheet

OUR FOCUS

- Digitally forward, sustainability-focused & diverse organization
- Addressing mega trends
- M&As: market access & ability to win
- Disproportional resource on growth
- Exit commodity, low value businesses
- Target value-cost leadership at core

OUR PEOPLE

- Performance oriented inclusive culture & supporting reward system
- People & talent development across businesses, exploiting synergies
- Clear accountability at each level
- Capability upgrade to shift from product push to market pull

OUR STRUCTURE

- Target Operating Model (TOM): lean, efficient, agile
- A decentralized organization, supported by a lean corporate & shared service centers
- Aligned leadership toward high-performance organization
- Market oriented set-up targeting #1-2 positions in each market

Alternative Performance Measures

Definitions

Metric	Definition
Capital employed (CE)	Working capital + net intangible assets + net goodwill + net property, plant and equipment + net RoU Property, plant and equipment. The weighted average CE is weighted by the number of periods that an entity has contributed to the consolidated result.
Capital ratio (financial autonomy)	Equity relative to total assets.
Current ratio	Current assets to Current liabilities.
Combined figures	Sum of consolidated companies + 100% of joint ventures and associates after elimination of intercompany transactions (if any). Examples: sales, capital expenditure, number of employees.
EBIT	Operating result (earnings before interest and taxation).
EBIT – underlying (EBITu)	EBIT before operating income and expenses that are related to restructuring programs, impairment losses, business combinations, business disposals, environmental provisions or other events and transactions that have a material one-off effect that is not inherent to the business.
EBITDA	Operating result (EBIT) + depreciation, amortization and impairment of assets + negative goodwill.
EBITDA – underlying (EBITDAu)	EBITDA before operating income and expenses that are related to restructuring programs, impairment losses, business combinations, business disposals, environmental provisions or other events and transactions that have a material one-off effect that is not inherent to the business.
EBIT interest coverage	Operating result (EBIT) divided by net interest expense.
Free Cash Flow (FCF)	Cash flows from Operating activities - capex + dividends received - net interest paid.
Gearing	Net debt relative to equity.
Margin on sales	EBIT, EBIT-underlying, EBITDA and EBITDA-underlying on sales.
Net capitalization	Net debt + equity.
Net debt	Interest-bearing debt net of current loans, non-current financial receivables and cash guarantees, short-term deposits, cash and cash equivalents.
Net debt on EBITDA	Net debt divided by EBITDA.
Operating free cash flow	Cash flows from Operating activities – capex (net of disposals of fixed assets).
Return on capital employed (ROCE)	Operating result (EBIT) relative to the weighted average capital employed.
Return on equity (ROE)	Result for the period relative to average equity.
WACC	Cost of debt and cost of equity weighted with a target gearing of 50% (net debt/equity structure) after tax.
Operating Working Capital	Inventories + trade receivables + bills of exchange received + advanced paid - trade payables - advances received - remuneration and social security payables - employment-related taxes.
Internal Bekaert Management Reporting	Focusing on the operational performance of the industrial companies of the Group, leaving out financial companies and other non-industrial companies, in a flash approach and as such not including all consolidation entries reflected in the full hard-close consolidation on which the annual report is based.

Bekaert