

# Bekaert 2022 H1 Results

 **BEKAERT**

better together

29 July 2022

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# H1 2022 – In Brief

Strong growth and solid results in a turbulent macroeconomic environment

## Robust sales growth

**+ 24%**

- Lower volumes
- Strong price realization

## High profit generation

**€ 283 mln**

- U-EBIT, comparable to H1-21
- Some margin dilution due to cost inflation pass-through effect

## ROCE > 20%

**22.8%**

- Modest decrease in ROCE
- Remains above 20%

## Net debt leverage < 1

**0.88**

- Increased net debt
- Leverage remains low

## Results reflect focus of our actions

Higher resilience to economic cyclicality, thanks to:



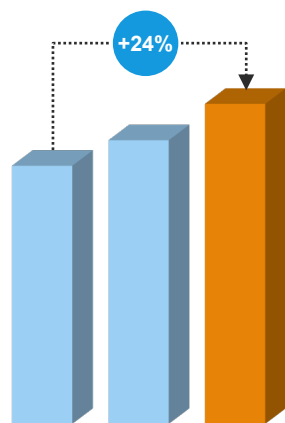
- Strong price realization
- Excellent operational performance
- Leveraging the benefits from our global footprint and local services & sourcing channels
- Capturing short- to medium-term growth opportunities from sustainability and innovation trends

# H1 2022 – Results

Strong growth and solid financial results in difficult macroeconomic environment



## Consolidated Sales

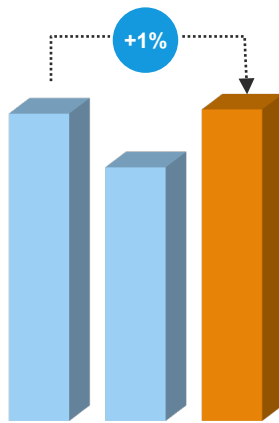


H1-21 2 306m€  
H2-21 2 534m€  
H1-22 2 859m€

**€ 2 859 mln**



## u-EBITDA

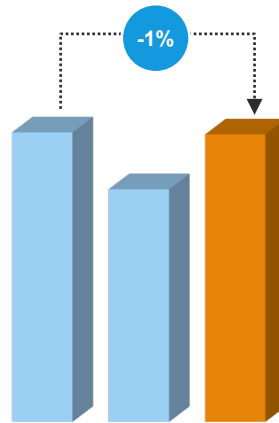


H1-21 376m€  
H2-21 312m€  
H1-22 381m€  
16.3%  
12.3%  
13.3%

**€ 381 mln**



## u-EBIT

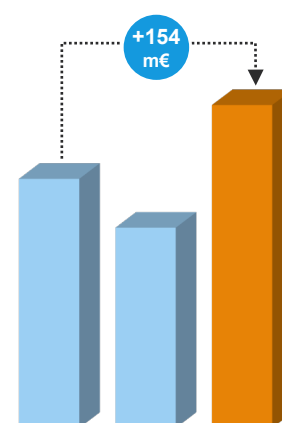


H1-21 285m€  
H2-21 229m€  
H1-22 283m€  
12.4%  
9.0%  
9.9%

**€ 283 mln**



## Net Debt

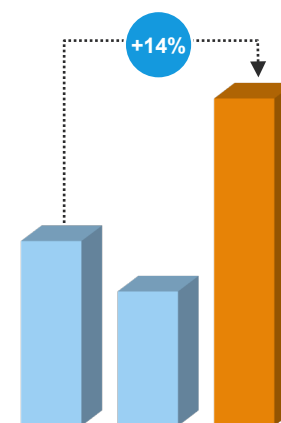


H1-21 519m€  
YE-21 417m€  
H1-22 673m€  
0.69  
0.61  
0.88

**0.88**



## EPS



H1-21 €3.66  
H2-21 €3.48  
H1-22 €4.16

**€ 4.16**

# H1 2022 – Market Environment

Challenges and Opportunities within turbulent environment



## Headwinds

- Inflation across all input costs
- Monetary policy
- Energy shortage crisis
- Shortage of materials, labor and logistics
- Stringent Covid-19 lockdowns in China
- Russia-Ukraine
- Weakening economy



## Tailwinds

- Reverse globalization
- Energy transition and independence
- Sustainability trends and decarbonization
- Electric Vehicles
- Stimulus programs US (energy), China (infrastructure)

# Strategy Update

Moving Bekaert to the next level with Perform-Transform-Grow 2.0

## VALUE CREATION

Value creation for **all stakeholders**:

**Customer-centric:** LTSA and development contracts

**Supply continuity through crises:** global leadership - local presence

**Return value to shareholders:** dividend +50% and Share Buyback

## PERFORM-TRANSFORM-GROW 1.0

**Perform:** strong execution and progress on key performance metrics

**Transform:** innovation – digital – sustainability as key levers of growth

**Grow:** seeds of growth: building positions in hydrogen, low-carbon concrete, offshore wind, energy and utilities

## PERFORM-TRANSFORM-GROW 2.0

**Perform:** strengthen the core; further improve business mix

**Transform:** create smart, sustainable, safe solutions by expanding digital, beyond-steel and services offering in key markets

**Grow:** leadership in target markets

 **Bekaert Core**

 **Bekaert Beyond**

## Taking Bekaert Beyond



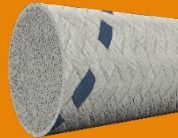
Green construction



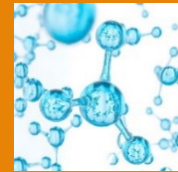
New mobility



Energy Transition



Smart solutions



# Strategy Focus

Our Core and Beyond approach aims to future proof our balanced portfolio

## Value creation for all stakeholders

### Strengthen and optimize our core business

Trusted and preferred supplier of steel wire applications with a global footprint



Bekaert Core

### Be a leading solution supplier in select markets

Enabling the **energy transition** through renewable electricity, power infrastructure and hydrogen production

Helping to **decarbonize construction** and facilitating urbanization with green and high-performance solutions

Providing advanced components for **new mobility**: battery-electric vehicles (BEV)



Bekaert Beyond

## H1-22 Focus Areas

- ✓ Leveraging **global footprint** and local services/sourcing
- ✓ **Pricing discipline** and execution
- ✓ Continuous **portfolio management**
- ✓ Growth in **low-carbon concrete** reinforcement solutions
- ✓ Project wins **offshore wind farm tenders**
- ✓ Building a leading position in **hydrogen electrolysis** technologies
- ✓ Expanding our position in **energy and utility markets** in the US
- ✓ Accelerating the go-to-market plans of new innovations for **electric vehicles**

# Smart, Sustainable, Safe Wins

Results across both our beyond and core segments



**RDOF (US)**  
Continued project wins by customers in internet broadband investments US



**Grand Paris Line 16 (FR)**  
Dramix® steel fibers for new metro lines



**Sigmataslab™ elevated projects (NO, DE)**  
The first projects in Norway and Germany



**TireTech Award (DE)**  
Bekaert wins Tire Manufacturing Innovation of the Year Award at TireTech, Hannover

**Les Alizés (Jan de Nul) and Green Jade (Deme) (CN)**  
Crane wire ropes for new offshore wind turbine vessels



**Cargo Sous Terrain (CH)**  
Swiss Federal Council approves law providing legal ground for the Cargo Sous Terrain project.

**1st contract with MingYang (CN)**  
China's leading wind turbine company: synthetic mooring lines for newest offshore floating turbine

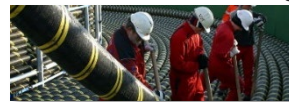


**Carreterra al Llano (CO)**  
3 500 tons Dramix® for 18 tunnels



**Gazelle Wind Power (FR)**  
Mooring lines for floating offshore wind platform

**Euro Asia interconnector (CY-GR-IL)**  
Subsea cable armoring



**Mumbai Trans Harbor Link (IN)**  
Solutions for megastructure in harsh marine environments

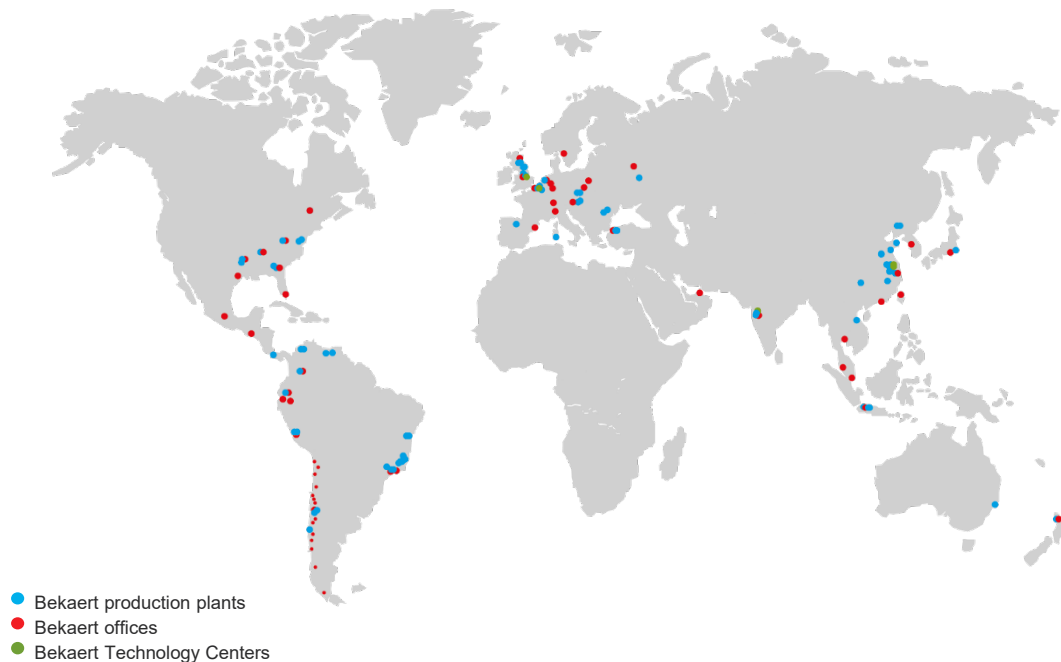




# Global Presence

Consolidated sales of € 2.9 billion in H1 2022

## Close to our local customers



\*Combined sales of € 3.5 billion (including joint ventures); combined sales regional breakdown: 32% EMEA – 20% APAC -15% NAM – 33% LATAM

## 2022 H1 Consolidated sales by region

**39%**

EMEA

**25%**

APAC

**18%**

NAM

**18%**

LATAM

## 2022 H1 Consolidated sales by industry



**41%**

Tire & Automotive



**24%**

Construction & Infrastructure



**10%**

Basic materials



**8%**

Energy & utilities



**8%**

Agriculture



**7%**

Equipment



**3%**

Consumer goods



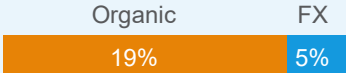
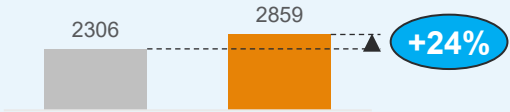
# Financial Results H1 2022

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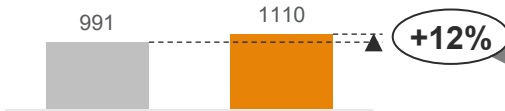
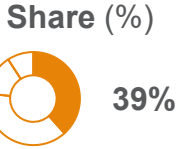
# Consolidated Sales

**€ 2 859 mln**  
[Combined\*: € 3 456 mln]

## Consolidated Sales (In millions of €)

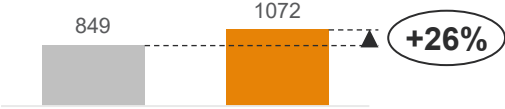


**Rubber Reinforcement**



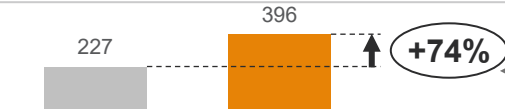
**Pro forma restatement**  
**+19%**

**Steel Wire Solutions**



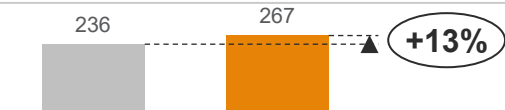
Comparable growth % excluding the impact of the move of the HCB (hose and conveyor belt) activities from Rubber Reinforcement to Specialty Businesses

**Specialty Businesses**



**+38%**

**Bridon-Bekaert Ropes Group**



H1-21      H1-22

\*Combined sales are sales of consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination

# Consolidated Income Statement - Key Figures

In millions of €

	Underlying		Reported	
	H1 2021	H1 2022	H1 2021	H1 2022
Sales	2 306	2 859	2 306	2 859
Cost of sales	(1 833)	(2 387)	(1 847)	(2 390)
<b>Gross profit</b>	<b>473</b>	<b>472</b>	<b>459</b>	<b>469</b>
Selling expenses	(88)	(102)	(87)	(103)
Administrative expenses	(78)	(78)	(76)	(79)
R&D expenses	(29)	(28)	(29)	(29)
Other operating revenue and expenses	9	19	21	21
<b>EBIT</b>	<b>285</b>	<b>283</b>	<b>288</b>	<b>280</b>

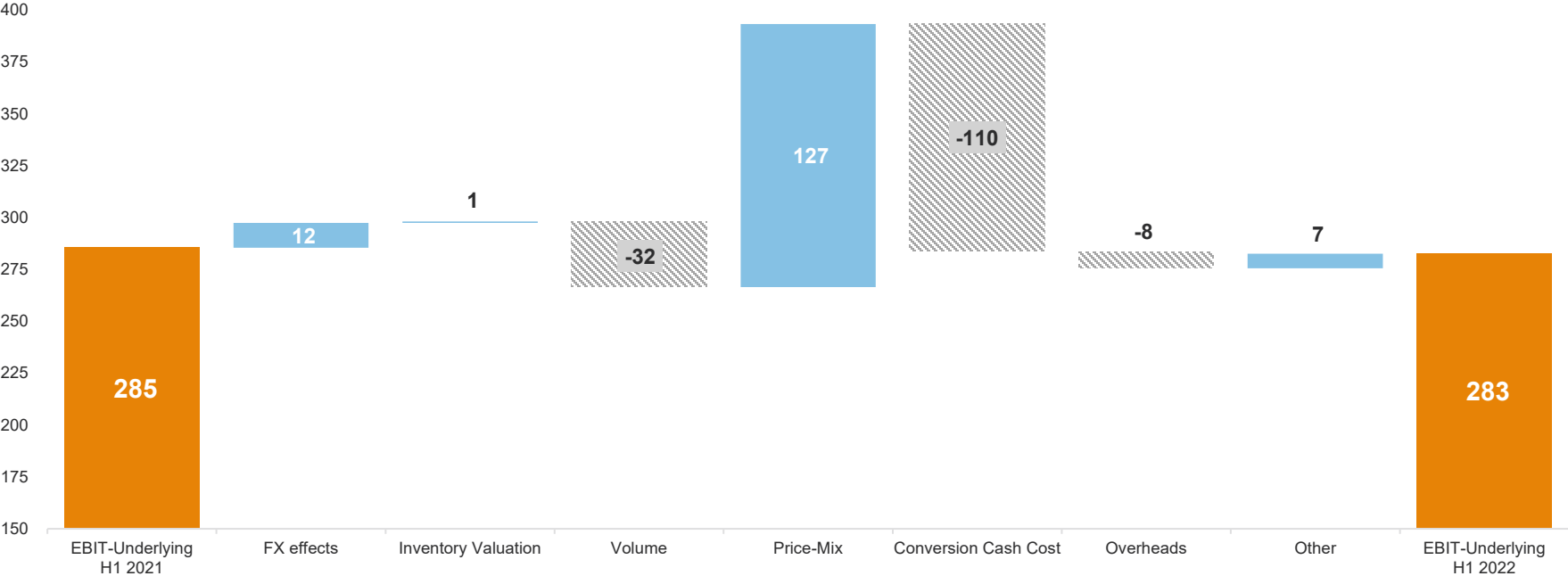
Gross profit remains stable: sales and cost of sales increase by the same amount in absolute figures (€ ~+553 million)

Overheads increase in absolute numbers but decrease as a % on sales: -120bps to 7.3%

Other operating revenue and expenses include the gain on the sale of idle land in Doncaster, UK (BBRG): € +11.5 million

# EBIT-Underlying Bridge – Consolidated View

In millions of €



# Rubber Reinforcement

Solid demand and margin performance in all regions except China

## Rubber Reinforcement

### Challenges

- Weak demand and stringent lockdowns in China
- Cost inflation pass-through effect

in mln € (or %)	H1 21	H2 21	H1 22
Sales	991	1 063	1 110
uEBIT	139	108	101
uEBIT %	13.8%	10.0%	8.9%
uEBITDA	186	158	147

### Highlights and Outlook

- Robust EBIT-U margin in all regions except China and North America
- Continued pricing discipline
- China sales expected to improve
- Demand to remain at high level in rest of the world
- Brazilian joint venture delivered +61% sales growth to € 130 million



# Steel Wire Solutions

Strong sales growth on lower volumes

## Steel Wire Solutions

### Challenges

- Weakening economies in Latin America
- Pass-through effect cost inflation

in mln € (or %)	H1 21	H2 21	H1 22
Sales	849	970	1 072
uEBIT	116	93	106
uEBIT%	13.4%	9.4%	9.6%
uEBITDA	138	114	131

### Highlights and Outlook

- Strong demand from energy and utility markets, boosting performance in EMEA and North America
- Pricing discipline
- Automotive demand in China recovering
- Economic conditions in Chile, Ecuador unstable
- Brazilian joint venture delivered +20% sales growth to € 477 million



# Specialty Businesses

Robust sales and profit growth in all sub-segments

## Specialty Businesses

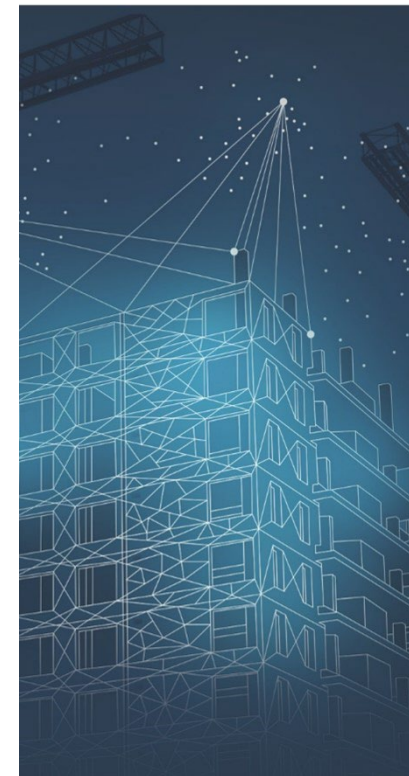
### Challenges

- Lockdowns China
- Speed of ramp-up in target markets and applications

in mln € (or %)	H1 21	H2 21	H1 22
Sales	227	248	396
uEBIT	40	31	74
uEBIT%	17.3%	12.3%	18.1%
uEBITDA	48	34	84

### Highlights and Outlook

- Fast growing segment of high-value adding products and solutions
- Strong volumes and business-mix
- Attractive markets driven by energy transition and decarbonization
- Scaling up capabilities and capacity in hydrogen electrolysis technologies and HCB





## Bridon-Bekaert Ropes Group

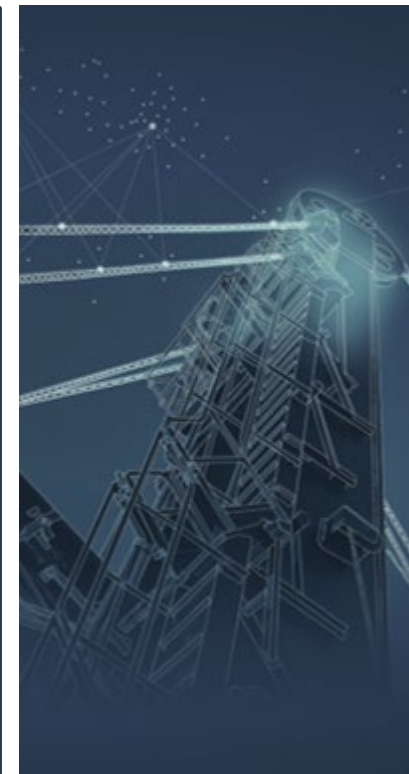
### Challenges

- Lockdowns China
- Ramping up US capacity in line with strong demand
- Trading Russia scaled back

in mln € (or %)	H1 21	H2 21	H1 22
Sales	236	245	267
uEBIT	23	22	35
uEBIT%	9.8%	8.9%	13.1%
uEBITDA	39	37	53

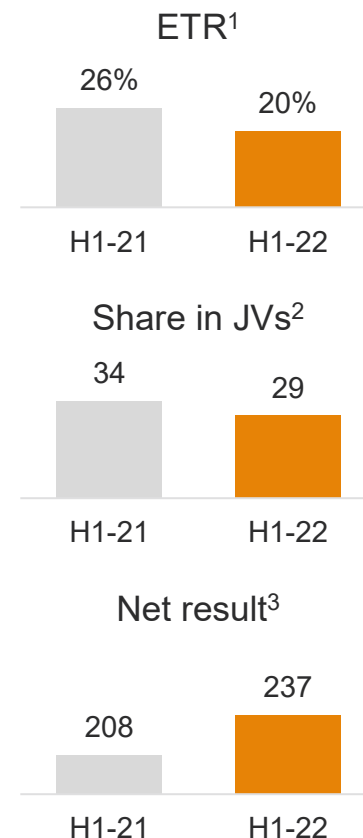
### Highlights and Outlook

- Record-high order book
- Pricing discipline
- Strong demand Latin America
- Technology shift from massive steel pipes to new technologies across reinforced thermoplastics
- Positive outlook, both for Ropes and A-Cords



# Consolidated Income Statement – Key Figures

In millions of €	H1 2021	H1 2022
<b>EBIT (after one-off items)</b>	<b>288</b>	<b>280</b>
Interest income / expense	(23)	(17)
Other financial income and expenses	4	16
Result before taxes	268	278
Income taxes	(71)	(55)
<b>Result after taxes (consolidated companies)</b>	<b>197</b>	<b>223</b>
Share in the results of joint ventures and associates	34	29
<b>Result for the period</b>	<b>231</b>	<b>252</b>
Attributable to non-controlling interests	23	14
<b>Attributable to equity holders of Bekaert</b>	<b>208</b>	<b>237</b>



(1) Effective tax rate / (2) Share in the results of JVs in millions of € / (3) Result of the period attributable to equity holders of Bekaert in millions of €

# Working Capital

In millions of €	H1 2021	Year-end 2021	H1 2022
Inventories	896	1 121	1 391
Accounts receivable	758	812	990
Accounts payable	(987)	(1 256)	(1 347)
<b>Working capital</b>	<b>667</b>	<b>678</b>	<b>1 034</b>

The average working capital on sales increased from 13% to 15%

# Key Figures per Share

	H1 2021	H1 2022
Share price on 30 June	37.58	31.06
Number of existing shares	60 414 841	59 002 852
Book value	28.23	37.35
Earnings per share (EPS)	3.66	4.16
Weighted average number of shares	56 813 437	56 891 049

**+14%**  
EPS

# Share Buyback

Status on our Share Buyback program

- 25 February 2022      Announcement Share Buyback program for a total amount of up to € 120 million over a period of up to 12 months
- 18 March – 4 May 2022      First tranche for an amount up to € 30 million  
The company repurchased 766 295 ordinary shares for a total of € 27.3 million
- 11 May – 22 July 2022      Second tranche for an amount up to € 30 million  
The company repurchased 864 817 ordinary shares for a total of € 30 million
- 29 June 2022      Cancellation of 1 449 409 repurchased shares
- 29 July 2022      Third tranche for an amount up to € 30 million  
All shares repurchased will be cancelled



## Outlook

Our profitability ambitions for the medium term remain unchanged

However, the 2022 outlook remains particularly volatile due to macroeconomic and geopolitical turbulences

We therefore remain vigilant and will actively address further changes in market conditions

Similar to the agility demonstrated throughout the Covid pandemic, we will

- continue to align our business priorities with the market needs,
- further leverage our pricing discipline,
- and accelerate the execution of additional structural cost savings

## Q&A

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**Moderator:**  
Katelijn Bohez



**BEKAERT**

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