

Press release

Regulated Information

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katelijn.bohez@bekaert.combekaert.com**Trading update for the nine months to September 2023****Resilient performance in challenging markets;
profit guidance for FY2023**

Bekaert has delivered a resilient performance in the first nine months of 2023, despite many of our end markets remaining challenging. Sales of € 3 355 million (-13% against the same period in 2022) were lower in this period, as anticipated, from the reversal of raw material cost inflation and the normalization of energy surcharges in previous periods, and lower volumes, partially offset by a stronger mix.

Bekaert continues to benefit from the execution of its strategy, with business selection driving price and mix improvements, alongside excellent cash conversion and cost discipline. The group is also making good progress in developing its new growth platforms and with the completion of the disposal of the Steel Wire Solutions businesses in Chile and Peru, Bekaert continues its repositioning into markets with higher growth and margin.

Highlights

- Consolidated Sales of € 3 355 million in the first nine months of 2023 (-13%) driven by pricing reflecting lower raw material costs and lower volumes
 - The phasing out of previous wire rod price increases and energy surcharges reduced revenues by approximately € 350 million and the lower overall volumes (-5%) reduced revenues by approximately € 180 million in the first nine months. Currency effects had an impact of around € -110 million.
 - Successful focus on price and mix optimization towards higher margin products increased revenues by around € 150 million
- Ongoing and proactive cost management to support margins, including the closure of a plant in China in Q3
- Continued strong cash flow generation, due to further working capital management, especially on inventories
- Rubber Reinforcement - whilst demand and plant occupation have been strong in China, the anticipated weakness in Europe and North America have resulted in lower revenues
- Specialty Businesses - mixed performance across sub-segments, with excellent progress from Dramix® products in target markets and new contract wins improving mix, the successful commercialization of hydrogen activities (Currento®), offset by weaker demand in combustion technologies and filtration
- BBRG - very strong growth in both Ropes and A-Cords, sustained high order book and significantly increased demand for Armoform®
- Steel Wire Solutions - continued strong energy and utility markets in North America, with lower volumes in other regions
- Growth platforms continue to progress, with a developing partnership with Toshiba in hydrogen electrolysis and partnership with ABB to deliver a predictive maintenance services for mine hoist systems
- Commissioned 12 MWp solar power farm at plant in Burgos, Spain
- The disposal of Steel Wire Solutions businesses in Chile and Peru now completed

Outlook

Despite the challenges in many of our end markets, Bekaert continues to benefit from actively managing pricing and business mix, and the transformational initiatives of recent years, which continue to improve operating margins, cash flow and overall business resilience. Whilst uncertainty remains for the financial year 2023, management is currently anticipating:

- Consolidated sales of approximately € 4.3 billion reflecting the ongoing reversal of raw material cost inflation and the normalization of energy surcharges in 2022
- EBITu margin in the range of 8.5-8.7% (up from 8.2% last year)
- Strong cash performance for the year, driven by ongoing working capital management

The Group expects the challenging demand environment to continue in most regions into Q1 2024 and Bekaert will remain focused on successfully managing these pressures, as it has done to date in 2023. The group will continue to strengthen its business fundamentals and resilience, and improve opportunities for growth, margin expansion and cash flow generation, and therefore we remain confident in our ability to deliver our strategy.

Conference Call

Yves Kerstens, Group CEO, and Taoufiq Boussaid, Group CFO, will present the 2023 third quarter trading update at 10:00 a.m. CET on Friday 17th November. This presentation can be accessed live upon registration [via the Bekaert website \(bekaert.com/en/investors\)](https://www.bekaert.com/en/investors) and will be available on the website after the event.

Consolidated and combined sales for the first nine months of 2023

Sales excluding the disposed SWS businesses in Chile and Peru

Consolidated sales (€m)	2022 ¹	2023	Share	Change	Organic	FX
Rubber Reinforcement	1 697	1 467	44%	-14%	-10%	-4%
Steel Wire Solutions	1 096	912	27%	-17%	-15%	-2%
Specialty Businesses	604	512	15%	-15%	-13%	-2%
BBRG	427	454	14%	6%	9%	-3%
Group	19	10	–	–	–	–
Total	3 843	3 355	100%	-13%	-10%	-3%

Combined sales (€m) ²	2022 ¹	2023	Share	Change	Organic	FX
Rubber Reinforcement	1 898	1 615	39%	-15%	-12%	-3%
Steel Wire Solutions	1 831	1 559	38%	-15%	-14%	-1%
Specialty Businesses	604	512	12%	-15%	-13%	-2%
BBRG	427	454	11%	6%	9%	-3%
Group	4	3	–	–	–	–
Total	4 765	4 143	100%	-13%	-11%	-2%

2023 quarter-on quarter progress

Sales excluding the disposed SWS businesses in Chile and Peru

Consolidated third party sales (€m)	1 st Q	2 nd Q	3 rd Q	Q3:Q2	Q3 y-o-y ³
Rubber Reinforcement	539	480	448	-7%	-24%
Steel Wire Solutions	327	307	277	-10%	-24%
Specialty Businesses	173	176	164	-7%	-20%
BBRG	152	157	144	-8%	-10%
Group	3	4	3	–	–
Total	1 194	1 124	1 036	-8%	-21%

Combined third party sales (€m) ²	1 st Q	2 nd Q	3 rd Q	Q3:Q2	Q3 y-o-y ³
Rubber Reinforcement	593	526	496	-6%	-25%
Steel Wire Solutions	548	524	487	-7%	-21%
Specialty Businesses	173	176	164	-7%	-20%
BBRG	152	157	144	-8%	-10%
Group	0	2	–	–	–
Total	1 467	1 385	1 291	-7%	-21%

¹ The 2022 sales data are excluding the sales from the SWS businesses in Chile and Peru to have a like-for-like comparison with 2023

² Combined sales are sales of fully consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

³ Q3 year-on-year sales: 3rd quarter 2023 versus 3rd quarter 2022.

Segment overview

Rubber Reinforcement

Volumes in Bekaert's Rubber Reinforcement business were up +1% compared with the first nine months of 2022, with a strong performance in China and India. Rubber Reinforcement delivered sales of € 1 467 million, a -10% organic decrease, reflecting weaker market conditions in Europe and North American markets and lower pricing (-11%) due to the reduction in raw material costs. Finally, the currency impact was -4%.

Volumes remain strong in China on the back of customer restocking, plant utilization continues to be high and business mix is improving. While softer demand continues in Europe and North America with no signs of immediate recovery, pricing discipline has been maintained successfully. Volumes in India continue to grow. Given the challenging market conditions, cost efficient production is critical and in the period the decision was taken to close the production plant in Chongqing, China. At the production plant in Burgos, Spain a solar installation is now fully operational and establishes lowest CO₂ footprint for any tire reinforcement plant globally.

Revenues from the Rubber Reinforcement joint venture in Brazil amounted to € 149 million in the first nine months, down from € 203 million last year, as local demand was heavily impacted by an increase in tire imports. Volumes decreased by -17%, while the currency impact was minimal at +1%. Including joint ventures, the business unit's combined sales were € 1 615 million.

Steel Wire Solutions

Steel Wire Solutions consolidated sales were € 912 million in the first three quarters of 2023, -17% versus the same period last year. Focus on mix and pricing was important, and had a positive impact, despite volumes being -11% lower. The impact from lower raw material costs drove sales prices down and currency effects were -2%.

Regionally, the revenue decreases were mainly due to softer demand in Europe and Latin America and in the more cyclical and commodity end markets like construction and agriculture. Demand from the energy and utility markets is stronger than other end markets and we expect further growth in the future, however there was a slowdown in deliveries at the end of the third quarter for this market in North America, due to customer destocking and some project delays. While smaller in size, demand in the Asian regions is more resilient with stable volumes compared with last year. Price and mix are robust despite lower volumes and a further improving working capital position continues to support strong operating cash flow in the period.

The Steel Wire Solutions joint venture in Brazil reported -12% sales decrease in the first three quarters and generated € 641 million in revenue. Small negative volume (-1%) impact balanced off with a low positive currency impact (+1%) and so the revenue decrease mainly relates to the combined lower input costs and price-mix effects. Including joint ventures, the business unit's combined sales were € 1 559 million.

Specialty Businesses

After record-high sales last year driven by exceptional buying patterns, revenues for the first nine months of 2023 were € 512 million, -15% below the same period last year. The organic decrease by -13% was driven by demand decrease and raw material impacts, partially offset by positive mix effects. The currency impact was -2%.

The building products sub-segment had a mixed performance against a very strong comparative period in 2022. In North America, new contract wins in target markets such as battery plants and electric vehicle manufacturing, alongside higher levels of adoption in the flooring market is leading to significantly higher sales levels. However, construction markets in Europe, our largest markets, were softer with some project delays and more intense competition. Overall, the successful penetration of the higher value 4D/5D products continues with half of the sales now coming from these patent-protected product lines and consequentially pricing and mix has remained very strong, partly offsetting volume declines. There have been notable project wins in Australia, France and India as well as innovation with the introduction of higher strength fibers for better performance.

In Fiber Technologies, the commercialization of porous transport layers (Currento®) for hydrogen electrolysis technologies continues at pace. The initiation of a partnership with Toshiba alongside broad-based customer commitments, supports our growth plans. There has been a slowdown in filtration and other fiber end markets, while the demand for ultra fine wires remains at a high level. Revenues were lower in Q3 in Combustion Technologies and in the Hose and Conveyor Belt sub-segment where markets continue to be challenging.

Bridon-Bekaert Ropes Group

Bridon-Bekaert Ropes Group (BBRG) recorded sales of € 454 million, up +9% organically versus last year. There was a strong combined effect (+10%) of positive price-mix despite the impact of the passed on lower raw material costs. Volumes were broadly stable at -1% and the currency effect was -3%.

The Ropes business remains solid and continues to have a good order book, driven by robust Mining and Oil & Gas sectors, with a more subdued Crane and Industrial end market. With the exception of Europe, where we closed our plant in Gelsenkirchen in Germany, all regions have recorded volume growth leading to organic sales increase of 11% this year. Advanced Cords has recorded a +2% organic growth this year with resilient sales in the hoisting business and sales growth in Armoform® volumes (Thermoplastic strips for pipe reinforcement).

BBRG and ABB have recently formed a partnership to develop services for critical mine hoist systems globally, including innovative approaches towards safety, availability, productivity, risk reduction and sustainability, alongside the best-in-class practices for preventative maintenance.

Other information

Disposal of businesses in Chile and Peru

On 1 March 2023, Bekaert announced it had reached an agreement on the sale of its stakes in its Steel Wire Solutions businesses in Chile and Peru to its current partners for US\$ 136 million. The sale is part of Bekaert's strategy to strengthen its business portfolio by increasing its presence in faster growing markets particularly in new mobility, green energy, and low-carbon concrete solutions, which offer higher profit margins and higher returns on capital.

The sale was subject to regulatory approvals, including competition clearance, and other closing conditions, all of which have now been satisfied and the sale completed on 10 November.

Share buyback

Bekaert completed the seventh tranche of the buyback program on 11 October 2023. In total, between 28 July 2023 and 11 October 2023, the company repurchased 699 463 ordinary shares for an aggregate consideration of € 30.0 million. Under the first seven tranches of the buyback program the company repurchased 5 522 266 ordinary shares for an aggregate consideration of € 202.8 million.

Bekaert will today commence the eighth tranche of its share buyback program for a total maximum consideration of € 30 million. The details of the eight tranche will be separately announced today.

Treasury shares

On 30 June 2023, Bekaert held 2 308 142 treasury shares. Between 1 July 2023 and 30 September 2023, a total of 62 500 stock options were exercised under Stock Option Plan 2010-2014 and Stock Option Plan 2015-2017, and 62 500 own shares were used for that purpose. Bekaert transferred 406 own shares to members of the Bekaert Group Executive pursuant to the Bekaert share-matching plan. During the same period, Bekaert bought back 777 603 shares pursuant to its share buyback program. Including the transactions under the liquidity agreement with Kepler Cheuvreux that was finished on 1 September 2023, the total treasury shares held by Bekaert on 30 September 2023 was 3 021 477.

Financial Calendar

Capital Markets Day	7 December 2023
2023 full year results	1 March 2024
2023 annual report available on www.bekaert.com	29 March 2024
First quarter trading update 2024	8 May 2024
General Meeting of Shareholders	8 May 2024
2024 half year results	26 July 2024
Third quarter trading update 2024	22 November 2024

Disclaimer

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Company Profile

Bekaert's ambition is to be the leading partner for shaping the way we live and move, and to always do this in a way that is safe, smart, and sustainable. As a global market and technology leader in material science of steel wire transformation and coating technologies, Bekaert (bekaert.com) also applies its expertise beyond steel to create new solutions with innovative materials and services for markets including new mobility, low-carbon construction, and green energy. Founded in 1880, with its headquarters in Belgium, Bekaert (Euronext Brussels, BEKB) is a global company whose 27 000 employees worldwide together generated almost € 7 billion in combined revenue in 2022.

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