

An aerial photograph of a winding asphalt road at night, illuminated by long-exposure light trails from vehicles. The road curves through rolling green hills under a dark sky. A bright light source is visible at the top right, casting a glow over the scene. The overall mood is serene and scenic.

Bekaert FY 2023 Results

1 March 2024

Safe harbor

This presentation may contain forward-looking statements. Such statements reflect the current views of management regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Bekaert is providing the information in this presentation as of its date and does not undertake any obligation to update any forward-looking statements contained in it, in light of new information, future events or otherwise. Bekaert disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other publication issued by Bekaert.

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Taufiq Boussaid, CFO

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Strategy review

Yves Kerstens, CEO

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Q&A



Yves Kerstens,
CEO



Taufiq Boussaid,
CFO

Introduction and highlights

2023 Highlights

Good financial results¹; delivering strong cash generation and improved margins

Ramping-up higher margin and growth activities

- Strong focus on price and mix optimization across BUs
- BBRG delivering significant margin improvement with EBITu² margin of 12.3% (+200bps)
- Increased penetration of 4D/5D Dramix[®] products (c50% of volumes)
- Currento[®] sales doubled in 2023
- Signed partnership with Toshiba to advance green hydrogen production

Successful strategic execution and ongoing transformation

- Further efficiency gains and cost improvements across the business
- Footprint rationalization of core business: RR plant closed in China; SWS plants closing in Indonesia and India
- Portfolio management: SWS disposal in Chile and Peru completed for \$136m

Financial delivery

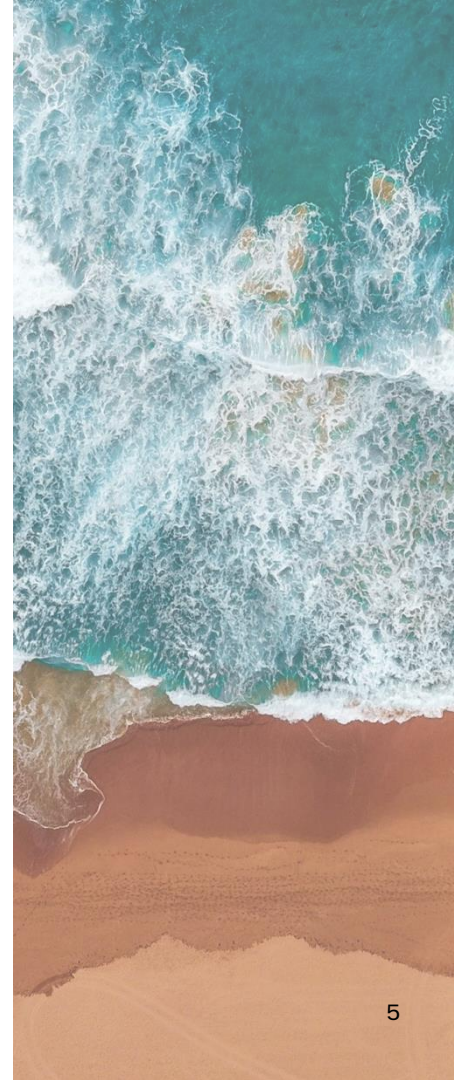
- Strong profitability improvements (EBITu² margin 9.0%, +80bps), despite lower volumes
- Robust Free Cash Flow³ (€267m, +40%)
- Low leverage at 0.5x⁴
- Supporting dividend increase to €1.80 per share (+9% y-on-y)

¹ All comparisons are relative to the financial year 2022. All figures are adjusted to exclude the disposed businesses in Chile and Peru, except the 2022 Free Cash Flow

² EBITu is underlying EBIT as defined in the Alternative Performance Measures (EBIT before one-off items)

³ FCF is Free Cash Flow as defined in the Alternative Performance Measures (Cash flows from operating activities - capex - net interest + dividends received)

⁴ Leverage = net debt/EBITDAu



2023 Financial highlights

Improved margins despite lower sales; strong cash flows and low leverage

Sales growth



EBITu² growth



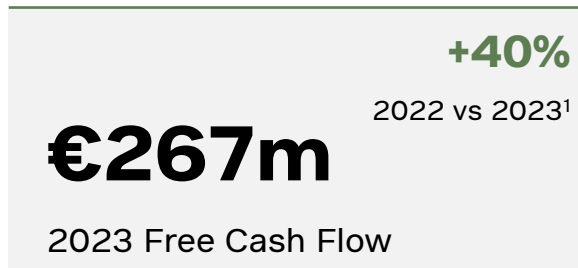
EBITu margin improvement



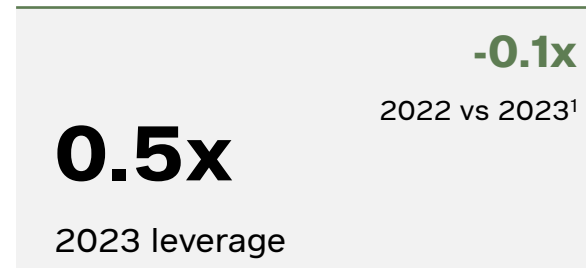
Working capital



Free Cash Flow (FCF)³



Net leverage reduction



¹ Like-for-like 2022 vs 2023 comparison excluding the SWS disposed businesses in Chile and Peru, except the 2022 Free Cash Flow

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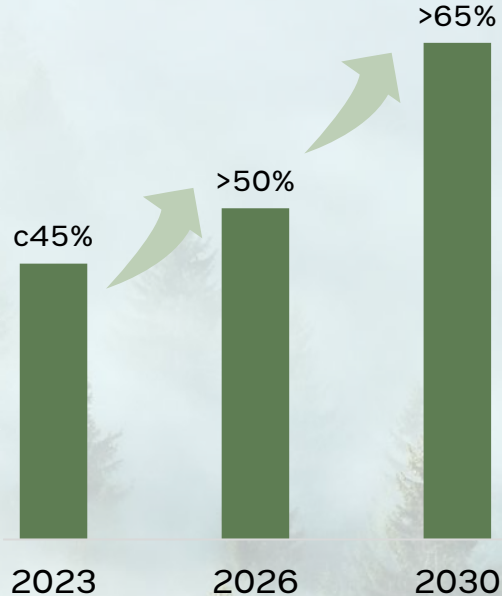
Continue to progress ESG ambitions

Ongoing recognition from ESG rating agencies

Rating agency	Latest rating
 CDP	B ↔
ecovadis	75 ¹ ↔
MSCI 	AA ↑
vigeo  eiris	48 ↑
ISS ESG 	C ↔
 SUSTAINALYTICS <small>a Morningstar company</small>	21.4 medium risk ↑
EthiFinance 	61 ¹ ↑

¹ 2022 ratings, awaiting 2023 ratings from EcoVadis and EthiFinance

% Sales from Sustainable Solutions²



² Estimation aligned with EU Taxonomy

Protect the Planet

46%

Reduction in **scope 1 and 2 GHG emissions** in line with science-based targets by 2030

20%

Reduction in **scope 3 GHG emissions** from purchased goods and services by 2035

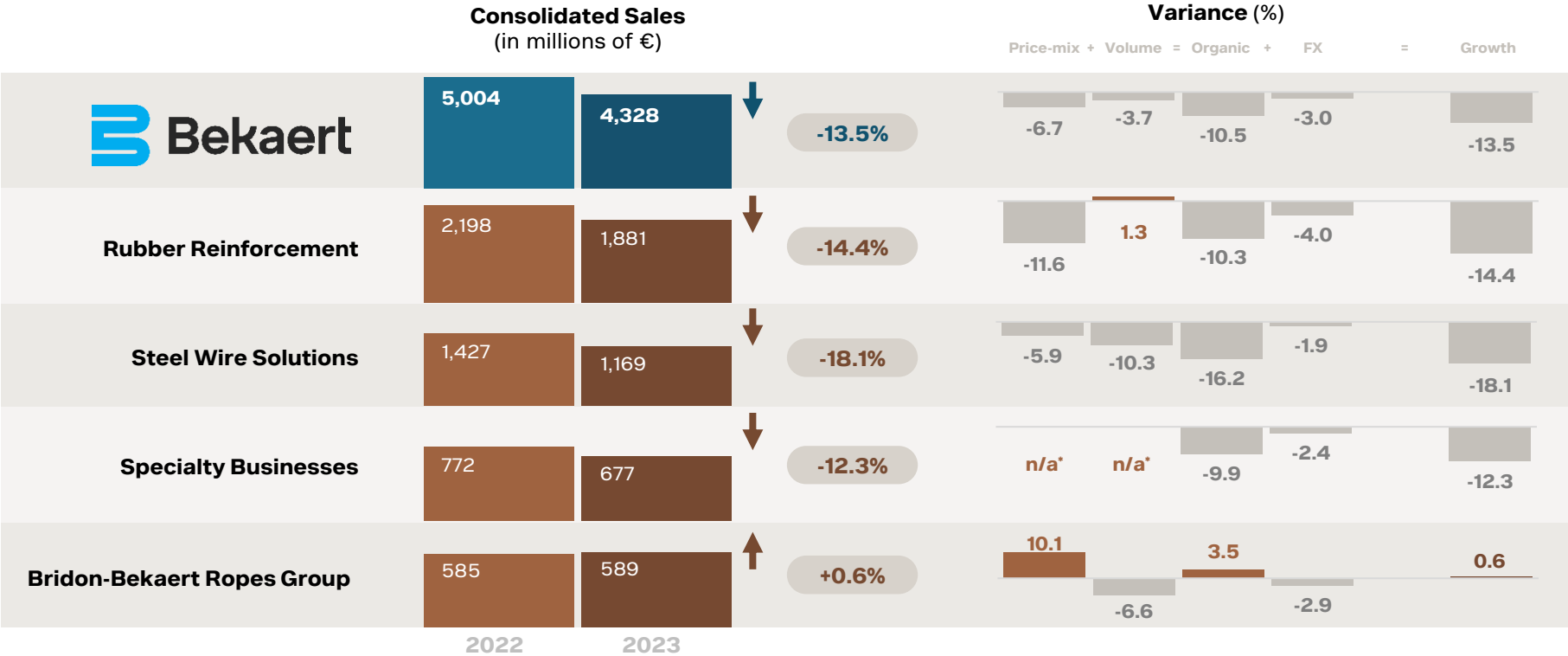
Zero

Carbon net zero by 2050

Financial review

Consolidated sales

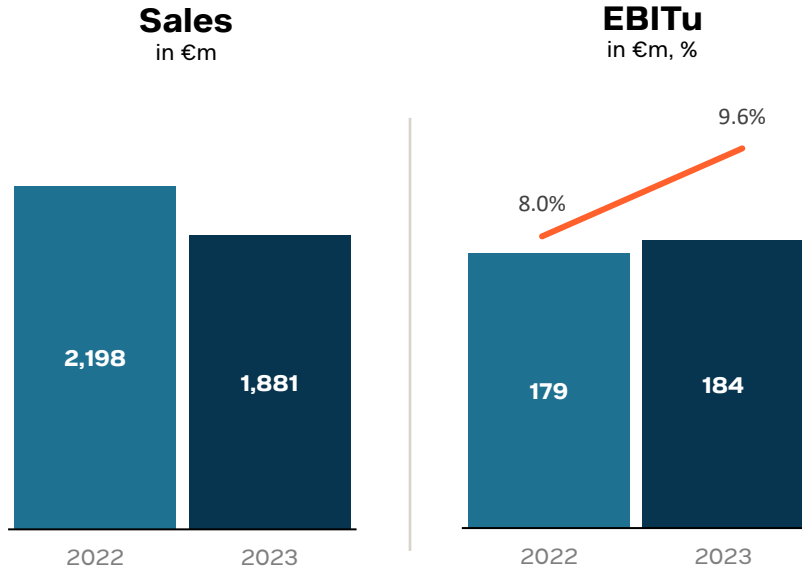
Robust performance despite challenging end markets



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

Rubber Reinforcement

Strong volumes in Asia and mix and cost improvements more than offset lower demand in EU and NAM

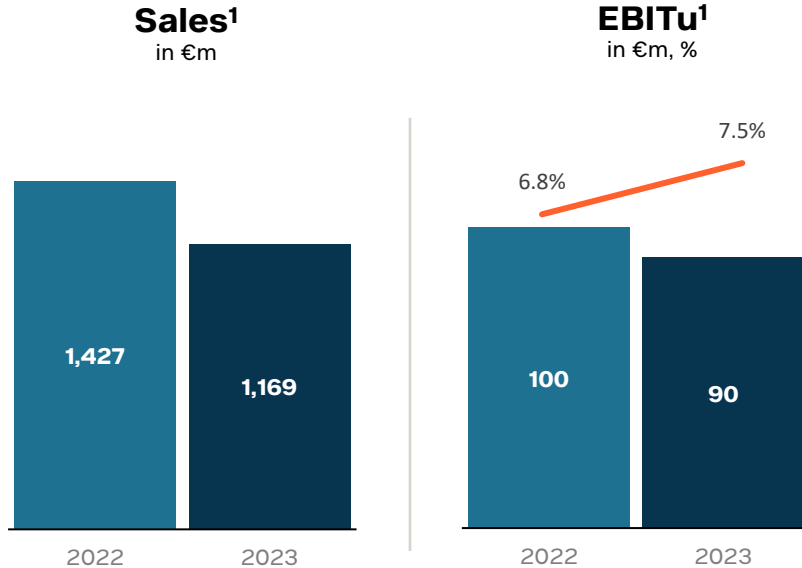


2023 Review

- Volumes ahead of last year (+1.3%)
- Strong volume recovery in China and continued growth in India
- Lower volumes in Europe and North America
- Lower sales from reversal of raw material cost inflation (-9%)
- Strong focus on cost efficiency and mix improvements (EBITu margin +160bps)
- Further mix improvements with c50% of sales from high performing stronger tensile cords and increasing recycled content of our products
- Very strong cash delivery
- Sales in Vietnam continue to ramp-up and homologation of key accounts
- Expanding production capacity in India

Steel Wire Solutions

Improved margin mix in a context of demand decline across segments except Energy and Utilities



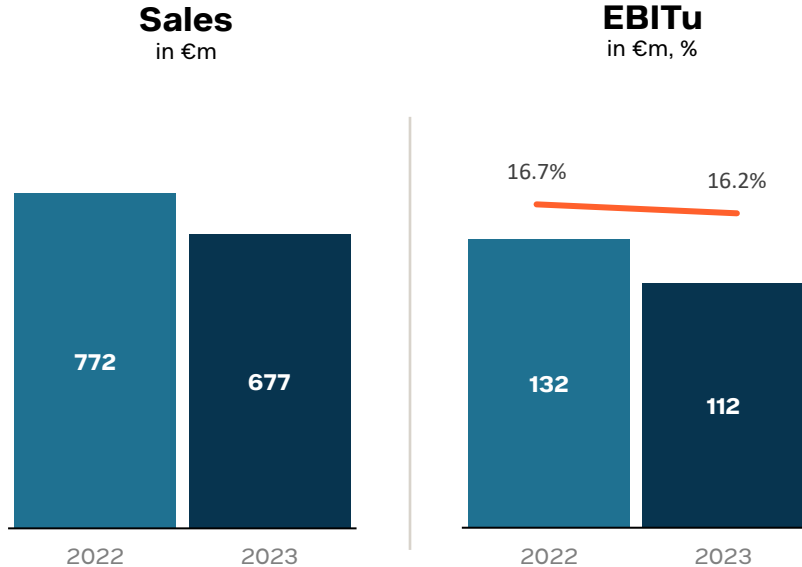
2023 Review

- Strong pricing and cost management mitigated volume declines and cost inflation
- Improved margins from increased focus on attractive market segments (EBITu +70bps)
- Excellent working capital management and cash flow generation
- Sale of businesses in Chile and Peru completed
- Closure of two plants in Indonesia and India announced at the end of 2023
- Further innovation in solutions for the next generation of electric vehicles

¹ All figures are adjusted to exclude the disposed businesses in Chile and Peru

Specialty Businesses

Good progress in Dramix® and Currento® against strong comparative year



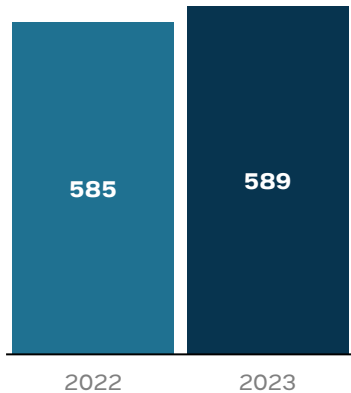
2023 Review

- Construction Decarbonization:
 - Sales reduction broadly in-line with normalization of input costs
 - New tunnel projects (India and China) and higher adoption for industrial flooring in the US
 - Successful push in mature markets (Germany, Australia) for advanced floor applications (Rafts, SigmaSlab®)
 - Further penetration of higher value 4D/5D Dramix® products (c50% of volumes)
- Hydrogen electrolysis:
 - Start-up costs impacting margins in the short-term
 - Further progress with long term supply agreements for Currento®
 - Commenced landmark project in China with a major electricity generation company
 - Signed partnership with Toshiba to move downstream into membrane electrode assembly
- Demand for ultra fine wires for solar and semiconductor remains solid
- Lower sales in Combustion Technologies and Hose and Conveyor Belt sub-segments where markets continue to be challenging

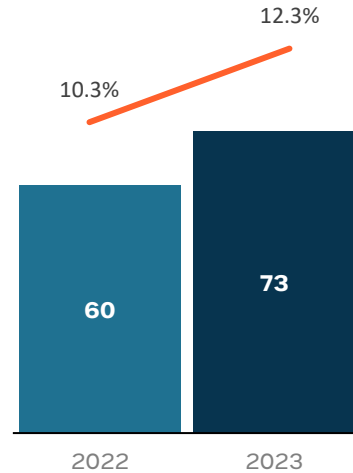
Bridon-Bekaert Ropes Group

Strong price and mix performance despite lower volumes, delivering further margin improvements

Sales
in €m



EBITu
in €m, %



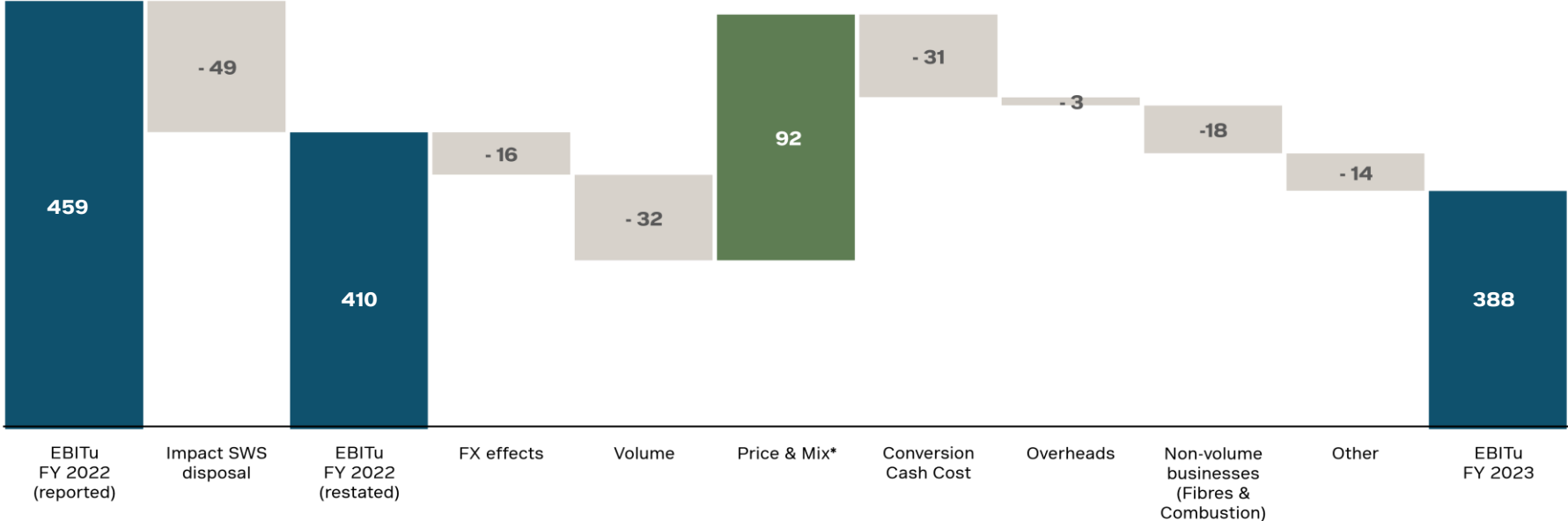
2023 Review

- Strong demand in Mining and Oil & Gas end markets offsetting demand decline in construction in China
- Strong focus on pricing and mix delivered very strong margin (EBITu 12.3%, +200bps)
- Completed the closure of Gelsenkirchen site in Germany
- Capacity expansion for Armoform® (Reinforced Thermoplastic Pipe) to meet anticipated demand growth
- Established partnership with ABB to develop advanced digital solutions for mine hoist systems

EBITu bridge

Significant contribution from price and mix offsetting the impact of lower volumes

in millions of €

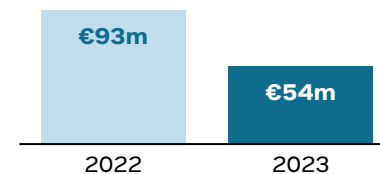


*Net of FIFO inventory valuation of €-48m

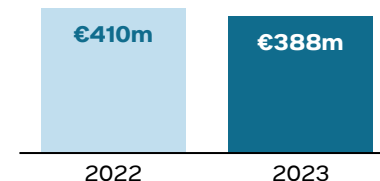
Consolidated income statement – key figures

In €m	2022 Reported	2023 Reported
EBIT	317	334
Interest income / expense	(30)	(27)
Other financial income and expenses	(10)	(39)
Result before taxes	278	268
Income taxes	(74)	(62)
<i>Effective tax rate</i>	<i>27%</i>	<i>23%</i>
Result after taxes (consolidated companies)	203	206
Share in the results of joint ventures and associates	54	47
Result for the period from continued operations	258	253
Result attributable to equity holders of Bekaert from continued operations	253	255
Basic EPS from continued operations (€ per share)	4.50	4.75
<i>Weighted average number of shares (basic, in millions of shares)</i>	<i>56.2</i>	<i>53.6</i>

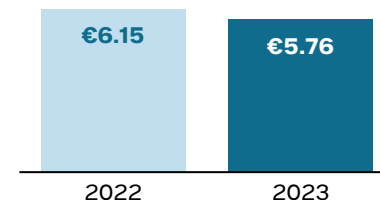
One-off items



EBITu¹



Underlying Basic EPS from continued operations

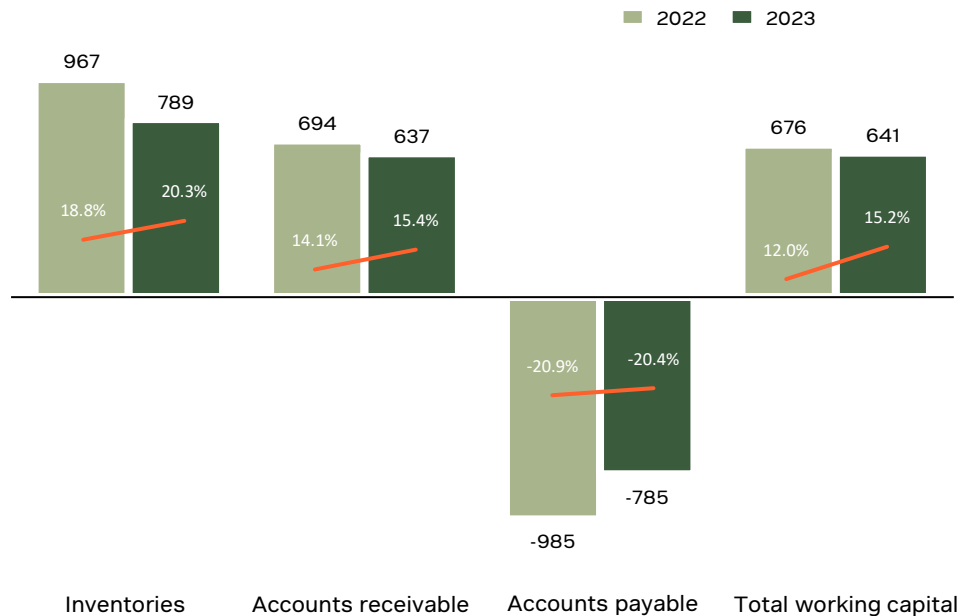


¹ EBITu is underlying EBIT as defined in the Alternative Performance Measures (EBIT before one-off items)

Working capital management

Continued focus on working capital

In millions of €, average as % of sales¹



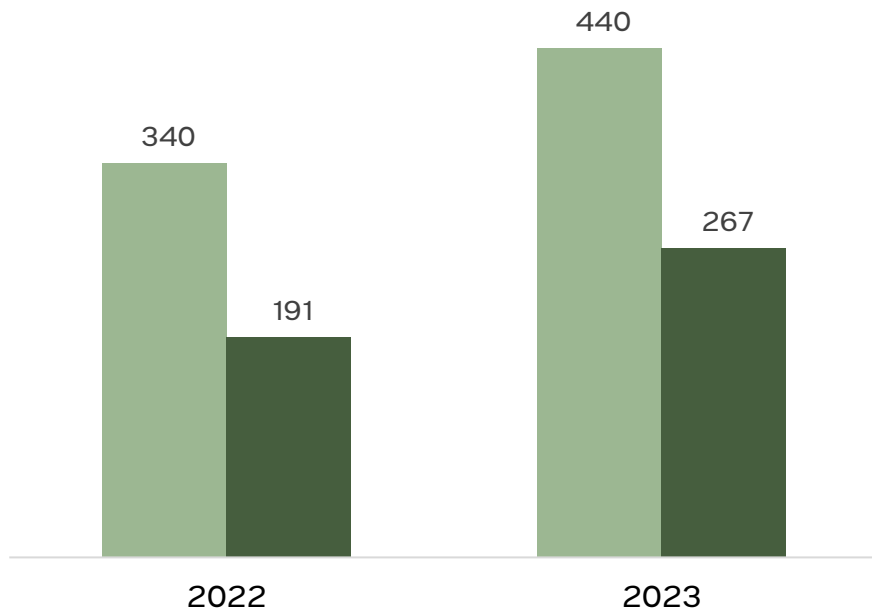
- Total working capital down €35m vs 2022
- Average working capital on sales increased to 15.2% as a result of:
 - 2022 inflated sales (higher input costs)
 - exceptional low working capital position at start of 2022

¹ 2022 and 2023 figures exclude the SWS disposed businesses in Chile and Peru

Strong cash flow generation

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

- Cash Flows from Operating Activities (€m)
- Free Cash Flow¹ (€m)



¹ Free Cash Flow is defined in the Alternative Performance Measures
Free Cash Flow = Cash flows from operating activities - capex - net interest + dividends received

Strong cash flows from operating activities

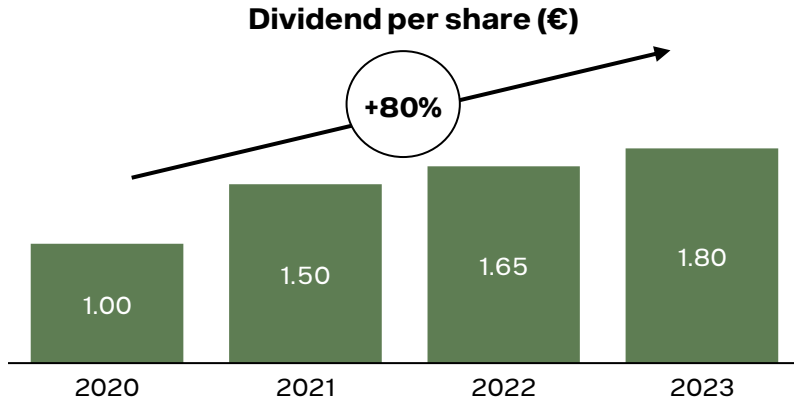
- €440m in 2023 (+29% y-o-y)
- Improved working capital management
- Lower income taxes

FCF¹ of €267m in 2023 (+40% y-o-y)

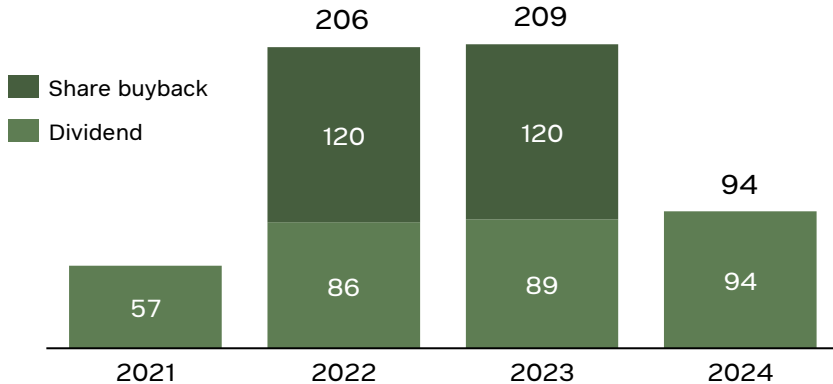
- Despite increased investments to support future growth (+€25m y-o-y)

Ability to self-fund shareholder returns, investment capex and selective M&A

Commitment to significant shareholder returns



Total returns to shareholders per year (€m)



Total returns of more than €400m (2022-2023)

Dividend grown materially...

- +50% 2021 vs 2020
- +10% 2022 vs 2021

...alongside significant share buyback program (€240m)

For FY2023 dividend of €1.80 per share (+9% vs 2022)

Progressive, long-term dividend policy maintained

Share buyback program paused to prioritize capital towards growth

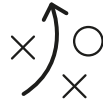
Operational and strategy review

Delivering our strategy to date



We Perform

Financially



We Transform

Products and portfolio



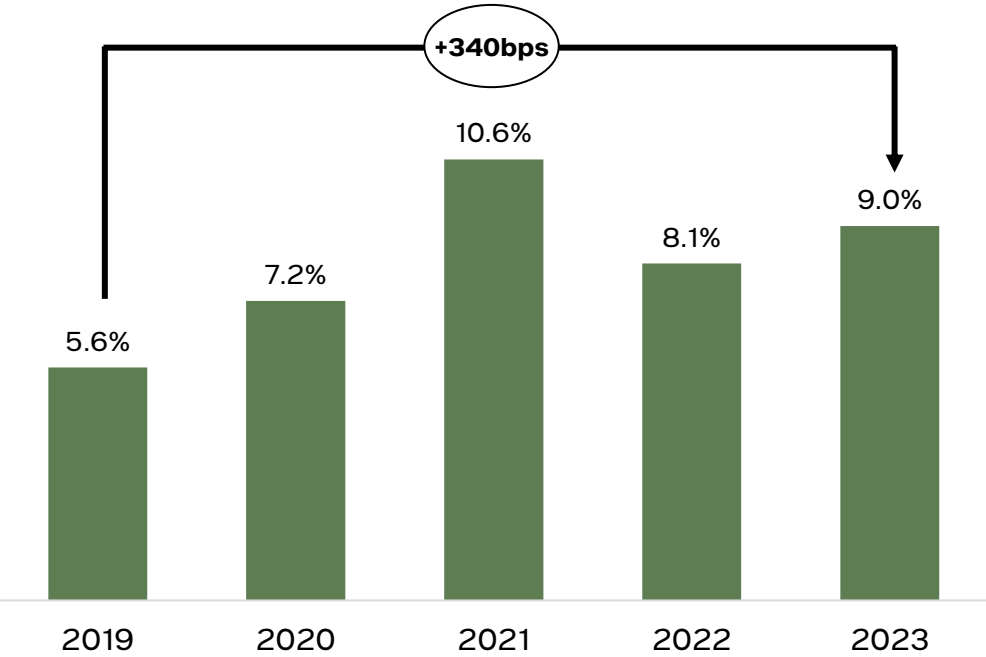
We Grow

Higher margin applications

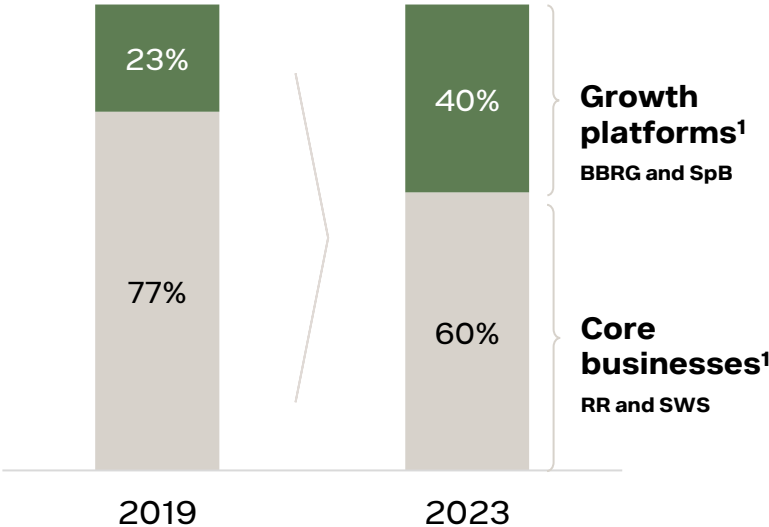


Fundamental and sustainable improvement in margin and portfolio mix

EBITu margin (%)



EBITu breakdown



¹ Core businesses = Rubber Reinforcement (RR) and Steel Wire Solutions (SWS) | Growth platforms = Bridon-Bekaert Ropes Group (BBRG) and Specialty Businesses (SpB)

Continue to implement business improvements across the group



Ongoing production rationalization

- Closure of RR plant in China and closing SWS plants in Indonesia and India
- Continues ongoing portfolio rationalization in commoditized markets and product lines
- Exiting lower margin businesses



Procurement

- Improved buying throughout 2023, especially in Freight and Logistics
- Annual savings of €30m in 2023



Operational excellence

- Simplification of global maintenance protocols and best practice
- Annual saving of €10m in 2023
- Targeting a further reduction of €10m in 2024

Improved price and mix from innovative products

Further innovation across all business units

Rubber Reinforcement

- c50% of sales from stronger tensile cords
- Increased demand for Ultra Tensile (UT) products especially for EVs
- Delivered first batches of certified tire reinforcement with high recycled content to customers

Steel Wire Solutions

- Growing demand for armoring wires for deep sea transmission
- Increasing exposure to Energy & Utilities
- Ongoing customer interest in Ampact™

Specialty Businesses

- First sales of higher tensile strength steel fibers
- c50% of volumes from higher margin 4D/5D Dramix® products
- Partnered with Toshiba to advance green hydrogen production

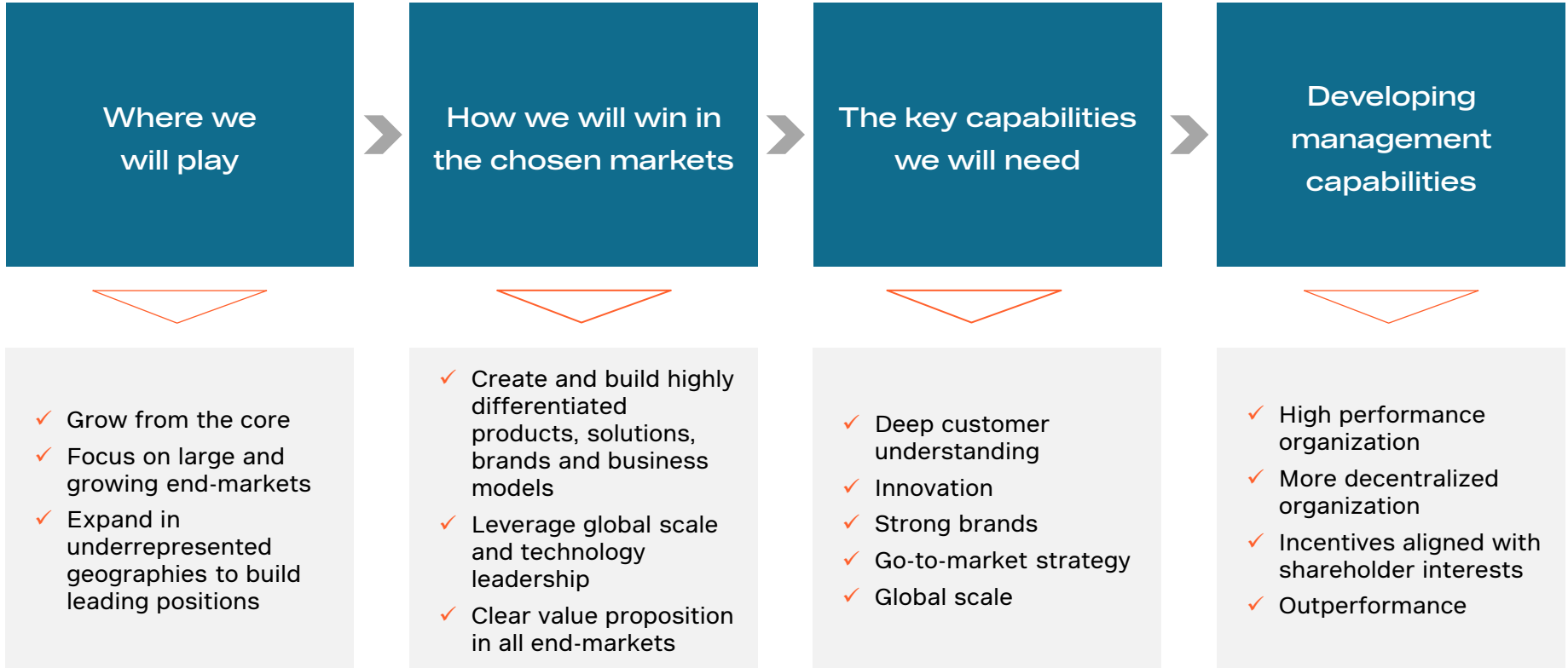
BBRG

- Installed new ropes capacity in North America and new advanced cords capacity for Armoform® to meet anticipated demand growth
- Partnered with ABB to develop advanced digital solutions



Strategic focus for 2024

Our ambition is to be the leading partner for shaping the way we live and move – safe, smart and sustainable



Our chosen markets

Prioritizing large and growing end-markets



€7bn¹

Tire Reinforcement

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



€7bn¹

Energy Transition

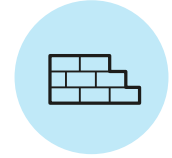
Significant growth from trends of decarbonization, electrification, and needs for **renewable energy**



€5bn¹

Advanced Lifting and Mooring

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






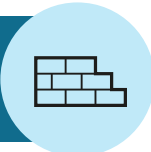
€2bn¹

Construction Decarbonization

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

¹ Estimated addressable market by 2028

Developing portfolio of valuable brands to drive growth

	Tire Reinforcement 	Energy Transition 	Advanced Lifting and Mooring 	Construction Decarbonization 
Established brands powered by megatrends	Bekaert tire cord & bead wire Global market leader in tire reinforcement	Currento® Porous transport layer for H ₂ production	Bridon® High performance steel and synthetic ropes	Dramix® Steel fiber concrete reinforcement solutions
Upcoming products high growth challengers	Higher end/high tensile applications	Armoform® Steel cord reinforced thermoplastic and rubber tapes for offshore energy Ampact™ Wired to power up high-voltage mobility	MoorLine Deep water mooring solutions for offshore energy applications VisionTek 3D real-time digital rope measurement services Flexisteel® Traction ropes for space-efficient and lower energy consumption elevators	SigmaSlab® Dramix® and CCL's post-tensioning systems for advanced flooring reinforcement solutions Falconix® Engineering design and consulting services
Incubation Niches	Circularity offerings (r-steel)	Bezinox® Non-magnetic armoring wire for submarine power cables	Fortifix® 100% recyclable, high-performance solution for renovating road cracking	

Summary and outlook

2023 Summary

Resilient financial performance despite weaker conditions in many end markets

Pricing discipline and commercial execution

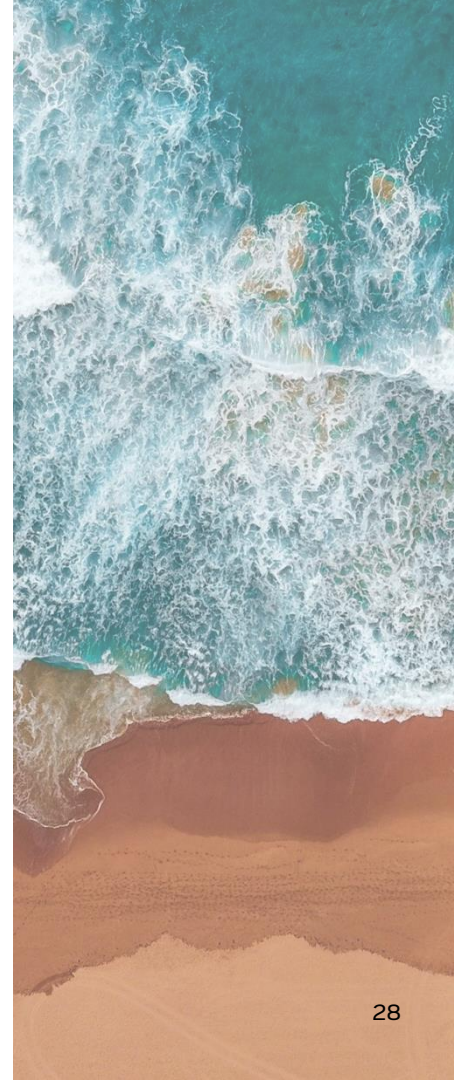
- Fast-paced tactical pricing response
 - EBITu margin 9.0% (+80bps), driven by improved business mix and cost efficiencies
-

Improving business mix from innovative products

- c50% of sales in Rubber Reinforcement from stronger tensile cords
 - Increased penetration of 4D/5D Dramix® products (c50% of volumes)
 - Currento® sales doubled in 2023
 - Delivered first samples of Ampact™
-

Robust financial position, strong cash conversion

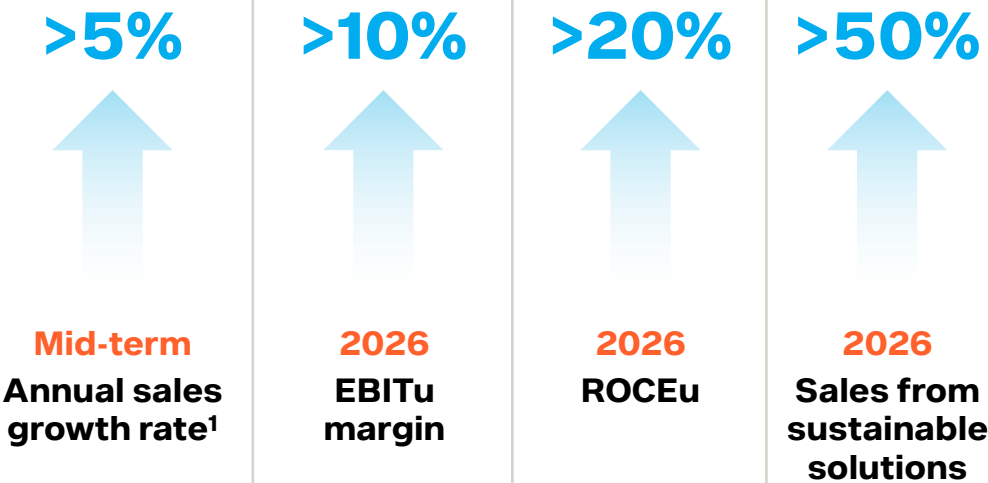
- Free Cash Flow (FCF) of €267m, +40% y-on-y
- Strong balance sheet position (net debt to EBITDAu of 0.5x)
- Supporting dividend increase to €1.80 per share and total returns of >€400m (2022-2023)



Outlook

Whilst economic uncertainties remain, trading has started well across majority of business units and in 2024 the Group expects modest sales growth and at least stable margins

The Group remains confident in its mid-term targets:



¹ Assuming constant raw material pricing and currency exchange rates

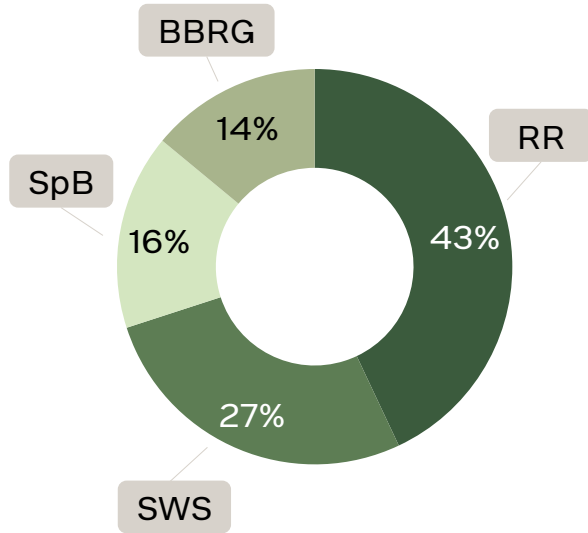
Q&A

Appendix

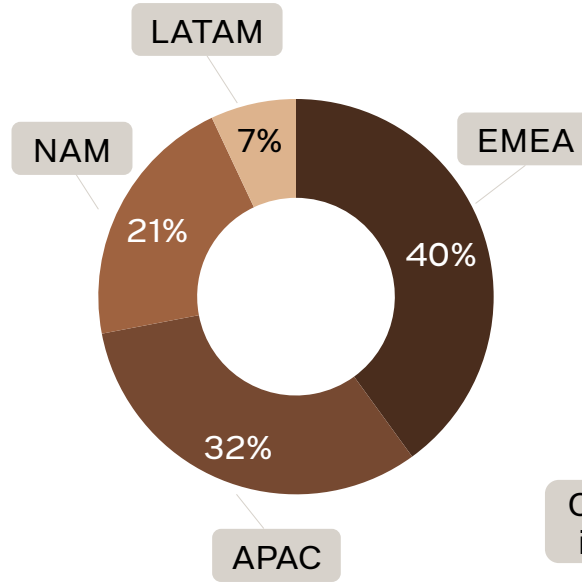
Strategy delivery

Building a balanced business by end-market and by region

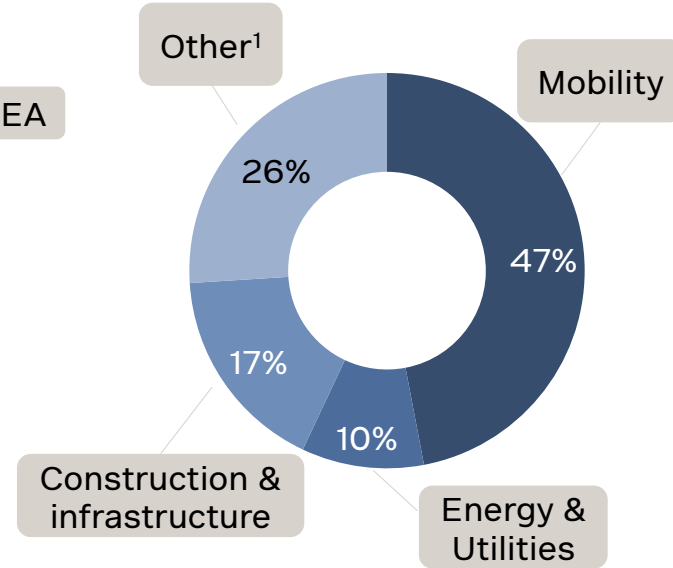
Consolidated sales by business unit



Consolidated sales by region



Consolidated sales by end-market



¹ Other includes agriculture, equipment, consumer goods and basic materials

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.

