



# Bekaert FY 2022 Results

1 March 2023

## Safe Harbour

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# Agenda

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## Introduction and highlights

Oswald Schmid, CEO

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## Financial review

Taufiq Boussaid, CFO

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## Operational and strategy review

Oswald Schmid, CEO



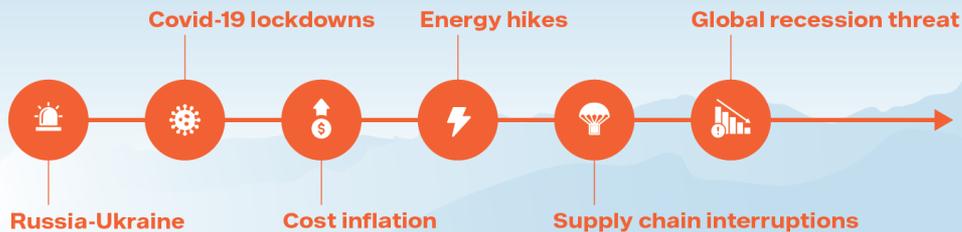
**Oswald Schmid**  
CEO



**Taufiq Boussaid,**  
CFO

## FY 2022 - Highlights

Another year of strategic progress, despite the many global challenges



### Our execution continues to pay off:

- ✓ Pricing response
- ✓ Commercial execution
- ✓ Footprint adjustments and operational excellence
- ✓ Strategic execution
- ✓ Accelerating innovation, sustainability, digital
- ✓ Further progress in target growth markets

€5.7  
bn

#### PERFORM

Record Sales and  
robust profitability

SWS

#### TRANSFORM

Disposal of SWS  
businesses in  
Chile and Peru

H<sub>2</sub>+

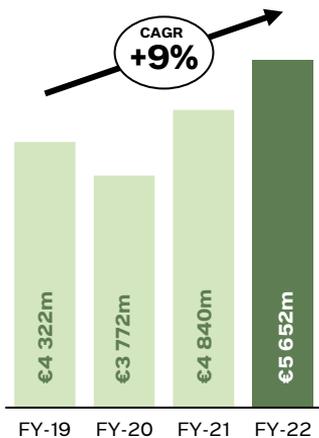
#### GROW

Synthetics  
H<sub>2</sub> solutions  
Dramix®

## FY 2022 - Financial highlights

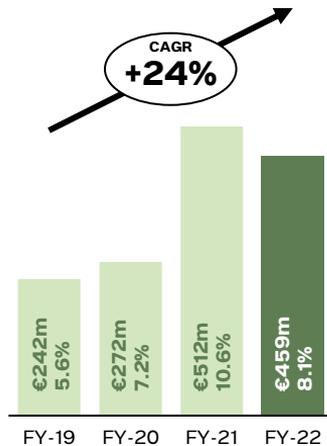
Robust and sustained financial performance despite challenging markets

### Consolidated Sales



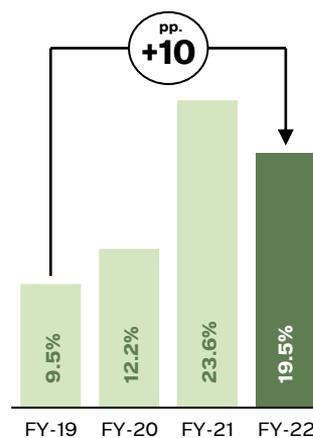
**€5 652m**

### EBITu<sup>1</sup>



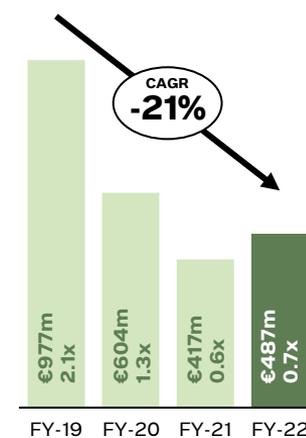
**€459m**

### ROCEu



**19.5%**

### Net Debt



**0.7x<sup>2</sup>**

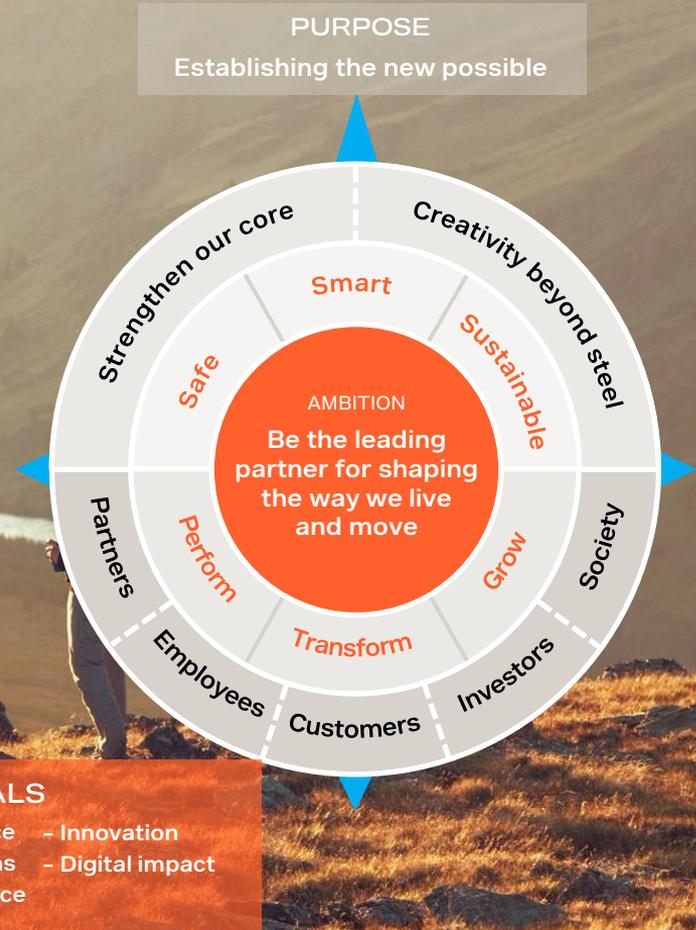
<sup>1</sup> EBITu is underlying EBIT as defined in the Alternative Performance Measures

<sup>2</sup> Net debt to EBITDAu

## Our Purpose

In 2022, Bekaert continued progress on a purpose led-strategy

We will continue to **strengthen our core** in steel wire applications, and we will pioneer with **creativity beyond steel** into new materials, new markets, services, and solutions.



## FY 2022 - Transversal Update

New corporate purpose established, driving further strategic progress



Tire Manufacturing **Innovation of the Year Award 2022** (BeCoFree, cobalt free coating)

Reference projects on **elevated concrete slabs** with partner CCL

**Customer recognition:** "Best Technical Collaboration" (CEAT), "Best Performer for Excellence in Innovation" (JK Tyre)

E-transition EU-funding obtained



Carbon Reduction Targets **validated by SBTi**

**8.3%:** Scope 1 & 2 carbon emissions **reduction** vs. 2019 baseline

**Green energy sourcing strategy** advanced: US (signed VPPAs to ensure electricity from 100% renewable source by 2024), India (signed PPA leading to 60% of carbon emissions reductions from electricity use)

**Advanced Performer** in Decarbonization Award, European Union Chamber of Commerce China, 2022



Further developed unique non-destructive steel cord, belt and rope, **inspection technologies**

Increased production efficiency and real-time visibility in **10 additional plants** by digital connection of shopfloor, and by introducing digital supply chain in **13 additional plants**

Increased customer experience through **7 additional digital customer channels**

Strengthened **data-driven** decision making through accelerated adoption of AI and data technology

## FY 2022 - ESG credentials

Ongoing recognition from ESG rating agencies

Rating agency	Latest rating	
	B	↑
	75	↔
	A	↔
	47	↑
	C	↑
	23.2 medium risk	↑
	61	↑

Bekaert's GHG emission reduction targets were **validated by the SBTi**



Bekaert received a **Gold EcoVadis** score for its performance in 2021



Second consecutive annual improvement of the **CDP** rating by 2 steps each year



Inclusion in Euronext's **BEL ESG** Index of the leading sustainable companies in Belgium



# Financial review

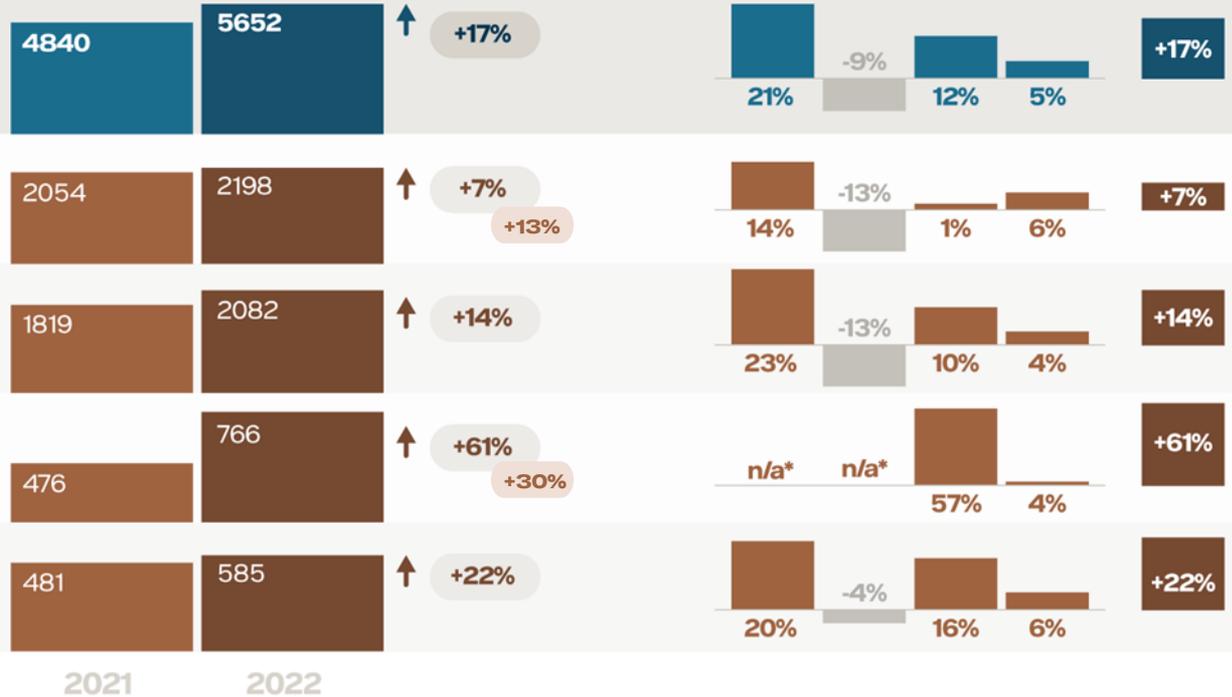
## Consolidated Sales

Sales up 17% despite decline in volumes

### Consolidated Sales (In millions of €)

### Variance (%)

Price-Mix + Volume = Organic + FX = Growth



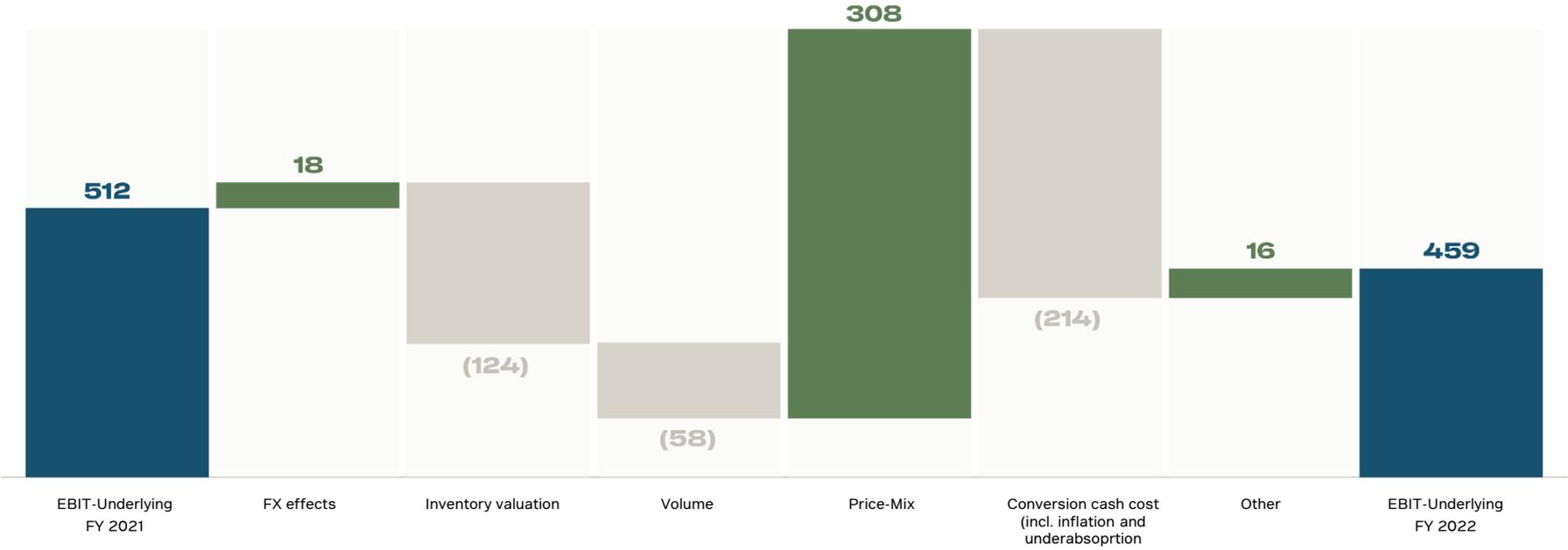
2021

2022

Bekaert Full Year Results 2022 | Note: The Hose and Conveyor Belt Solutions business (HCB) has been moved from the Rubber Reinforcement segment to the Specialty Businesses segment as from 2022 onwards; the pro-forma restated variance is the like-for-like delta between 2022 and 2021 for Rubber Reinforcement (13%) and Specialty Businesses (30%) | \* n/a: In this BU, there is a broad range of non-comparable units including KG, pieces, m<sup>2</sup>.

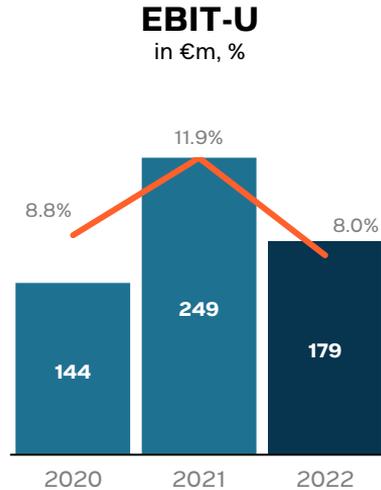
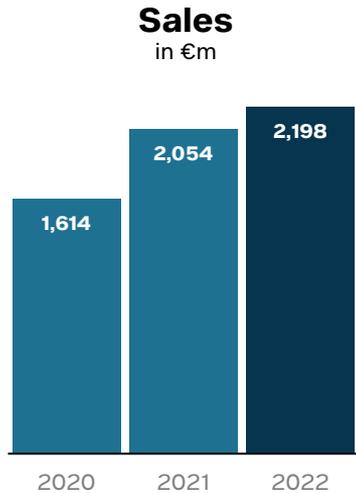
# EBITu bridge: consolidated view

Pricing and mix offsetting volume declines and overheads; unwind of 2021's significant inventory valuation



## Rubber Reinforcement

China remained subdued, good performance in all other regions

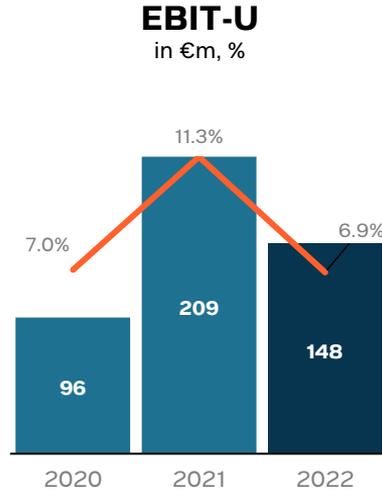
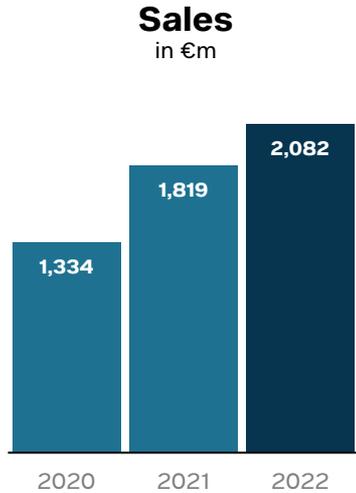


## 2022 Review

- Demand continued to be weak in China - lower volumes and pricing pressure
- NAM not returned to pre-COVID levels
- Cost inflation in Europe, with good pricing pass through in EMEA
- Strong demand growth in India and Brazil
- Vietnam plant online
- Full impairment of Lipetsk plant fixed assets
- Ongoing green solutions - cobalt free, lower rolling resistance/CO2, recycled steel cord

## Steel Wire Solutions

Energy and Utilities robust, other markets especially Latin America have been challenging

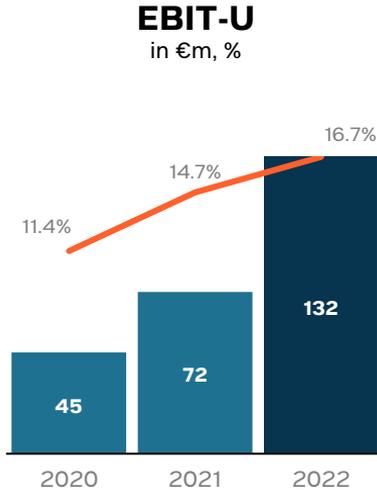
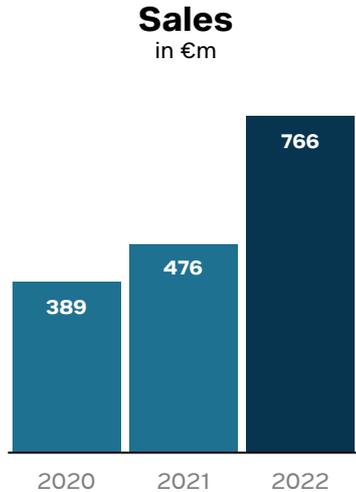


## 2022 Review

- Good pricing performance in challenging markets - sales up 14.5% against lower volumes
- China remained challenging - COVID Restrictions
- LATAM remained challenging from weak economic conditions, especially construction
- Growth investment in US plant for energy and utilities
- Ongoing activity in utilities for Rural Digital project (US)
- Disposal of businesses in Chile and Peru

## Specialty Businesses

Another year of strong growth and margin enhancement

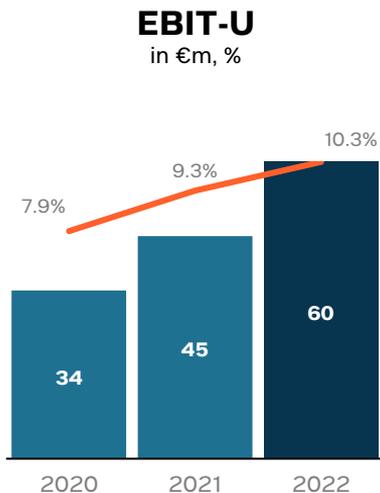
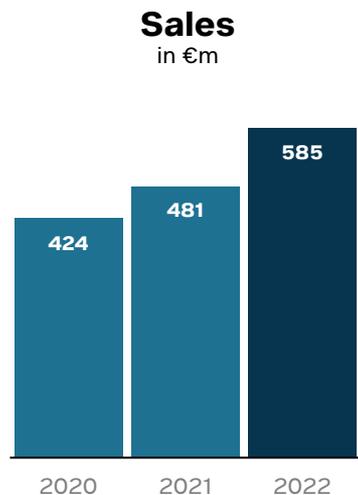


## 2022 Review

- Strong growth across all segments and all regions despite supply chain constraints (automotive, raw materials)
- Strong concrete reinforcement momentum in all regions
- Particularly strong growth in filtration, ultra fine wires (for solar energy), combustion and H2 segments driven by acceleration in sustainable energy demand (backed by country targets and funding plans)
- Strong hose and conveyor belt activities in OEM and mining markets

## Bridon-Bekaert Ropes Group

Continued execution of strategic turnaround, EBITu margin now exceeding 10%

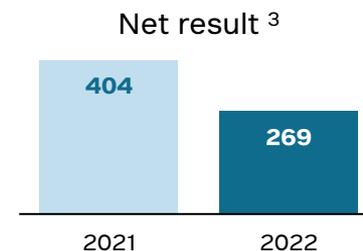
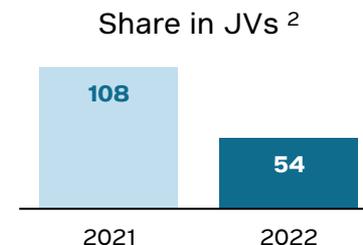


## 2022 Review

- Strong sales in Ropes from dynamic pricing and buoyant mining and O&G markets
- Record sales in A-Cords from very strong Armofor® performance and automotive applications
- Growth, pricing and profit restoration plan take BBRG EBITU margin above 10%
- Further footprint rationalization with the closure of Gelsenkirchen and consolidation of Steel Ropes in UK
- First synthetic offshore mooring contracts

## Consolidated income statement: key figures

In €m	2021	2022
<b>EBIT</b>	<b>511</b>	<b>366</b>
Interest income / expense	(41)	(38)
Other financial income and expenses	4	(11)
Result before taxes	474	316
Income taxes	(134)	(81)
<b>Result after taxes (consolidated companies)</b>	<b>340</b>	<b>235</b>
Share in the results of joint ventures and associates	108	54
<b>Result for the period</b>	<b>448</b>	<b>289</b>
Attributable to non-controlling interests	44	20
<b>Attributable to equity holders of Bekaert</b>	<b>404</b>	<b>269</b>
<b>Earnings per share (in € per share)</b>		
Result for the period attributable to equity holders of Bekaert		
Basic	7.09	4.78
Diluted	7.01	4.74



<sup>1</sup> Effective tax rate

<sup>2</sup> Share in the results of JVs in €m

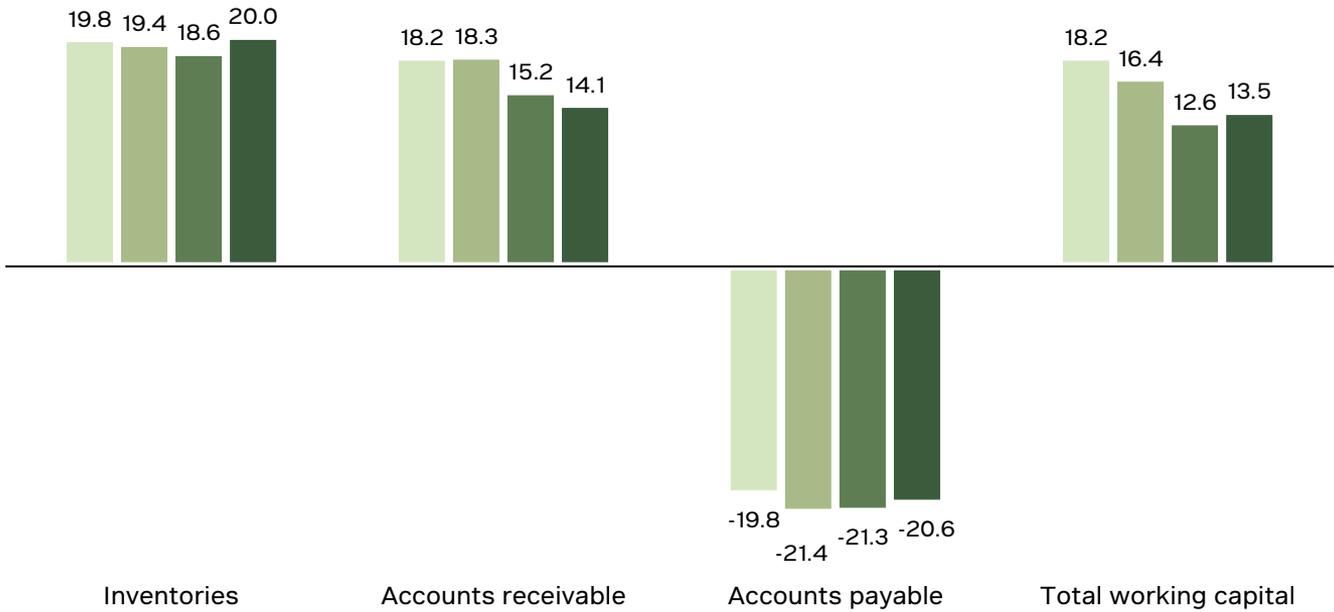
<sup>3</sup> Result of the period attributable to equity holders of Bekaert in €m

# Average working capital on sales

Continued focus on working capital driving structural improvements

In % on sales

2019 2020 2021 2022



Average working capital on sales  
**13.5%**

## Shareholder returns

### Robust financial position supporting enhanced shareholder returns

In 2022 Bekaert increased its dividend by 50% and executed a €120 million share buyback

For 2023, proposing a **dividend of €1.65 per share**, representing:

- 10% growth y-on-y
- 34% payout ratio<sup>1</sup>

### Continuation of share buyback in 2023

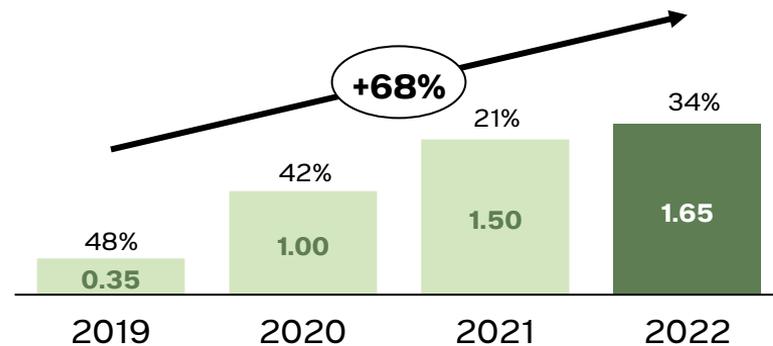
- **Up to € 120 million in four tranches**

Group is committed to maintaining shareholder returns, as part of prudent capital allocation

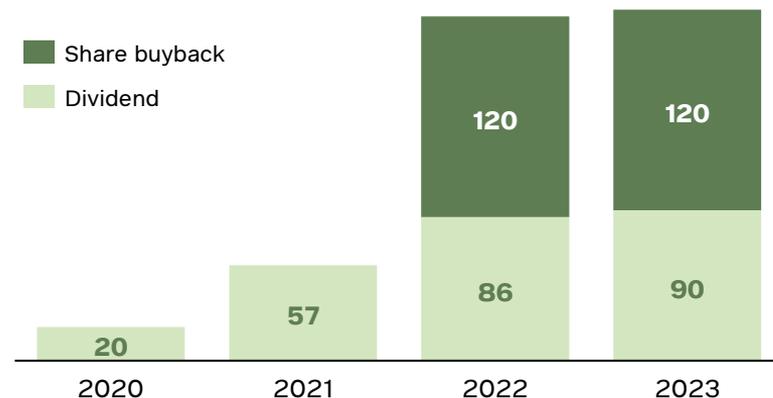
- Targeting a **progressive dividend and payout ratio of 40% over time**

<sup>1</sup> Dividend as a % of result attributable to equity holders of Bekaert

### Dividend per share (€) and payout ratio (%)<sup>1</sup>



### Total shareholder returns per year (€m)



# Operational and Strategy review

## Strategy: a reminder

Our Core and Beyond approach aims to future proof our portfolio

### Strengthen and optimize our **core business**

Leveraging and optimizing **global footprint** and **local services/sourcing**



Focus on **pricing, mix** and continuous **portfolio management**



**Innovation, digital and sustainability**  
as key levers of growth



### Be a leading solution supplier in select **beyond markets**



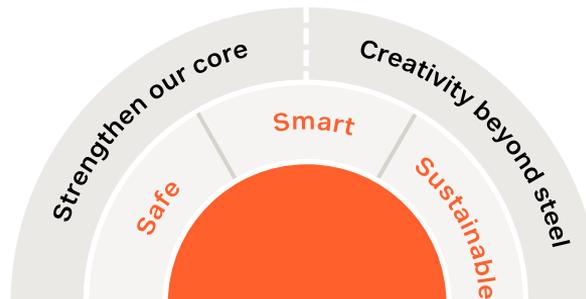
Enabling the **energy transition** through renewable electricity, power infrastructure and hydrogen production



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



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



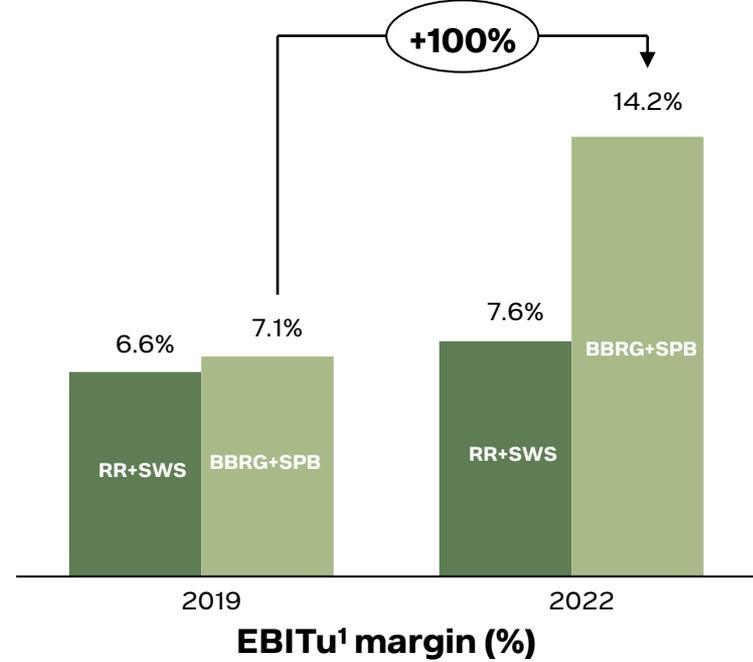
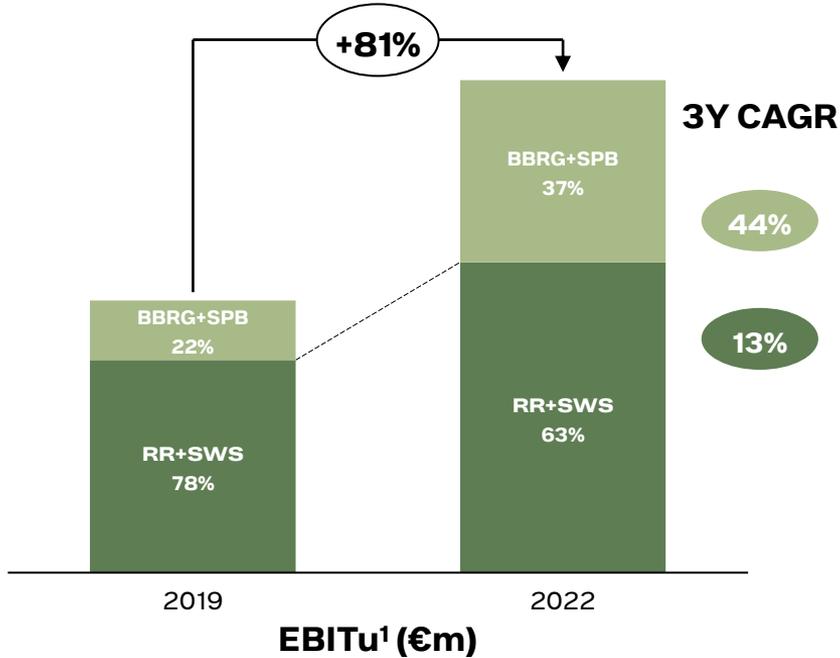
# Strategic progress

2022 was a good year of strategic progress with more to do in 2023

	Focus 2022	Achievements	2023
<b>PERFORM</b>	<ul style="list-style-type: none"><li>Focus on pricing and mix</li><li>Footprint adjustments</li><li>Improved efficiency</li><li>Portfolio management</li></ul>	<p>Rapid pricing response to inflationary pressure</p> <p>First production in Vietnam    Consolidation of ropes and burners</p> <p>Improved efficiency helping to offset volume declines</p> <p>Disposal: SWS in Chile &amp; Peru    First scale PTL* deliveries</p>	<ul style="list-style-type: none"><li>Continued pricing discipline</li><li>Further efficiency programs</li><li>Further sourcing and set-up optimisation</li><li>Roll out of scale PTL* production</li></ul>
<b>TRANSFORM</b>	<ul style="list-style-type: none"><li>Sustainability opportunities</li><li>Digital Solutions</li><li>Innovation Solutions</li></ul>	<p>TRIR* down to 2.7    Carbon Reduction Targets validated by SBTi</p> <p>10 digitalized plants    7 digital customer channels</p> <p>Manufacturing Innovation of the Year (Tire Tech) for cobalt-free coating tech</p> <p>Co-developed a 90% sustainable material tire</p>	<ul style="list-style-type: none"><li>Further safety improvements</li><li>Further improve energy consumption</li><li>Scale innovative, smart &amp; sustainable solutions across all BUs</li><li>Ongoing portfolio reviews</li></ul>
<b>GROW</b>	<ul style="list-style-type: none"><li>Energy transition</li><li>Decarbonize construction</li><li>New mobility solutions</li></ul>	<p>Partnerships    First contract for synthetic mooring</p> <p>China plant expansion to grow Armoform®</p> <p>Further penetration of Dramix®, greener concrete solution</p>	<ul style="list-style-type: none"><li>Scale offerings in H<sub>2</sub>, UFW*, RDOF*, Armoform®</li><li>Continue Dramix® adoption</li><li>M&amp;A</li></ul>

## Strategic delivery

Benefitting from fast-growing, higher margin activities, alongside a robust and growing 'core'



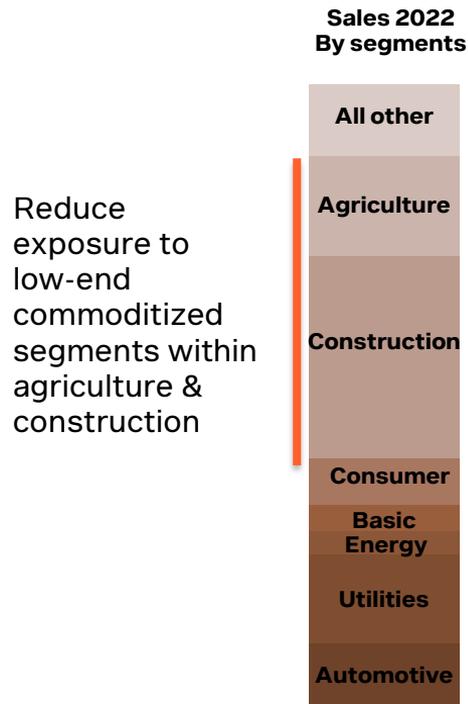
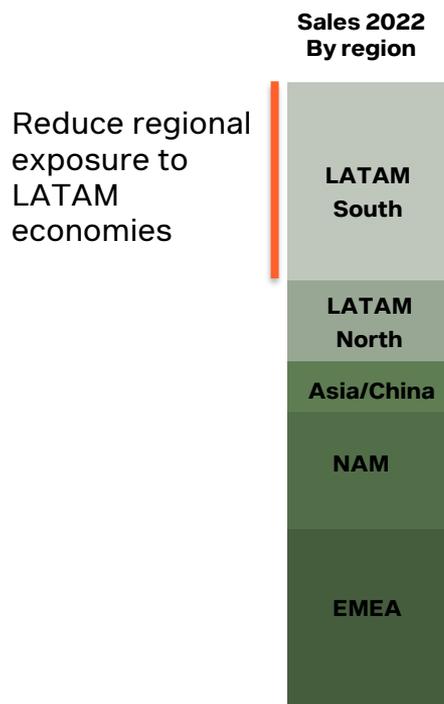
- Group EBITu grew 20% CAGR over the last 3 years
- Strong contribution from high-value focus areas within BBRG and SpB; while maintaining double-digit CAGR within more traditional business segments (RR+SWS)
- Profitability improved across all BUs - and doubled for SpB and BBRG

Bekaert Full Year Results 2022

<sup>1</sup> Sum of BU EBITu rather than fully consolidated EBITu | RR: Rubber Reinforcement; SWS: Steel Wire Solutions; BBRG: Bridon Bekaert Ropes Group; SpB: Specialty Businesses

## Proposed sale of Steel Wire Solutions businesses in Chile and Peru

US\$ 136 million disposal in-line with Group strategy

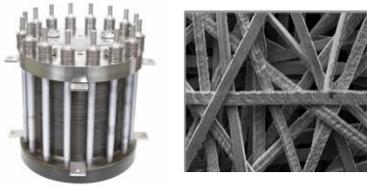


### Rationale

- **Regional:** reduces exposure in economically volatile markets in Latin America
- **End-markets:** reduces our exposure to a commoditized, low-end product portfolio
- **Financial:** reduce our exposure to cyclical and volatile markets
- **Strategic:** exit non-core activities
- **Focus:** allow focus on faster growing markets such as new mobility and green energy

# Bekaert's activity in hydrogen

Bekaert is growing its role in the hydrogen value chain



## Electrolyzer components

- Bekaert supplies multiple innovative solutions to increase performance and reduce TCO of electrolyzers
- Global market leader in metal fiber-based porous media for electrolysis
- Bekaert solutions available for multiple electrolyzer technologies

Bekaert Full Year Results 2022



## Pipe and hose reinforcement

- Round and shaped steel wire solutions for high-pressure applications, including transport of hydrogen or hydrogen-derived chemicals (e.g., ammonia)
- Specifically suited for very-high pressures (350+ bar), on land or for sub-sea applications



## Hydrogen burner solutions

- Bekaert is global market leader in gas burners for residential (boiler) and industrial applications
- Solutions available for converting conventional residential heating units to hydrogen burners with limited investment required

# Hydrogen update

Preparation for significant growth underway

## 2022 Focus



**Production capacity growth**



**Commercial acceleration**



**Specialized team**



**Strategic partnerships**



## Achievements...

Expansion initiated in China and EU

Triple-digit growth (conversion of new customers and growth of existing base)

Launch of dedicated team in Q3

Pajarito Powder Investment Consortium (Hyve)   
Joined Hydrogen Europe Network



## 2023...

+2 GW capacity in China and EU  
Start of construction of EU giga factory (5 GW)

Long-term supplier agreements signed

Further growing the team & launch of dedicated hydrogen lab at our R&D facility in Belgium

Multiple other partnerships under development

# Summary and outlook

# Outlook

## Robust start to 2023

### Rubber Reinforcement

- Significant pressure on pricing with falling raw materials costs
- China still depressed with growth vs 2022 expected
- India momentum will continue
- Europe and NAM cautious outlook – especially with regards to cheaper imports

### Steel Wire Solutions

- Pricing/mix offsetting volume challenges
- NAM promising with further roll out of RDOF and Utilities applications
- Construction markets expected to be challenging across the globe

### Specialty Businesses

- Energy transition continues to be key driver of business overall
- Further investment in capacity during 2023 and 2024
- Some short-term contract delays, as clients assess uncertain outlook

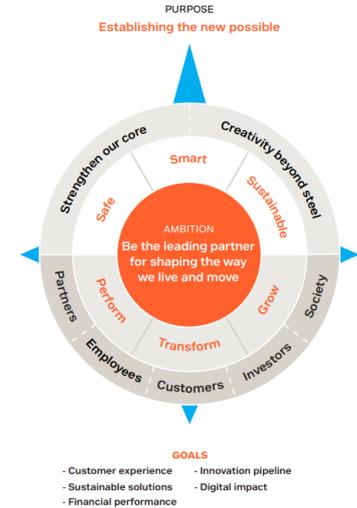
### Bridon Bekaert Ropes Group

- Order book remains strong
- Ongoing demand for Armoform®
- Strong demand in mooring for Offshore Wind
- Further consolidation and efficiency gains

# Outlook

Whilst the economic outlook for 2023 remains uncertain, the Group is confident on the basis of:

- Robust start to 2023
- Further opportunities from strategic execution and efficiency gains
- Further significant growth opportunities in our new markets
- Further business mix improvements
- Strong balance sheet



That confidence underpins

- Our **10% dividend increase** and **continued share buyback** announced today
- Our **mid-term targets of organic sales growth of 3%+ CAGR** and **EBITu margin of 9-11%**

## Summary

Another year of strategic progress, despite the many global challenges

### Pricing discipline and commercial execution

- Fast-paced pricing response
- Sales up 16.8%, despite lower volumes
- Profitability broadly maintained

### Further innovation

- Developed 100% recycled steel tyre cord
- Scale production of PTL for Hydrogen applications
- Significant new Dramix® contracts
- First contract for offshore wind synthetic mooring lines

### Continued sustainability progress

- Safety improved for the 5th consecutive year
- CO2 targets validated by the Science Based Targets initiative (SBTi)
- Selection for the BEL ESG index
- Building new business lines to support Energy Transition

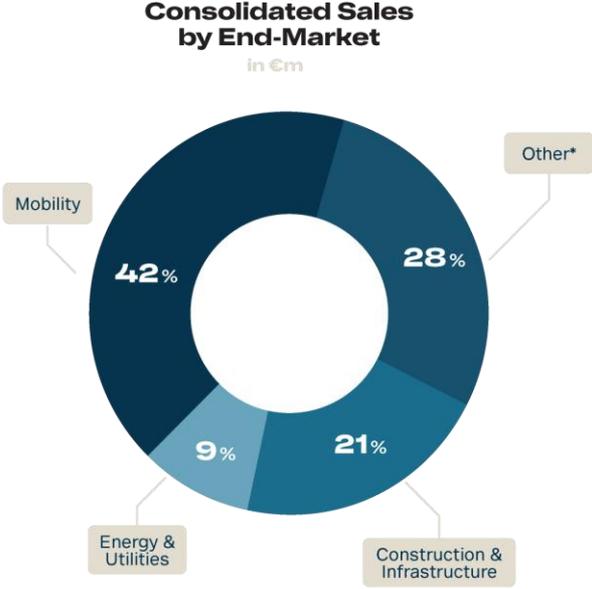
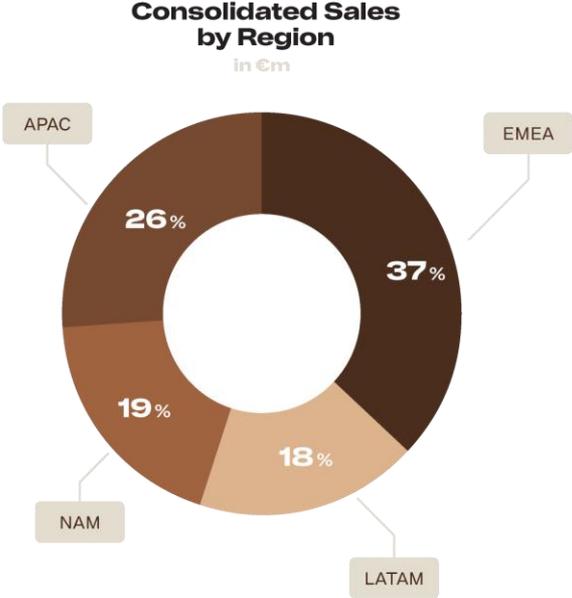
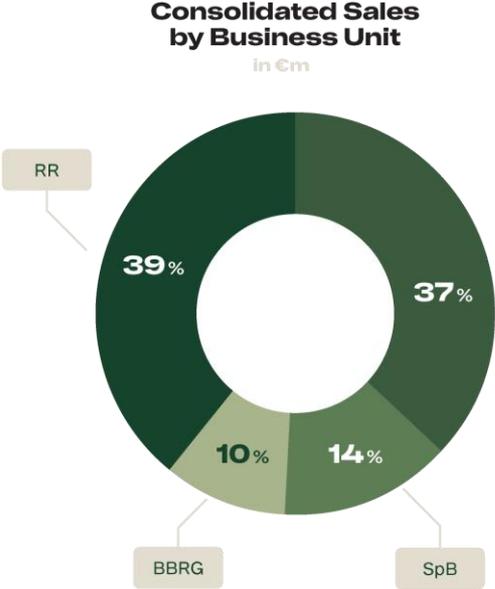
### Robust financial position

- Fast-growing, higher margin activities, alongside a robust and growing core
- Profitability and cash generation maintained
- Balance sheet remains strong
- Supporting dividend up 10% and € 120 million share buyback

# Appendix

# Strategy delivery

Building a balanced business by end-market and by region



<sup>1</sup> Other includes agriculture, equipment, consumer goods and basic materials

