

BRIDON-BEKAERT ROPES GROUP

Economic Environment in 2018

2018 saw continued challenging market dynamics in BBRG's core ropes sectors. While the oil price showed signs of recovery in 2018, the main oil extraction companies remained in balance sheet repair mode, which impacted both the volume and margin opportunity. Mining markets showed an upward trajectory, though still limited, with a small number of greenfield and brownfield developments. Industrial markets saw low single-digit growth in an increasingly challenging competitive environment.

The advanced cords business, serving various sectors including the automotive, construction, and equipment markets, continued to benefit from solid demand and market positions.

Our Activity performance

Bridon-Bekaert Ropes Group (BBRG) achieved 5.5% organic sales growth, part of which was compensated by the impact of adverse currency movements (-3.7%) on the topline. Organic growth accelerated in the second half of 2018 (+8.4%) compared with the limited growth in the first half of the year (+2.7%) and was mainly driven by a positive price-mix evolution.

Underlying EBIT was € -6.9 million for the year due to significant one-time adjustments without cash impact (including pension plan adjustments and obsolete stock write-offs) totaling € -13.7 million. Excluding these adjustments, underlying EBIT would have reached € 6.8 million (€ +1.8 million in the first half of 2018 and € +5 million in the second half).

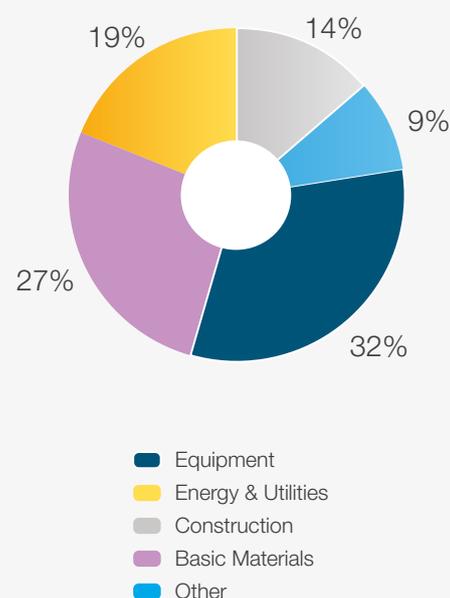
Reported EBIT was € -20 million and included the impacts of one-off elements related to the restructuring in Brazil (€ -7 million) and other measures to turn around the business (€ -6 million).

In 2018, BBRG invested € 19 million in PP&E, about half of which in support of growing the advanced cords facilities in Belgium and China, and the other half in the ropes manufacturing sites worldwide.

Brett Simpson, Chief Executive Officer of Bridon-Bekaert Ropes Group, joined the company in September 2018 to take over the helm and lead the business forward. Brett Simpson, Australian, has significant business experience and expertise in leading and improving international businesses.

In October 2018 Bekaert completed the refinancing of the outstanding debt incurred by Bridon-Bekaert Ropes Group (BBRG) and the transaction related to the acquisition of the 33% equity share previously held by Ontario Teachers' in BBRG. Taking full control of BBRG will allow the business to accelerate the turnaround efforts and achieve its full potential.

Bridon-Bekaert Ropes Group 2018 Combined sales by industry



Combined sales	€ 463 million
Capital expenditures (PP&E)	€ 19 million
Total assets	€ 561 million
Employees	2 593

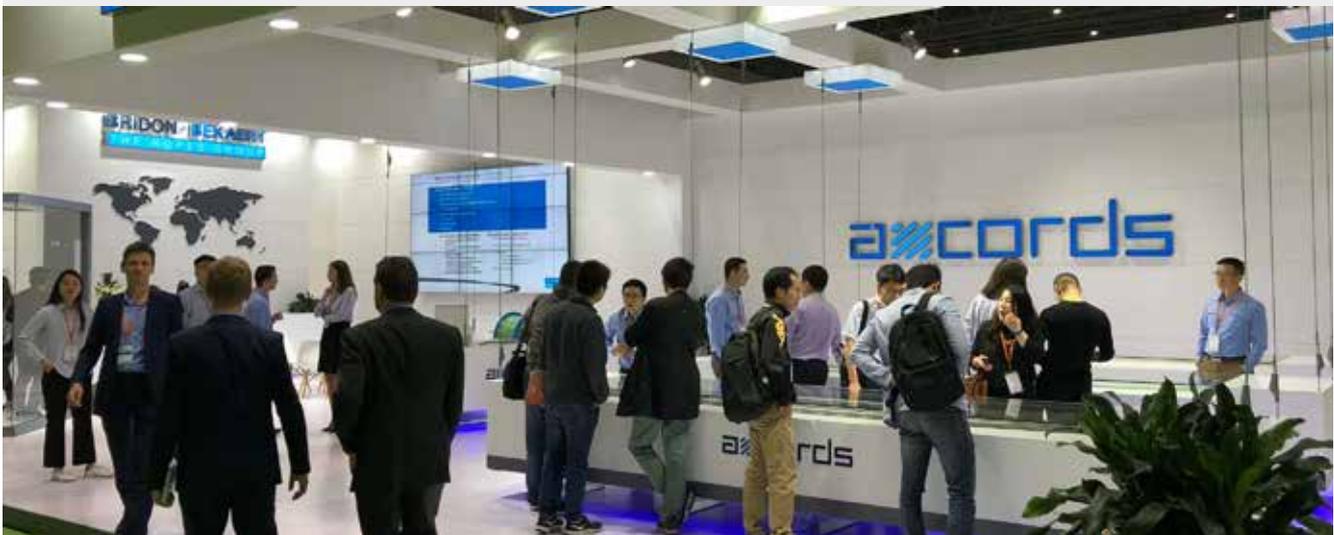


Bridon-Bekaert and Applied Fiber bring terminated synthetic rope solutions to market

Bridon-Bekaert Ropes Group (BBRG) and Applied Fiber have agreed in 2018 to combine their expertise to develop and bring to market advanced solutions that improve efficiency and safety in heavy industrial operations. Applied Fiber is a global leader for terminated synthetic fiber tension systems. By providing terminated fiber rope solutions for high impact and performance-driven applications, BBRG complements its existing steel, synthetic and hybrid rope solutions.

BBRG launches A-Cords at World Elevator Expo in Shanghai (China)

BBRG successfully introduced its premium brand A-Cords during the World Elevator Expo in Shanghai (China). To show the effectiveness of its products, all showcases were suspended with Flexisteel® cords. The exhibit illustrated BBRG range of expertise, going from traditional elevator ropes, over high tensile steel wire Flexisteel® for roomless elevators, to fine cords for belts. A virtual 360° tour brought the customers into the heart of our manufacturing and technology facilities.



In line with the organizational changes implemented on 1 March 2019, Bekaert's segment reporting will be changed in 2019. The new segmentation will drive transparency into the business dynamics of each reporting unit and replace the previous geographic segmentation, to which Bridon-Bekaert Ropes Group had been added as a separate reporting segment. The Group's business units (BU) are characterized by BU-specific product and market profiles, industry trends, cost drivers, and technology needs tailored to specific industry requirements.

The new reporting segments will be:

- **Rubber Reinforcement**

This Business Unit serves industries that use tire cord, bead wire, hose reinforcement wire and conveyor belt reinforcement.

- **Steel Wire Solutions**

This Business Unit serves industrial, agricultural, consumer and construction markets with a broad range of steel wire products and solutions.

- **Specialty Businesses**

This Business Unit includes building products, fiber technologies, combustion technology and sawing wire.

- **Bridon-Bekaert Ropes Group (BBRG)**

BBRG includes the ropes and advanced cords businesses.