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# STRATEGY <sup>AND</sup> LEADERSHIP

# MESSAGE FROM THE CEO AND THE CHAIRMAN

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Dear reader,

2020 will be long remembered. The Covid-19 pandemic brought challenges and changes to the world of a magnitude that was impossible to foresee. As per the publication date of this report the pandemic is still taking a huge toll on economies and people's lives worldwide and has fundamentally changed long established certainties and priorities.

Despite the turmoil that Covid-19 has created in our markets and in our business, we remained focused on our priorities. This enabled us to secure the business continuity of our customers, the health and safety of our people, and—at the same time—offset the impact of the pandemic on our financial objectives.

As a result of all the efforts undertaken we improved profitability, reinforced the balance sheet and enhanced the strategic position of our businesses. Underlying EBIT for the fiscal year 2020 increased by 13% to € 272 million at a margin on sales of 7.2%, ahead of what we had set ourselves as a target. Driven by an improved margin performance and stringent working capital management, our healthy cash generation significantly strengthened the balance sheet. Net debt on underlying EBITDA decreased from 2.09 at the close of 2019 to 1.26 at the end of 2020.

We are very pleased with these results. They are a reflection of what we are capable of when we focus and deliver on our priorities despite adverse external factors, however challenging those may be.

Moving forward, our ambitions reach higher. The Board of Directors and the Bekaert Group Executive have recently established the company's strategy for the next five years with the ambition to transform the company's business portfolio toward higher value creation. Organic growth in core markets will be supported by extending our capabilities in the areas of innovation, digital and sustainability and complemented by selective acquisitions and new partnerships.

For 2021, barring unexpected events, we project consolidated sales to reach at least € 4 billion and intend to improve our underlying EBIT-margin by 40-60 bps over the previous year.



**Oswald Schmid**  
Chief Executive Officer



**Jürgen Tinggren**  
Chairman of the Board of Directors

Based upon the financial performance of 2020 and the confidence in the set direction, the Board has decided to propose, to the General Meeting of Shareholders in May of 2021, a gross dividend of € 1.00 per share, in line with the company's dividend policy.

The progress achieved in a very demanding year is evidence of the commitment, energy and irrepressible spirit of our employees. We would like to thank them as well as our customers, partners and shareholders for their continued trust and support.

Handwritten signature of Oswald Schmid in black ink.

**Oswald Schmid**  
*Chief Executive Officer*

Handwritten signature of Jürgen Tinggren in black ink.

**Jürgen Tinggren**  
*Chairman of the Board of Directors*

# BOARD OF DIRECTORS

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The main tasks of the Board of Directors are to determine the Group's strategy and general policy, and to monitor Bekaert's operations. The Board of Directors is the company's prime decision-making body with the exception of matters reserved by law or by the articles of association to the General Meeting of Shareholders. The Board of Directors currently consists of thirteen members. Their professional profiles cover different areas of expertise, such as law, business, industrial operations, finance & investment banking, HR and consultancy.

## Composition of the Board of Directors

Jürgen Tinggren, Chairman <sup>(1)</sup>  
 Oswald Schmid, CEO  
 Gregory Dalle  
 Henriette Fenger Ellekrog <sup>(1)</sup>  
 Charles de Liedekerke

Christophe Jacobs van Merlen  
 Hubert Jacobs van Merlen  
 Colin Smith <sup>(1)</sup>  
 Eriikka Söderström <sup>(1)</sup>

Caroline Storme  
 Emilie van de Walle de Ghelcke  
 Henri Jean Velge  
 Mei Ye <sup>(1)</sup>

<sup>(1)</sup> Independent Directors

The biographies of all members of the Board of Directors are available on the [Bekaert website](#).

## Changes during 2020

Oswald Schmid, Chief Operations Officer, succeeded Matthew Taylor as interim CEO when Matthew Taylor retired from his position as CEO and Director of Bekaert on 12 May 2020. On 13 May 2020, the Annual General Meeting of Shareholders confirmed the mandate of Oswald Schmid as Director.

The Annual General Meeting of Shareholders further approved the nominations of Henriette Fenger Ellekrog and Eriikka Söderström as independent Directors, replacing Celia Baxter and Pamela Knapp who did not seek re-appointment. Christophe Jacobs van Merlen, Emilie van de Walle de Ghelcke and Henri Jean Velge were re-elected as Director.

## Changes in 2021

The Board of Directors of Bekaert has appointed Oswald Schmid as Chief Executive Officer, effective as of 2 March 2021.

# BEKAERT GROUP EXECUTIVE

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The Bekaert Group Executive (BGE) assumes the operational responsibility for the Company's activities and acts under the supervision of the Board of Directors. The BGE is chaired by Oswald Schmid, Chief Executive Officer.

## Organizational structure

The composition of the Bekaert Group Executive reflects the organizational structure with four Business Units and four Global Functional Domains. At the end of 2020, the Business Units and Global Functions were led by the following Executives.

### **Business Units**

- » The Business Unit Rubber Reinforcement (serving industries that use tire cord, bead wire, hose reinforcement wire and conveyor belt reinforcement) is led by Arnaud Lesschaeve, Divisional CEO Rubber Reinforcement.
- » The Business Unit Steel Wire Solutions (serving the energy, industrial, agricultural, consumer and construction markets with a broad range of steel wire products and solutions) is led by Stijn Vanneste, Divisional CEO Steel Wire Solutions.
- » The Business Unit Specialty Businesses (including building products, fiber technologies and sawing wire, and combustion technology) is led by Jun Liao\*, Divisional CEO Specialty Businesses and country manager for China.
- » Bridon-Bekaert Ropes Group (BBRG, including the ropes and advanced cords businesses) is led by Curd Vandekerckhove, Divisional CEO of BBRG.

The Business Units have global P&L accountability for strategy and delivery in their distinct areas and therefore have dedicated production facilities and commercial and technology teams within their respective organization. This helps them develop a customer-centric approach aligned with the specific needs and dynamics of their markets.

### **Global Functions**

- » Taoufiq Boussaid, Chief Financial Officer
- » Rajita D'Souza\*, Chief Human Resources Officer
- » Juan Carlos Alonso, Chief Strategy Officer
- » Oswald Schmid\*, Chief Operations Officer

The Functions take a role as strategic business partners, accountable for providing specific expertise and services across the Group, and for ensuring the business has the right capability to deliver on short- and long-term goals.

## \*Changes in 2021

The Board of Directors of Bekaert has appointed Oswald Schmid as Chief Executive Officer, effective as of 2 March 2021. Oswald has been leading the Bekaert Group Executive as interim CEO since 12 May 2020, when he was appointed member of the Board of Directors.

On 8 February 2021, Kerstin Artenberg joined Bekaert as Chief Human Resources Officer and became a member of the Bekaert Group Executive, succeeding Rajita D'Souza who left the company at the end of 2020.

On 1 April 2021, Yves Kerstens will join Bekaert as Divisional CEO Specialty Businesses and Chief Operations Officer, and become a member of the BGE. Jun Liao will take up the role of China CEO and lead the China Transformation Office in addition to his current responsibilities as country manager for China.

The biographies of all Bekaert Group Executive members are available on the [Bekaert website](#).

# OUR STRATEGY

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## Who we are

Bekaert is a world market and technology leader in steel wire transformation and coating technologies. We pursue to be the preferred supplier for our steel wire products, services and solutions by continuously delivering superior value to our customers worldwide. Bekaert (Euronext Brussels: BEKB) was established in 1880 and is a global company with more than 27 000 employees worldwide, headquarters in Belgium and € 4.4 billion in combined revenue in 2020.

## What we do

We seek to be the best in understanding the applications for which our customers use steel wire. Knowing how our steel wire products function within our customers' production processes and products helps us to develop and deliver the solutions that best meet their requirements and, through that, we create value for our customers.

Transforming steel wire and applying unique coating technologies form our core business. Depending on our customers' requirements, we draw wire in different diameters and strengths, even as thin as ultrafine fibers of one micron. We group the wires into cords, ropes and strands, weave or knit them into fabric, or process them into an end product. The coatings we apply reduce friction, improve corrosion resistance, or enhance adhesion with other materials.

## How we work

*better together* sums up the unique cooperation within Bekaert and between Bekaert and its business partners. We create value for our customers by co-creating and delivering a quality portfolio of steel wire solutions and by offering customized services on all continents.

We believe in lasting relationships with our customers, suppliers and other stakeholders, and are committed to delivering long-term value to all of them. We are convinced that the trust, integrity and irrepressibility that bring our employees worldwide together as one team create the fundamentals of successful partnerships wherever we do business.

## Our ambition

Our ambition is to create sustainable value for all our stakeholders: customers and other business partners, employees, shareholders, and the broader communities where we are active.

We have established, in the course of 2020, Bekaert's strategy for the next five years. We are determined to implement this new strategy with passion and focus and are convinced it will enable us to drive sustainable value creation.

A first set of actions was implemented with high priority. The Covid-19 pandemic did not delay but rather accelerated the progress we have made in all four pillars of our strategy:

- » Committing to high performance
- » Making our customers succeed
- » Being truly *better together*
- » Caring for the world around us

## Highlights 2020

In 2020, Bekaert has successfully implemented the first steps of its transformation toward higher performance and has delivered on the key priorities set forth to strategically improve the Group's business and technology position as well as the financial results.

- » The significant impact of Covid-19 was effectively countered through extensive measures to secure the health and safety of employees and the supply continuity to customers, all while deploying mitigating actions to protect the Company's financials.
- » Strong on execution, the Company captured the opportunities resulting from a fast and significant demand rebound in various markets in the second half of 2020 and approximately doubled the underlying EBIT of the first half.
- » Good progress was made on improving our strategic market position and business portfolio. Sales growth was focused on target markets and adjacent applications with attractive perspectives, while certain commodity segments were exited.
- » As a result, profitability increased, the balance sheet strengthened, and the financial mindset shifted toward cash generation. The underlying EBIT increased by 13% to € 272 million at a margin on sales of 7.2%. All Business Units achieved an underlying EBIT of 7% or more. The focus on disciplined working capital and capital expenditure control significantly improved the cash generation and debt leverage. Net debt on underlying EBITDA decreased from 2.09 at the close of 2019 to 1.26 at the end of 2020.
- » Based on the strong financial performance, the Board recommends a dividend of € 1.00, representing an increase of € 0.65 over the previous year and in line with the Company's dividend policy.
- » The digitalization of our business processes and the expansion of our digital offering are ongoing and will be accelerated. Moreover, a long-term sustainability strategy is being developed, aimed at raising our ambitions and creating sustainable value for our business and for our stakeholders.

For more information and details on our financial performance improvement during 2020, we refer to the segment reports and to the summary of the financial review in this annual report.

For more information and details on how Bekaert addressed the impact of the pandemic to keep our people safe and help the communities where we are active with personal protection equipment, please read our 2020 Sustainability Report.