



STRATEGY ^{AND} LEADERSHIP

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER AND THE CHAIRMAN

Dear Reader,

From a financial performance perspective, 2018 was deeply disappointing. The results we posted in 2018 dropped far beyond our goals and reversed our successful margin improvement trend of the past years. The share price has been under continuous stress amid the long series of profit warnings by sector players in our industries and reflects both the weaker Bekaert financial performance in 2018 and rising global economic uncertainty.

Despite softening GDP growth in 2018, induced by trade tensions and other political and economic uncertainties, we achieved 5% consolidated sales growth and our combined sales exceeded the € 5 billion mark for the first time in history. We haven't been able, though, to translate this growth into incremental profit. Underlying EBIT reached € 210 million, representing a margin on sales of 4.9%, and reported EBIT was € 147 million at a margin of 3.4%, far below the levels of previous years.

Some of the negatives of 2018 have been resolved or related to one-time corrections and are not expected to affect our margins in 2019. The performance of Bridon-Bekaert Ropes Group should improve according to the profit restoration plan that has been put in place. We are resolving the start-up issues related to various major expansion programs and our results should no longer be affected by the losses generated in our sawing wire activities or by those incurred in the plants that we have closed in the course of 2018. We regret that our actions to improve our performance included decisions that affected jobs, but they were necessary to help turn the tide from here onwards.

Bekaert has a strong track record of success and we want to return our business performance as quickly as possible to the positive growth path that we set out in our strategy and that we have been achieving until recently.

As we enter 2019, the business conditions in various sectors have begun to trend somewhat lower as a result of tighter markets and postponed investments. Given the market evolutions and the anticipated continued price pressure, we will implement improvement actions that will reduce our cost structure significantly, helping to enhance our competitiveness and improve our financial performance sustainably.

We designed and implemented a new organizational structure in early March 2019. We are making those organizational changes to upgrade our capability and to take out complexity from the organization. This will enable faster decision making, more agility to respond to change, and enhanced ownership to drive performance and customer centricity.

We are confident that our accelerated transformation drive and the improvement actions we are taking, will help us rebuild the underlying EBIT margin to above 7% over the medium term. We will also continue to put in place cash generation actions to reduce our net debt leverage and we intend to bring net debt on underlying EBITDA below 2.5 by the end of 2019.



Matthew Taylor
CEO



Bert De Graeve
Chairman

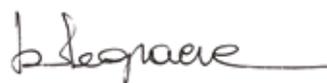
2018 has not delivered the results you expected from us, nor the goals we set ourselves. The Board of Directors will propose to the Annual General Meeting of Shareholders of 8 May 2019, a gross dividend of 70 eurocent. In line with the company's dividend policy, the proposed temporary dividend cut reflects the lower earnings and high debt leverage of the company.

We want to thank our customers, partners and shareholders for their continued trust. And we want to thank our employees for their commitment and drive to take on the new challenges and realize our goals.

After 17 years with Bekaert, of which five years in the Chair of the Board, my term will expire at the close of the Annual General Meeting of Shareholders of 8 May 2019. I would like to take this opportunity to wish the new Chairman, the entire Board of Directors, and Matthew Taylor and his team success in getting the company back on the value-driving growth path where it belongs.



Matthew Taylor
Chief Executive Officer



Bert De Graeve
Chairman of the Board of Directors

BOARD OF DIRECTORS

The main tasks of the Board of Directors are to determine the company's general policy, to approve the strategy and to supervise activities. The Board of Directors is the company's supreme decision-making body in all matters, other than those for which decision-making powers are reserved for the General Meeting of Shareholders by law or by the articles of association. The Board of Directors currently has 15 members. Their professional profiles cover different areas of expertise, such as law, business, industrial operations, banking & investment banking, marketing & sales, HR and consultancy.



Composition of the Board Directors

Bert De Graeve, Chairman
Matthew Taylor, CEO
Celia Baxter ⁽¹⁾
Leon Bekaert
Gregory Dalle

Charles de Liedekerke
Christophe Jacobs van Merlen
Hubert Jacobs van Merlen
Maxime Jadot
Pamela Knapp ⁽¹⁾

Martina Merz ⁽¹⁾
Colin Smith ⁽¹⁾
Emilie van de Walle de Ghelcke
Henri Jean Velge
Mei Ye ⁽¹⁾

⁽¹⁾ Independent Directors

Changes during 2018

On 9 May 2018, the Annual Meeting of Shareholders approved the nomination of Colin Smith for appointment as independent Director on the Board. Mr Smith replaced Alan Begg whose term of office expired and who was not seeking re-election.

The composition of the Board of Directors will change in 2019

The Board of Directors of NV Bekaert SA has announced, on 1 March 2019, the succession plans of its Chairman and Directors of the Board.

- » **Jürgen Tinggren** has been nominated as next Chairman. His nomination for appointment as independent Director of the Board is subject to approval by the Annual General Meeting of Shareholders of 8 May 2019 and will, upon approval, take effect at the close of the Meeting.
- » **Caroline Storme** has been nominated as member of the Board of Directors. Her nomination, too, is subject to approval by the Annual General meeting of Shareholders of 8 May 2019.

The term of office of the **Chairman of the Board, Bert De Graeve**, will expire at the close of the Annual General Meeting of Shareholders of 8 May 2019. After 5 years in the Chair of the Board, Bert De Graeve seeks no re-election for a new term of 4 years.

The terms of office of the Directors Leon Bekaert, Gregory Dalle, Charles de Liedekerke, Hubert Jacobs van Merlen and Maxime Jadot will also expire at the close of the Annual General Meeting of Shareholders of 8 May 2019.

Gregory Dalle, Charles de Liedekerke and Hubert Jacobs van Merlen are candidates for re-election. Maxime Jadot and Leon Bekaert, both having served 25 years on the Board of Bekaert, seek no re-election. Martina Merz, independent Director of the Board, will resign on 8 May 2019, given her recent appointment as Chair of thyssenkrupp AG in addition to other mandates.

The new composition of the Board will reduce from 15 to 13 members. The responsibilities and composition of the Committees of the Board will be determined and announced when the abovementioned nominations become effective.



BEKAERT GROUP EXECUTIVE

The Bekaert Group Executive assumes the operational responsibility for the company's activities and acts under the supervision of the Board of Directors. The executive management team is chaired by Matthew Taylor, Chief Executive Officer.

The composition of the Bekaert Group Executive has changed in 2018

On 1 March 2018, Jun Liao became a member of the Bekaert Group Executive and was appointed Executive Vice President – Regional Operations North Asia.

On 15 November 2018, Bekaert announced the departure of Beatriz García-Cos Muntañola, Executive Vice President and Chief Financial Officer. Frank Vromant, Executive Vice-President Bekaert Americas, was appointed Chief Financial Officer ad interim with immediate effect, in addition to his executive responsibilities for the Regional Operations Latin America.

After 36 years with Bekaert, and a lifelong career built on business and technology expertise, Geert Van Haver, Chief Technology Officer retired on 31 December 2018. The responsibilities of Geert Van Haver have since then been coordinated internally, with a direct reporting line to the Chief Executive Officer and since 1 March conform the new organizational structure.

At the end of 2018, the Bekaert Group Executive consisted of 8 members:

- » Matthew Taylor, CEO
- » Rajita D'Souza, Chief HR Officer
- » Lieven Larmuseau, Executive Vice President — Rubber Reinforcement
- » Jun Liao, Executive Vice President — North Asia
- » Curd Vandekerckhove, Executive Vice President — Global Operations
- » Stijn Vanneste, Executive Vice President — EMEA, South Asia and South East Asia
- » Piet Van Riet, Executive Vice President — Industrial & Specialty Products
- » Frank Vromant, Chief Financial Officer and Executive Vice President — Latin America

The composition of the BGE will significantly change in 2019*

As announced on 1 March 2019, the composition of the Bekaert Group Executive will change according to the new organizational structure which consists of four Business Units and four Global Functional Domains. The team, led by Matthew Taylor, CEO, will focus on value growth and higher-level performance.

Business Units:

- » The Business Unit **Rubber Reinforcement** (serving industries that use tire cord, bead wire, hose reinforcement wire and conveyor belt reinforcement), will be led ad interim by Lieven Larmuseau, until the appointment of a Divisional CEO Rubber Reinforcement.
- » The Business Unit **Steel Wire Solutions** (serving 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, combustion technology and sawing wire) is led by **Jun Liao**, Divisional CEO Specialty Businesses.
- » **Bridon-Bekaert Ropes Group** (BBRG, including the ropes and advanced cords businesses) is led by **Brett Simpson**, CEO of BBRG.

The business units will 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 will help them develop a customer-centric approach aligned with the specific needs and dynamics of their markets.

Global Functions:

- » **Frank Vromant** will continue as CFO ad interim, until the new incumbent joins the company.
- » **Rajita D'Souza** remains Chief Human Resources Officer.
- » The appointment of an externally recruited Chief Strategy Officer will be announced shortly.
- » **Curd Vandekerckhove** has been appointed Chief Operations Officer.

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

* More information on the BGE composition is available in the Corporate Governance Chapter.

OUR STRATEGY

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 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 almost 30 000 employees worldwide, headquarters in Belgium and € 5 billion in combined revenue.

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 also create the fundamentals of successful partnerships wherever we do business.

Our strategy

Continuously driving value creation for our shareholders by cost effectively creating superior value for customers is our strategy. Our vision and core strategies form the foundation of a transformation of our business towards higher level performance.