NV BEKAERT SA

0405.388.536

CORPORATE

BBB

ISSUER RATING
LongTerm

OUTLOOK
Stable

Initiation date	29/11/2022
Rating Date	07/10/2025

Contacts

Lead analyst
Reda Mouaacha
reda.mouaacha@ethifinance.com

Committee chair
Marc Pierron
marc.pierron@ethifinance.com

Rating Action and Rationale

- EthiFinance Ratings affirms NV Bekaert SA's long-term rating at BBB, but changes the outlook from Positive to Stable.
- Bekaert is specialized in steel wire transformation and coating technologies, applying materials engineering to provide solutions across a wide range of industries.
- Our outlook change results from weaker-than-expected credit metrics and sales performance compared to FY23. Bekaert's final rating remains capped at BBB due to the significant gap between its business risk profile and its financial profile, in line with our rating methodology. In FY24, revenue declined by 8.6%, mainly attributable to lower volumes (-3.5%) and the pass-through of lower raw material and energy costs (-3.9%). Revenue from Bekaert's Brazilian joint ventures fell to €914m (-10.3% vs. FY23). The revenue decline was compounded by reduced fixed-cost absorption due to lower production output and price erosion in sustainable construction amid intensifying competition in Europe. EthiFinance Ratings-adjusted EBITDA contracted by 13% yoy due mainly to challenges in end-markets across specialty businesses (-38% yoy) and rubber reinforcement (-12% yoy), leading to an adjusted EBITDA margin contraction of 70bps yoy. We expect margins to remain in the 12–12.5% range over 2025–27. Despite this, adjusted net leverage and interest coverage remained contained at 1.4x (vs. 1.2x in FY23) and 14.4x (vs. 14.9x), respectively. We anticipate these metrics will remain within our current rating thresholds, factoring in the €175m still outstanding from the €200m share buyback program initiated in November 2024, as well as an average dividend payout ratio of 40%.
- Supported by a good geographic mix, advanced R&D, and strong technical expertise, Bekaert is a recognized market leader in the Steel Fiber Reinforced Concrete (SFRC) industry, with a 40% market share. The company operates in a capital-intensive sector that requires substantial CapEx to develop production plants, alongside the technical know-how essential for managing long-term infrastructure projects. However, given the current slowdown in sales momentum, management has scaled back CapEx. We therefore expect the CapEx-to-revenue ratio to remain in the 3.8%–4.5% range over our forecast period.
- Beyond the existing rating cap, our assessment is further constrained by the company's size (BB+) amid a sustained decline in sales since FY23: -13.5% in FY23, -8.6% in FY24, and -4.3% in 1H25 (vs 1H24). This downward trend reflects lower volumes and the impact of raw material and energy inflation, and according to management guidance and our forecasts, is expected to persist into the second half of the year due to uncertainty around market demand along with the negative impact from the US tariffs. While profitability margins are expected to weaken, the deterioration should be less pronounced than the topline decline, supported by cost base optimisation measures (plant closures, overhead reductions, footprint adjustments). Another constraint on the rating is the company's exposure to cyclical end-markets, particularly tires & automotive (c.48% of FY24 sales) and construction (17%). Although management aims to rebalance the portfolio toward sustainability-driven markets such as hydrogen and EVs in the medium term, this transition does little to mitigate short-term volatility to which the company remains exposed.
- In accordance with our methodology, the capital goods industry has a medium-to-high ESG risks (sector heatmap between 3.5 and 4), given its impact on the environmental, which constrains our industry assessment. Consequently, the sector's ESG rating is downgraded by one notch due to these industry-specific ESG concerns. Heavy industries inherently consume substantial quantities of raw materials, leading to environmental degradation from extraction and transportation.
- We note that Bekaert has stepped up its ESG ambitions, aiming to reduce scope 1 and 2 CO_2 emissions by 46% by 2030, using 2019 as the baseline year, and to achieve net zero emissions by 2050. In pursuit of this goal, the company has already reduced these emissions by 20% in FY24 compared to 2019. The company's ESG score is ranging between 1 and 1.5, which is considered as advanced and positively counts in our financial assessment, thereby counterbalancing the negative impact from the industry assessment.

Issuer Description

NV Bekaert SA is a Belgian company founded in 1880 and specializing in steel wire transformation and coating technologies. The company operates on a global scale, and is organized into four main segments: Rubber Reinforcement, Steel Wire Solutions, Specialty Businesses, and Bridon-Bekaert Ropes Group (BBRG). These segments offer a range of products and services to various industries, including auto components (Tire manufacturers), construction, energy, and agriculture. It employs 21,000 employees across 62 production plants, and 7 research/engineering sites in 23 different countries covering multiple regions: EMEA, North America, Latin America and Asia-Pacific.

As of end-2024, Bekaert reported revenues of €3.96bn, for adjusted EBITDA of €496m, and an adjusted net leverage ratio of 1.4x. The company is publicly listed and on the Euronext Brussels under the ticker symbol BEKB. As of 24 September 2025, it had a market capitalization of c. €1.96 bn.

Liquidity

We assess the liquidity profile of NV Bekaert SA as “Good” reflecting its strong refinancing profile and its high level of liquidity.

Main Financial Figures & Forecasts

Main financial figures. millions of EUR	FY23	FY24	FY25e	FY26e	FY27e	24vs23
Turnover	4,328	3,958	3,720	3,832	3,985	-8.6%
Adj EBITDA (1)	572	496	445	473	502	-13.3%
Adj EBITDA Margin (1)	13.2%	12.5%	12.0%	12.4%	12.6%	-0.7pp
EBIT	334	296	246	270	293	-11.4%
EBIT Margin	7.7%	7.5%	6.6%	7.0%	7.3%	-0.2pp
EBT	315	306	258	285	308	-2.7%
Total Assets	4,081	4,162	4,168	4,186	4,349	2.0%
Equity	2,166	2,312	2,313	2,382	2,531	6.7%
Total Financial Debt (2)	1,328	1,197	1,118	1,043	1,026	-9.9%
Net Financial Debt (2)	695	690	680	655	579	-0.7%
Equity/TFD (2)	163.1%	193.2%	206.9%	228.3%	246.6%	30.0pp
NFD/EBITDA (1) (2)	1.2x	1.4x	1.5x	1.4x	1.2x	0.2x
Funds From Operations	459	377	362	389	415	-17.9%
FFO/NFD (2)	66.1%	54.6%	53.2%	59.3%	71.7%	-11.4pp
EBITDA/Interest (1)	14.9x	14.4x	13.0x	17.2x	19.6x	-0.5x

(1) Adj EBITDA includes dividend received from JVs and a portion of the other non operating revenues/expenses : restructuring costs, governments grants and gains (losses) on disposal of assets and business disposal.

(2) Adj debt includes pension benefits and factoring.

Credit Rating

Credit Rating	
Business Risk Profile	**BB+**
Industry risk assessment	*BB+*
Industry's ESG	*Negative*
Competitive Positioning	*BB+*
Governance	*BBB*
Financial Risk Profile	**A**
Cash flow and leverage	*A*
Capitalisation	*A*
Company's ESG	*Positive*
Anchor Rating	**BBB+**
Modifiers	*Cap at BBB*
Rating	**BBB**

Rating Sensitivity

- List of ratings:
  - LT Rating: BBB

Factors that may (individually or collectively) impact the rating:

- **Positive factors (↑)**

We could upgrade our LT rating should the company improve its market positioning and topline performance. As outlined in the rationale, such an evolution would entail the removal of the capping mechanism. Therefore, a positive rating action is subject to a recovery in sales volume, and to a more predictable outlook for some of the company's business segments.

- **Negative factors (↓)**

We could downgrade our LT rating should the company's credit metrics deteriorate significantly. A potential trigger for such a downgrade could be a net adjusted leverage ratio of 2.5x or higher; coupled with either (i) an interest coverage ratio of 8.5x or lower, or (ii) an ESG score ranging from 1.5 to 5. Such a deterioration in credit metrics could result from a continuous decline in sales combined with higher costs, which would further impact profitability margins.

Sources of information

The credit rating issued in this report is unsolicited. The credit rating is based exclusively on public information, being the main sources the following:

1. Annual Audit Report.
2. Corporate Governance Report.
3. Corporate Website.
4. Information published in the Official Bulletins.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Level of the rated entity participation in the rating process

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
  - Corporate Rating Methodology - General : https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203
- The rating scale used in this report is available at https://www.ethifinance.com/en/ratings/ratingScale.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.