

Full Year Results 2019

Bekaert delivers on margin, working capital, and debt deleverage priorities

Underlying EBIT up 15% to €242 million – working capital down 20% – net debt/underlying EBITDA of 2.1

Bekaert offset the challenging market conditions caused by trade tensions, political and policy changes, and social protests affecting economies worldwide, and delivered on all priorities set forth to restore a healthy balance sheet and improve the margin performance.

Financial highlights FY2019¹

- Consolidated sales of €4.3 billion (+0.4%) and combined sales of €5.1 billion (+1.1%)
- Underlying EBIT of €242 million, up 15% from last year and resulting in a margin of 5.6%
- Underlying EBITDA of €468 million (+10%), delivering a double-digit margin on sales (10.8%)
- Underlying ROCE of 9.5%, up from 8.0% in 2018
- Working capital reduction of 20%, resulting in working capital on sales of 16%
- Strong cash flow generation: cash flows from operating activities more than doubled to €524 million
- Net debt of €977 million, down from €1 153 million at the close of 2018, resulting in net debt on underlying EBITDA of 2.1, significantly down from 2.7 last year

Actions implemented to drive margin and cash flow performance

- Significant progress in pricing performance and mix improvement, offset by inventory valuation corrections
- Robust progress in the profit restoration of weaker performing business areas
- Continued implementation of organizational efficiencies and manufacturing excellence programs
- Very strong working capital decrease driven by significantly lower inventory levels, better aligned payment terms, successful cash collection actions, and optimized factoring usage
- Successful refinancing programs (Schuldschein loan: €320.5 million and Retail bond: €200 million) led to a reduction of interest expenses of more than 20%
- Strict control of capital expenditure: €98 million (PP&E)

Bottom-line result and dividend proposal

- The one-off items, primarily associated with the restructuring measures of 2019, amounted to €-87 million
- The result of the period attributable to the equity holders of Bekaert amounted to €41 million
- The Board of Directors will propose to the Annual General Meeting of Shareholders of 13 May 2020, a gross dividend of 70 eurocent, unchanged from last year.

Outlook

Update Covid-19: to date none of Bekaert's employees have been infected with the virus and our plants in China resumed operations on 10 February. At present, our production plants globally are operating at fairly normal levels and the supply chain remains reasonably fluid. We have limited visibility on the potential impact of Covid-19 on our markets in coming months.

The actions taken in 2019 have significantly strengthened our balance sheet structure and have started to improve our profitability. This has made us more resilient to short-term uncertainties and will enable us to make further progress toward our 7% underlying EBIT margin goal.

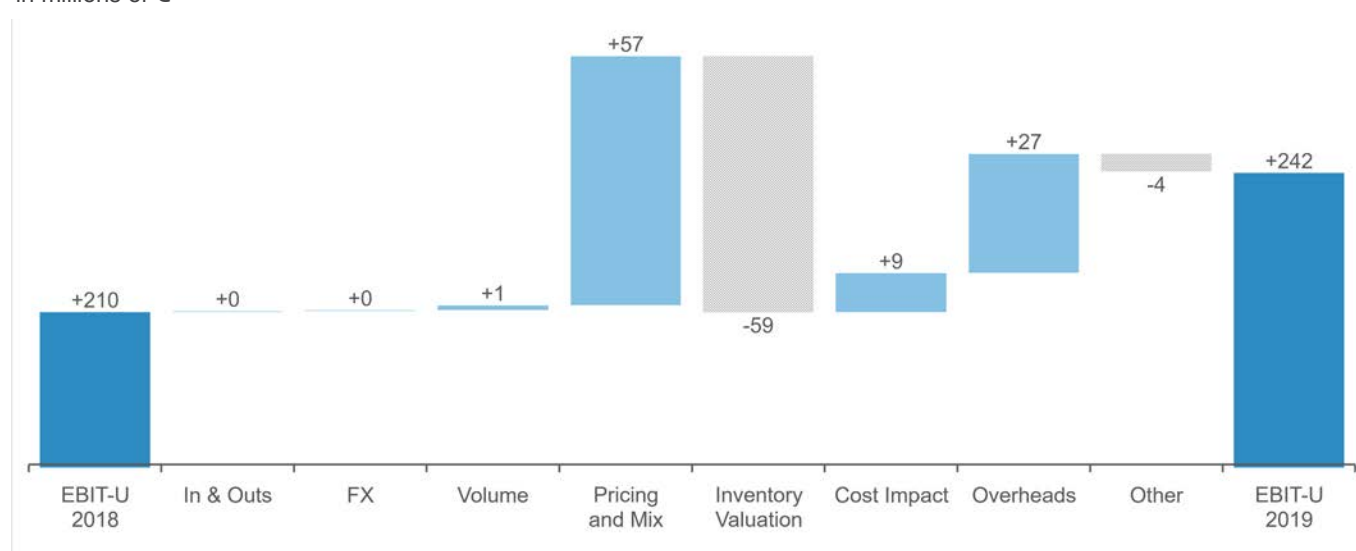
¹ All comparisons made are relative to the financial year 2018

Financial Statements Summary

in millions of €	Underlying				Reported	
	2018	2019	H1 2019	H2 2019	2018	2019
Consolidated sales	4 305	4 322	2 218	2 104	4 305	4 322
Operating result (EBIT)	210	242	126	116	147	155
EBIT margin on sales	4.9%	5.6%	5.7%	5.5%	3.4%	3.6%
Depreciation, amortization and impairment losses	216	226	112	114	240	248
EBITDA	426	468	239	230	387	403
EBITDA margin on sales	9.9%	10.8%	10.8%	10.9%	9.0%	9.3%
ROCE	8.0%	9.5%			5.6%	6.1%
Combined sales	5 074	5 132	2 619	2 513	5 074	5 132

Underlying EBIT bridge

in millions of €



Bekaert's underlying EBIT was €242 million, reflecting a margin of 5.6% and an increase of €32 million or +15% compared with last year. The overhead cost reduction and improved operational cost effectiveness contributed €+36 million in the year-on-year comparison. The small decline in sales volumes (-1%) had a positive impact of €+1 million on underlying EBIT due to a favorable mix effect across business units. The steep decline in wire rod prices resulted in major adverse non-cash inventory valuation adjustments which accounted for €-59 million (the aggregate effect of €+24 million in 2018 and €-35 million in 2019). Better pricing and an improved mix accounted for a total effect of €+57 million. Depreciation, the weaker results of the engineering department and the improved performance of activity platforms that use other performance indicators than volume as a result of lightweight materials and unit sales, are included in the category 'other' (€-4 million).

Sales

Bekaert achieved consolidated sales of €4.3 billion in 2019, about stable (+0.4%) compared with last year. The organic volume decline (-1.2%), the effect of passed-on lower wire rod prices (-2.0%) and the small impact from divestments (-0.1%) were more than offset by price-mix effects (+2.4%) and favorable currency movements (+1.3%). Combined sales totaled €5.1 billion for the year, up +1.1% from 2018 as a result of the revenue growth in the joint ventures in Brazil.

Consolidated and combined sales by segment – in millions of €

Consolidated third party sales	2018	2019	Share	Variance ²	Organic	FX
Rubber Reinforcement	1 908	1 953	45%	+2%	+1%	+2%
Steel Wire Solutions	1 497	1 448	34%	-3%	-4%	+1%
Specialty Businesses	411	414	10%	+1%	=	+1%
BBRG	463	489	11%	+5%	+4%	+1%
Group	26	19	-	-	-	-
Total	4 305	4 322	100%	+0.4%	-0.7%	+1.3%

Combined third party sales ³	2018	2019	Share	Variance ²	Organic	FX
Rubber Reinforcement	2 073	2 124	41%	+2%	+1%	+1%
Steel Wire Solutions	2 118	2 102	41%	-1%	-1%	=
Specialty Businesses	411	414	8%	+1%	=	+1%
BBRG	463	489	10%	+5%	+4%	+1%
Group	9	3	-	-	-	-
Total	5 074	5 132	100%	+1.1%	+0.5%	+0.7%



2019 quarter-on-quarter progress – in millions of €

Consolidated third party sales	1 st Q	2 nd Q	3 rd Q	4 th Q	Q4 y-o-y ⁴
Rubber Reinforcement	502	512	480	459	-6%
Steel Wire Solutions	376	375	357	340	-6%
Specialty Businesses	97	105	109	103	+9%
BBRG	117	125	123	123	+1%
Group	2	7	6	4	-
Total	1 094	1 124	1 075	1 030	-5%

Combined third party sales ³	1 st Q	2 nd Q	3 rd Q	4 th Q	Q4 y-o-y
Rubber Reinforcement	544	555	525	499	-6%
Steel Wire Solutions	535	539	534	494	-4%
Specialty Businesses	97	105	109	103	+9%
BBRG	117	125	123	123	+1%
Group	1	1	2	0	-
Total	1 294	1 325	1 293	1 220	-4%

² Comparisons are made relative to the financial year 2018, unless otherwise indicated.

³ Combined sales are sales of fully consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

⁴ Q4 year-on-year sales: 4th quarter 2019 versus 4th quarter 2018.

Segment reports

Rubber Reinforcement

Key figures (in millions of €)	Underlying				Reported	
	2018	2019	H1 2019	H2 2019	2018	2019
Consolidated third party sales	1 908	1 953	1 014	939	1 908	1 953
Consolidated sales	1 939	1 986	1 031	955	1 939	1 986
Operating result (EBIT)	177	172	94	78	152	155
EBIT margin on sales	9.1%	8.7%	9.1%	8.2%	7.9%	7.8%
Depreciation, amortization and impairment losses	128	122	63	59	128	132
EBITDA	305	295	157	137	280	286
EBITDA margin on sales	15.7%	14.8%	15.3%	14.4%	14.4%	14.4%
Combined third party sales	2 073	2 124	1 099	1 025	2 073	2 124
Segment assets	1 701	1 526	1 683	1 526	1 701	1 526
Segment liabilities	337	287	290	287	337	287
Capital employed	1 364	1 239	1 393	1 239	1 364	1 239
ROCE	12.9%	13.2%			11.1%	11.9%

Bekaert's Rubber Reinforcement business achieved 2.4% sales growth, driven by higher volumes. The effect of passed-on lower raw material prices (-1.8%) was entirely offset by favorable currency movements.

The business unit achieved 10% volume growth in China as a result of increased market share and strong demand, particularly in the first half of the year. Sales were about stable in EMEA and North America but fell short in Indonesia and India.

Significant wire rod price decreases led to inventory valuation corrections at year-end and drove underlying EBIT below the level of 2018 to €172 million, at a margin of 8.7%. The profitability improved significantly in Asia, but declined in EMEA and in the US.

Reported EBIT was €155 million, slightly above last year. EBIT was impacted by one-off elements in both 2018 (€-25 million – mainly related to the closure of the Figline plant in Italy) and 2019 (€-18 million – mainly due to the footprint change in the US).

Underlying EBITDA was €295 million with a margin on sales of 14.8%.

Capital expenditure (PP&E) amounted to €42 million and included investments in all continents. The purchase of land use rights in Vietnam amounted to €13 million.

Steel Wire Solutions

Key figures (in millions of €)	Underlying				Reported	
	2018	2019	H1 2019	H2 2019	2018	2019
Consolidated third party sales	1 497	1 448	751	697	1 497	1 448
Consolidated sales	1 555	1 491	778	714	1 555	1 491
Operating result (EBIT)	57	51	28	23	59	25
EBIT margin on sales	3.7%	3.4%	3.5%	3.2%	3.8%	1.7%
Depreciation, amortization and impairment losses	46	55	28	28	49	68
EBITDA	103	106	55	51	108	93
EBITDA margin on sales	6.6%	7.1%	7.1%	7.1%	7.0%	6.2%
Combined third party sales	2 118	2 102	1 074	1 028	2 118	2 102
Segment assets	1 012	879	994	879	1 012	879
Segment liabilities	332	286	296	286	332	286
Capital employed	681	593	697	593	681	593
ROCE	8.5%	7.9%			8.8%	3.9%

The business unit Steel Wire Solutions reported a sales decrease of -3.3% compared with last year. The positive effects of price-mix (+3.7%) and currency movements (+0.8%) partially offset the impact from passed-on wire rod price decreases (-2.6%) and lower volumes (-5.2%).

The economic uncertainty affecting the automotive, other industrial and agricultural market demand drove sales down in EMEA, North America, and South East Asia. The business climate in Latin America further worsened due to significant protest actions across the region in the last quarter of 2019. The steel wire activities in India and China delivered robust growth.

Underlying EBIT was €51 million, 11% lower than last year and resulting in a margin on sales of 3.4%. Several factors accounted for the profit decline:

- The low volumes in North America, South East Asia and some business areas in EMEA
- The structurally weak performance of a number of plants, which drove the decision to close the production sites in Shelbyville (Kentucky, US) at year-end 2019 and in Ipoh (Malaysia) by March 2020.
- Sharp wire rod price decreases and obsolete inventories led to inventory valuation corrections at year-end.

In 2019 we also started to see the benefits from recent profit restoration programs in Qingdao (China), Bradford (UK), and Proalco (Colombia) and we expect to see further margin improvement in 2020.

The one-off items related to the plant closures and various restructuring programs totaled €-25 million and are driving the decline in reported EBIT.

Capital expenditure (PP&E) was €28 million and mainly included investments in Slovakia, China, the US and Chile.

Specialty Businesses

Key figures (in millions of €)	Underlying				Reported	
	2018	2019	H1 2019	H2 2019	2018	2019
Consolidated third party sales	411	414	202	212	411	414
Consolidated sales	425	426	208	218	425	426
Operating result (EBIT)	26	52	25	27	-33	34
EBIT margin on sales	6.0%	12.2%	12.0%	12.4%	-7.9%	8.0%
Depreciation, amortization and impairment losses	22	15	8	7	76	17
EBITDA	48	67	33	34	43	51
EBITDA margin on sales	11.3%	15.7%	15.7%	15.8%	10.1%	12.1%
Segment assets	299	302	320	302	299	302
Segment liabilities	81	67	68	67	81	67
Capital employed	218	235	252	235	218	235
ROCE	11.4%	22.4%			-14.8%	14.6%

The business unit Specialty Businesses reported about stable sales, with significant differences between the respective activity platforms.

Building products achieved +6% revenue growth in 2019. The organic growth (+5%) was equally driven by strong volumes and a positive price-mix and currency movements added +1%. Fiber technologies reported stable sales for the year after a strong fourth quarter and the combustion activities ended the year 4% below the revenue of 2018. Sales of (diamond) sawing wire were limited.

Underlying EBIT doubled to €52 million at a margin of 12.2%, mainly driven by a strong underlying performance of the building products activities and reduced losses in the sawing wire business. Reported EBIT included one-off elements (€-18 million) that are mainly related to the closure of the Belgian building products plant and to losses generated by social actions in the Belgian sites of the business unit.

Bridon-Bekaert Ropes Group

Key figures (in millions of €)	Underlying				Reported	
	2018	2019	H1 2019	H2 2019	2018	2019
Consolidated third party sales	463	489	242	246	463	489
Consolidated sales	466	491	244	247	466	491
Operating result (EBIT)	-7	12	6	6	-20	9
EBIT margin on sales	-1.5%	2.4%	2.6%	2.3%	-4.3%	1.9%
Depreciation, amortization and impairment losses	29	32	13	19	36	31
EBITDA	22	44	19	25	16	40
EBITDA margin on sales	4.8%	9.0%	8.0%	10.0%	3.4%	8.1%
Segment assets	561	588	603	588	561	588
Segment liabilities	120	102	101	102	120	102
Capital employed	440	486	502	486	440	486
ROCE	-1.5%	2.5%			-4.4%	1.9%

Bridon-Bekaert Ropes Group (BBRG) achieved 5.5% top line growth, which stemmed from solid organic growth (+4.2%) and favorable currency movements (+1.2%). The organic growth was the result of an improved product- and price-mix in ropes and firm sales growth in advanced cords (a-cords).

The ropes business of BBRG booked solid sales growth in oil & gas, mining, and crane & industrial applications. In fishing and marine markets, sales volumes were about stable compared to last year. The project business applications reported lower sales than the previous year due to a slow start in construction markets at the beginning of 2019.

The ropes activities made significant progress in enhancing the business mix by focusing on quality business and by reducing their presence in the lower margin segments. This strategy accounted for a volume decrease of 8% compared with last year, while increasing revenues and margins.

The advanced cords (a-cords) activities saw continued strong demand in timing belt markets and an uplift in hoisting applications in the second half of the year.

Underlying EBIT and EBITDA improved significantly as a result of successful profit restoration actions. Reported EBIT was €9 million and included €-3 million in one-offs. The EBITDA margin more than doubled from last year to reach 8.1%.

BBRG invested €14 million in PP&E, most of which in the a-cords platform and in the ropes plants in the UK and the US.

Investment update and other information

Net debt was €977 million at year-end 2019, down from €1 153 million at the close of 2018 and €1 253 million on 30 June 2019. Net debt on underlying EBITDA was 2.1, compared with 2.7 last year. The introduction of IFRS 16 (Leases) added €83.5 million to net debt in 2019. Excluding this impact, net debt on underlying EBITDA would have been 2.0 at the close of 2019. The working capital decreased by €-176 million year-on-year, which was the result of lower inventories, successful cash collection efforts, better aligned payment terms, and an extended use of off-balance sheet factoring (€121 million, compared with €73 million at the end of 2018). Working capital on sales was 16.2% at the close of the year - a record low in the last 25 years – and the average working capital on sales was 18.2%; down from 20.4% in 2018.

On 9 October 2019, Bekaert launched a new issuance of bonds with a maturity of 7 years for a total amount of €200 million, all of which was raised in one day. The retail bond, with an annual coupon of 2.75%, enables Bekaert to optimize its debt maturity and decrease the interest charges in coming years. On 6 December 2019 the 8-year tenor tranche of the 2011 retail bond matured and was repaid (€195 million).

Investments in property, plant and equipment amounted to €98 million in 2019, €-100 million below the level of 2018. In addition, Bekaert also invested €13 million in land use rights for the greenfield investment project in Vietnam.

On 31 October 2019, Bekaert concluded the buy-out of Maccaferri's 50% share in 'Bekaert-Maccaferri Underground Solutions' (BMUS). Bekaert considers the buy-out as an opportunity to grow faster in the underground applications of Dramix® steel fibers for concrete reinforcement.

On 17 December 2019, Bekaert and AGRO, a world-leading manufacturer of high quality innersprings, signed and closed an agreement for the establishment of the AGRO-Bekaert joint venture. The shareholders in the joint venture are AGRO Holding (50%) and Bekaert Ideal Holding (50%), in which Bekaert holds 80%. The new joint venture will develop, manufacture and promote value solutions for mattress and upholstery manufacturers in Colombia, Central America and the Caribbean. The production plant will be located in Barranquilla, Colombia and will become operational in the 2nd quarter of 2020.

Post-balance sheet event: Bekaert acquired on 29 February 2020 the (20%) shares previously held by Continental Global Holding Netherlands BV in Bekaert Slatina in Romania.

On 31 December 2018, the Company held 3 902 032 treasury shares. Of these 3 902 032 treasury shares, 13 787 shares were transferred to the Chairman of the Board of Directors as part of his fixed remuneration and 13 670 shares were transferred to members of the BGE pursuant to the Company share-matching plan. In addition, 1 500 stock options were exercised under the Stock Option Plan 2015-2017 and 1 500 treasury shares were used for that purpose. The Company did not purchase any shares in the course of 2019 and no treasury shares were cancelled. As a result, the Company held an aggregate 3 873 075 treasury shares on 31 December 2019.

Financial review

Financial results

Bekaert achieved an operating result (EBIT-underlying) of €242 million (versus €210 million last year). This resulted in a margin on sales of 5.6% (4.9% in 2018). The one-off items amounted to €-87 million (€-63 million in 2018) and mainly included restructuring expenses in the US (Rome and Shelbyville), Malaysia (Ipoh), Belgium (Moen and Group functions) and the operational losses from strikes and go-slow actions following the announcement of the restructuring and plant closure in Belgium. Including the one-off items, EBIT was €155 million, representing an EBIT margin on sales of 3.6% (versus €147 million or 3.4% in 2018). Underlying EBITDA was €468 million (10.8% margin) compared with €426 million (9.9%) and EBITDA reached €403 million, or a margin on sales of 9.3% (versus 9.0%).

Overhead expenses (underlying) decreased by €28 million to 8.4% on sales (versus 9.1% in 2018). Selling and administrative expenses decreased by €26 million due to lower consultancy costs and other savings. Research and development expenses amounted to €62 million, compared with €64 million in 2018. The one-off impact from the restructuring programs on overheads was €-24 million and mainly related to lay-off costs. Underlying other operating revenues and expenses were about stable (€+1.5 million). Reported other operating revenues and expenses (€+15 million) were lower in comparison with last year (€+33 million) which included the gain on the sale of land and buildings related to the plant closures in Huizhou (China) and Shah Alam (Malaysia).

Interest income and expenses amounted to €-66 million, down from €-85 million in 2018 and a result of debt refinancing at lower interest rates, which was partly offset by the additional interest expense (€-4 million) related to IFRS 16 ('Leases'). Other financial income and expenses decreased from €26 million in 2018 to €18 million.

Income taxes decreased from €-58 million to €-51 million due to enhanced tax incentives. The overall effective tax rate was 73%, down from 161% in 2018.

The share in the result of joint ventures and associated companies was €+29 million (versus €+25 million in last year), reflecting the improved performance of the joint ventures in Brazil.

The result for the period thus totaled €48 million, compared with €3 million in 2018. The result attributable to non-controlling interests was €+7 million (versus €-37 million last year which reflected the net loss representation of BBRG as non-controlling interest for the share then held by a minority shareholder). After non-controlling interests, the result for the period attributable to equity holders of Bekaert was €+41 million almost stable compared with last year. Earnings per share amounted to €+0.73, up from €+0.70 in 2018.

Balance sheet

As at 31 December 2019, equity represented 35.6% of total assets, up from 34.1% at year-end 2018. The gearing ratio (net debt to equity) was 64% (versus 76% at year-end 2018).

Net debt was €977 million, down from €1 153 million as at 31 December 2018 and down from €1 253 million as at 30 June 2019. Net debt on underlying EBITDA was 2.1, compared with 2.6 on 30 June 2019 and 2.7 on 31 December 2018.

Cash flow statement

Cash from operating activities amounted to €+524 million (versus €+244 million in 2018) as a result of higher cash generation and a reduction in cash-outs to fund working capital by tight inventory control, significant efforts done in collecting outstanding receivables, and extended use of off-balance sheet factoring.

Cash flow attributable to investing activities amounted to €-91 million (versus €-102 million in 2018): cash-out from capital expenditure was substantially lower in 2019 (€-99 million versus €-185 million last year). The 2019 cash-out from investing activities additionally included the payment related to the land use right in Vietnam (€-13 million). The 2018 cash flow included the cash from the sale of land and buildings in China and Malaysia (€+56 million).

Cash flows from financing activities totaled €-269 million, compared with €-157 million last year. The cash-in from the Schuldschein (€320.5 million) and the retail bond (€200 million) was used to repay the bridge loan (€410 million) and the retail bond that matured in December 2019 (€195 million).

NV Bekaert SA (statutory accounts)

The Belgium-based entity's sales amounted to €319 million, compared with €375 million in 2018. The operating loss before non-recurring results was €-3 million, compared with a profit of €42 million in 2018. The financial result was €61 million (versus €270 million in 2018) and included €62 million dividends received. This led to a result for the period of €+61 million compared with €+315 million in 2018.

Financial Calendar

2019 results	4 March	2020
The CEO and the CFO of Bekaert will present the results to the investment community at 02:00 p.m. CET. This conference can be accessed live upon registration via the Bekaert website (bekaert.com/en/investors) in listen-only mode.		
2019 annual report available on annualreport.bekaert.com	27 March	2020
First quarter trading update 2020	13 May	2020
General Meeting of Shareholders	13 May	2020
Dividend ex-date	14 May	2020
Dividend payable	18 May	2020
2020 half year results	31 July	2020
Third quarter trading update 2020	20 November	2020

Notes

The statutory auditor has confirmed that the audit procedures on the consolidated financial statements have been substantially completed and have revealed no material adjustments that would have to be made to the accounting information included in this press release. In preparing the consolidated financial statements, the same accounting policies and methods of computation have been used as in the 31 December 2018 annual consolidated financial statements, except for the changes entailed by the coming into effect of IFRS 16 'Leases' and IFRIC 23 'Uncertainty over Income Tax Treatments'. The Group opted to implement IFRS 16 'Leases' using the modified B approach, meaning that the comparative information for 2018 is not restated, and at transition, the lease liability is based on the discounted future cash flows using the incremental borrowing rate. The Right-of-Use assets are measured at an amount equal to the lease liabilities (adjusted for accruals and prepayments) with any impact recognized in retained earnings at transition date. IFRIC 23 'Uncertainty over Income Tax Treatments' requires retrospective restatement, but holds an option to report the restatement effect in the opening balance of the reporting period in which an entity first applies the standard. The Group elected that option and did not restate the comparative information for 2018; please refer to annex 9 'Restatement effects' in this report.

Statement from the responsible persons

The undersigned persons state that, to the best of their knowledge:

- the consolidated financial statements of NV Bekaert SA and its subsidiaries as of 31 December 2019 have been prepared in accordance with the International Financial Reporting Standards, and give a true and fair view of the assets and liabilities, financial position and result of the whole of the companies included in the consolidation; and
- the comments and analyses in this press release give a fair view of the development of the business and of the results and the position of the whole of the companies included in the consolidation.

On behalf of the Board of Directors.

Matthew Taylor Chief Executive Officer
Jürgen Tinggren Chairman of the Board of Directors

Disclaimer

This press release may contain forward-looking statements. Such statements reflect the current views of management regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Bekaert is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release in light of new information, future events or otherwise. Bekaert disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other press release issued by Bekaert.

Company Profile

Bekaert (bekaert.com) 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) is a global company with 28 000 employees worldwide, headquarters in Belgium and €5 billion in combined revenue.

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Annex 1: Consolidated income statement

(in thousands of €)	2018	2019
Sales	4 305 269	4 322 450
Cost of sales	-3 778 660	-3 795 320
Gross profit	526 609	527 131
Selling expenses	-179 651	-188 606
Administrative expenses	-167 346	-127 676
Research and development expenses	-65 368	-70 729
Other operating revenues	72 578	27 655
Other operating expenses	-39 942	-12 758
Operating result (EBIT)	146 880	155 017
of which		
EBIT - Underlying	210 140	241 909
One-off items	-63 260	-86 891
Interest income	3 035	2 841
Interest expense	-87 990	-69 166
Other financial income and expenses	-25 547	-18 371
Result before taxes	36 378	70 322
Income taxes	-58 465	-51 081
Result after taxes (consolidated companies)	-22 087	19 241
Share in the results of joint ventures and associates	24 875	28 959
RESULT FOR THE PERIOD	2 788	48 200
Attributable to		
<i>equity holders of Bekaert</i>	39 768	41 329
<i>non-controlling interests</i>	-36 980	6 871
EARNINGS PER SHARE (in €per share)		
Result for the period attributable to equity holders of Bekaert		
Basic	0.70	0.73
Diluted	0.51	0.73

Annex 2: Reported and Underlying

(in thousands of €)	2018			2019		
	Reported	of which underlying	of which one-offs	Reported	of which underlying	of which one-offs
Sales	4 305 269	4 305 269		4 322 450	4 322 450	
Cost of sales	-3 778 660	-3 720 317	-58 343	-3 795 320	-3 734 464	-60 856
Gross profit	526 609	584 952	-58 343	527 131	587 986	-60 856
Selling expenses	-179 651	-178 254	-1 397	-188 606	-182 692	-5 914
Administrative expenses	-167 346	-148 787	-18 559	-127 676	-118 467	-9 208
Research and development expenses	-65 368	-63 559	-1 809	-70 729	-61 963	-8 766
Other operating revenues	72 578	27 463	45 115	27 655	27 096	559
Other operating expenses	-39 942	-11 675	-28 267	-12 758	-10 052	-2 706
Operating result (EBIT)	146 880	210 140	-63 260	155 017	241 909	-86 891
Interest income	3 035			2 841		
Interest expense	-87 990			-69 166		
Other financial income and expenses	-25 547			-18 371		
Result before taxes	36 378			70 322		
Income taxes	-58 465			-51 081		
Result after taxes (consolidated companies)	-22 087			19 241		
Share in the results of joint ventures and associates	24 875			28 959		
RESULT FOR THE PERIOD	2 788			48 200		
Attributable to						
<i>equity holders of Bekaert</i>	39 768			41 329		
<i>non-controlling interests</i>	-36 980			6 871		

Annex 3: Reconciliation of segment reporting

Key Figures per Segment⁵: Underlying

(in millions of €)	RR	SWS	SB	BBRG	GROUP ⁶	RECONC ⁷	2019
Consolidated third party sales	1 953	1 448	414	489	19	-	4 322
Consolidated sales	1 986	1 491	426	491	91	-162	4 322
Operating result (EBIT)	172	51	52	12	-53	8	242
EBIT margin on sales	8.7%	3.4%	12.2%	2.4%	-	-	5.6%
Depreciation, amortization, impairment losses	122	55	15	32	14	-13	226
EBITDA	295	106	67	44	-39	-5	468
EBITDA margin on sales	14.8%	7.1%	15.7%	9.0%	-	-	10.8%
Segment assets	1 526	879	302	588	38	-120	3 212
Segment liabilities	287	286	67	102	87	-24	805
Capital employed	1 239	593	235	486	-49	-96	2 408
ROCE	13.2%	7.9%	22.4%	2.5%	-	-	9.5%
Capital expenditure - PP&E ⁸	42	28	20	14	2	-7	98

Key Figures per Segment⁵: Reported

(in millions of €)	RR	SWS	SB	BBRG	GROUP ⁶	RECONC ⁷	2019
Consolidated third party sales	1 953	1 448	414	489	19	-	4 322
Consolidated sales	1 986	1 491	426	491	91	-162	4 322
Operating result (EBIT)	155	25	34	9	-76	8	155
EBIT margin on sales	7.8%	1.7%	8.0%	1.9%	-	-	3.6%
Depreciation, amortization, impairment losses	132	68	17	31	15	-13	248
EBITDA	286	93	51	40	-62	-5	403
EBITDA margin on sales	14.4%	6.2%	12.1%	8.1%	-	-	9.3%
Segment assets	1 526	879	302	588	38	-120	3 212
Segment liabilities	287	286	67	102	87	-24	805
Capital employed	1 239	593	235	486	-49	-96	2 408
ROCE	11.9%	3.9%	14.6%	1.9%	-	-	6.1%
Capital expenditure - PP&E ⁸	42	28	20	14	2	-7	98

⁵ RR = Rubber Reinforcement; SWS = Steel Wire Solutions; SB = Specialty Businesses; BBRG = Bridon-Bekaert Ropes Group

⁶ Group and business support

⁷ Reconciliation column: intersegment eliminations

⁸ Gross increase of PP&E

Key Figures per Segment⁹: Underlying

(in millions of €)	RR	SWS	SB	BBRG	GROUP ¹⁰	RECONC ¹¹	2018
Consolidated third party sales	1 908	1 497	411	463	26	-	4 305
Consolidated sales	1 939	1 555	425	466	146	-226	4 305
Operating result (EBIT)	177	57	26	-7	-52	9	210
EBIT margin on sales	9.1%	3.7%	6.0%	-1.5%	-	-	4.9%
Depreciation, amortization, impairment losses	128	46	22	29	9	-18	216
EBITDA	305	103	48	22	-43	-9	426
EBITDA margin on sales	15.7%	6.6%	11.3%	4.8%	-	-	9.9%
Segment assets	1 701	1 012	299	561	118	-186	3 506
Segment liabilities	337	332	81	120	119	-82	908
Capital employed	1 364	681	218	440	-1	-104	2 598
ROCE	12.9%	8.5%	11.4%	-1.5%	-	-	8.0%
Capital expenditure - PP&E ¹²	103	48	36	19	10	-17	198

Key Figures per Segment⁹: Reported

(in millions of €)	RR	SWS	SB	BBRG	GROUP ¹⁰	RECONC ¹¹	2018
Consolidated third party sales	1 908	1 497	411	463	26	-	4 305
Consolidated sales	1 939	1 555	425	466	146	-226	4 305
Operating result (EBIT)	152	59	-33	-20	-60	49	147
EBIT margin on sales	7.9%	3.8%	-7.9%	-4.3%	-	-	3.4%
Depreciation, amortization, impairment losses	128	49	76	36	9	-58	240
EBITDA	280	108	43	16	-51	-9	387
EBITDA margin on sales	14.4%	7.0%	10.1%	3.4%	-	-	9.0%
Segment assets	1 701	1 012	299	561	118	-186	3 506
Segment liabilities	337	332	81	120	119	-82	908
Capital employed	1 364	681	218	440	-1	-104	2 598
ROCE	11.1%	8.8%	-14.8%	-4.4%	-	-	5.6%
Capital expenditure - PP&E ¹²	103	48	36	19	10	-17	198

⁹ RR = Rubber Reinforcement; SWS = Steel Wire Solutions; SB = Specialty Businesses; BBRG = Bridon-Bekaert Ropes Group

¹⁰ Group and business support

¹¹ Reconciliation column: intersegment eliminations

¹² Gross increase of PP&E

Annex 4: Consolidated statement of comprehensive income

(in thousands of €)	2018	2019
Result for the period	2 788	48 200
Other comprehensive income (OCI)		
<i>Other comprehensive income reclassifiable to income statement in subsequent periods</i>		
Exchange differences	-35 725	14 392
Inflation adjustments	2 535	-
Cash flow hedges	475	-
Deferred taxes relating to reclassifiable OCI	-76	-
OCI reclassifiable to income statement in subsequent periods, after tax	-32 791	14 392
<i>Other comprehensive income non-reclassifiable to income statement in subsequent periods:</i>		
Remeasurement gains and losses on defined-benefit plans	-1 387	-833
Net fair value gain (+)/loss (-) on investments in equity instruments designated as at fair value through OCI	-5 311	2 372
Share of non-reclassifiable OCI of joint ventures and associates	21	11
Deferred taxes relating to non-reclassifiable OCI	-3 707	1 822
OCI non-reclassifiable to income statement in subsequent periods, after tax	-10 384	3 372
Other comprehensive income for the period	-43 175	17 764
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-40 387	65 964
Attributable to		
<i>equity holders of Bekaert</i>	-79	62 506
<i>non-controlling interests</i>	-40 308	3 458

Annex 5: Consolidated balance sheet

(in thousands of €)	2018	2019
Non-current assets	2 049 559	2 048 037
Intangible assets	114 502	60 266
Goodwill	149 255	149 784
Property, plant and equipment	1 459 449	1 349 657
RoU Property, plant and equipment	-	149 051
Investments in joint ventures and associates	153 671	160 665
Other non-current assets	34 279	36 281
Deferred tax assets	138 403	142 333
Current assets	2 399 930	2 256 647
Inventories	931 808	783 030
Bills of exchange received	57 727	59 904
Trade receivables	772 731	644 908
Other receivables	130 379	111 615
Short-term deposits	50 036	50 039
Cash and cash equivalents	398 273	566 176
Other current assets	58 430	40 510
Assets classified as held for sale	546	466
Total	4 449 489	4 304 684
Equity	1 516 002	1 531 540
Share capital	177 793	177 793
Share premium	37 751	37 751
Retained earnings	1 484 600	1 492 028
Other Group reserves	-303 213	-272 462
Equity attributable to equity holders of Bekaert	1 396 931	1 435 110
Non-controlling interests	119 071	96 430
Non-current liabilities	906 540	1 367 171
Employee benefit obligations	141 550	123 409
Provisions	29 031	25 005
Interest-bearing debt	686 665	1 184 310
Other non-current liabilities	11 402	265
Deferred tax liabilities	37 892	34 182
Current liabilities	2 026 947	1 405 973
Interest-bearing debt	942 041	424 184
Trade payables	778 438	652 384
Employee benefit obligations	118 427	148 784
Provisions	37 194	30 222
Income taxes payable	88 128	82 411
Other current liabilities	62 634	67 988
Liabilities associated with assets classified as held for sale	85	-
Total	4 449 489	4 304 684

Annex 6: Consolidated statement of changes in equity

(in thousands of €)	2018	2019
Opening balance	1 583 036	1 516 002
Restatements (*)	-2 585	-4 365
Opening balance (restated)	1 580 451	1 511 637
Total comprehensive income for the period	-40 387	65 964
Capital contribution by non-controlling interests	71	652
Effect of acquisitions and disposals	44 914	1 661
Creation of new shares	576	-
Treasury shares transactions	-11 281	39
Dividends to shareholders of Bekaert	-62 153	-39 557
Dividends to non-controlling interests	-2 881	-13 247
Other	6 692	4 390
Closing balance	1 516 002	1 531 540

(*) Cf. annex 9

Annex 7: Consolidated cash flow statement

(in thousands of €)	2018	2019
Operating result (EBIT)	146 880	155 017
Non-cash items included in operating result	268 272	305 198
Investing items included in operating result	-31 261	3 428
Amounts used on provisions and employee benefit obligations	-36 371	-61 299
Income taxes paid	-68 972	-60 624
Gross cash flows from operating activities	278 548	341 721
Change in operating working capital	-28 948	168 549
Other operating cash flows	-5 880	14 056
Cash flows from operating activities	243 720	524 326
Other portfolio investments	-411	-
Proceeds from disposals of investments	2 835	800
Dividends received	24 113	18 750
Purchase of intangible assets (*)	-3 698	-4 410
Purchase of property, plant and equipment (*)	-181 302	-94 504
Purchase of 'rights of use' land	-	-13 074
Proceeds from disposals of fixed assets	56 088	1 349
Cash flows from investing activities	-102 375	-91 089
Interest received	3 204	2 960
Interest paid	-63 995	-50 130
Gross dividends paid	-64 593	-53 430
Proceeds from long-term interest-bearing debt	468 356	585 696
Repayment of long-term interest-bearing debt	-408 782	-675 253
Cash flows from / to (-) short-term interest-bearing debt	-62 590	-76 715
Treasury shares transactions	-11 280	39
Sales and purchases of NCI	-7 379	-9 500
Other financing cash flows	-10 234	7 540
Cash flows from financing activities	-157 293	-268 793
Net increase or decrease (-) in cash and cash equivalents	-15 948	164 444
Cash and cash equivalents at the beginning of the period	418 779	398 273
Effect of exchange rate fluctuations	-4 558	3 459
Cash and cash equivalents at the end of the period	398 273	566 176

(*) difference vs total capex relates to payable balances

Annex 8: Additional key figures

(in € per share)	2018	2019
Number of existing shares at 31 December	60 408 441	60 408 441
Book value	23.12	23.76
Share price at 31 December	21.06	26.50
Weighted average number of shares		
Basic	56 453 134	56 514 831
Diluted	64 095 106	56 587 264
Result for the period attributable to equity holders of Bekaert		
Basic	0.70	0.73
Diluted	0.51	0.73

(in thousands of € - ratios)	2018	2019
EBITDA	386 504	403 288
EBITDA - Underlying	426 007	468 296
Capital expenditure	202 635	101 830
Depreciation and amortization and impairment losses	239 624	248 271
Capital employed	2 597 862	2 407 651
Operating working capital	874 656	698 893
Net debt	1 152 878	976 984
EBIT on sales	3.4%	3.6%
EBIT - Underlying on sales	4.9%	5.6%
EBITDA on sales	9.0%	9.3%
EBITDA - Underlying on sales	9.9%	10.8%
Equity on total assets	34.1%	35.6%
Gearing (net debt on equity)	76.0%	63.8%
Net debt on EBITDA	3.0	2.4
Net debt on EBITDA - Underlying	2.7	2.1

NV Bekaert SA - Statutory Profit and Loss Statement

(in thousands of €)	2018	2019
Sales	375 395	319 403
Operating result before non-recurring items	42 298	-2 950
Non-recurring operational items	-736	386
Operating result after non-recurring items	41 562	-2 564
Financial result before non-recurring items	386 535	101 126
Non-recurring financial items	-116 860	-40 472
Financial result after non-recurring items	269 675	60 654
Profit before income taxes	311 237	58 090
Income taxes	3 372	3 237
Result for the period	314 609	61 327

Annex 9: Restatement effects

The coming into effect of IFRIC 23 “Uncertainty over Income tax Treatments” entailed a restatement. In accordance with the option elected by the Group not to restate comparative information for 2018, the restatement was accounted for through the 2019 opening balance.

This interpretation clarifies how to account for income taxes when it is unclear whether the tax authority will accept the Group’s tax treatment.

The impact on the measurement of the uncertain tax positions due to the adoption of IFRIC 23 on the opening equity per 1 January 2019 is €4.4 million bringing the total uncertain tax position to €69.1 million.

The adjustment to the overall tax position is relatively minor for the following reasons:

- Generally speaking the Group already applied a two-step methodology in terms of recognition and measurement of liabilities for uncertain tax positions;
- Liabilities for uncertain tax positions qualifying as binary were not impacted by IFRIC 23;
- Liabilities for uncertain tax positions with respect to transfer pricing related topics were already measured on the basis of a method very similar to the expected value method.

Annex 10: Alternative performance measures: definitions and reasons for use

Metric	Definition	Reason for use
Capital employed (CE)	Working capital + net intangible assets + net goodwill + net property, plant and equipment + net RoU Property, plant and equipment. The weighted average CE is weighted by the number of periods that an entity has contributed to the consolidated result.	Capital employed consists of the main balance sheet items that operating management can actively and effectively control to optimize its financial performance, and serves as the denominator of ROCE.
Capital ratio (financial autonomy)	Equity relative to total assets.	This ratio provides a measure of the extent to which the Group is equity-financed.
Current ratio	Current assets to Current liabilities.	This ratio provides a measure for the liquidity of the company. It measures whether a company has enough resources to meet its short-term obligations.
Combined figures	Sum of consolidated companies + 100% of joint ventures and associates after elimination of intercompany transactions (if any). Examples: sales, capital expenditure, number of employees.	In addition to Consolidated figures, which only comprise controlled companies, combined figures provide useful insights of the actual size and performance of the Group including its joint ventures and associates.
EBIT	Operating result (earnings before interest and taxation).	EBIT consists of the main income statement items that operating management can actively and effectively control to optimize its profitability, and a.o. serves as the numerator of ROCE and EBIT interest coverage.
EBIT – underlying	EBIT before operating income and expenses that are related to restructuring programs, impairment losses, business combinations, business disposals, environmental provisions or other events and transactions that have a material one-off effect that is not inherent to the business.	EBIT – underlying is presented to enhance the reader's understanding of the operating profitability before one-off items, as it provides a better basis for comparison and extrapolation.
EBITDA	Operating result (EBIT) + depreciation, amortization and impairment of assets + negative goodwill.	EBITDA provides a measure of operating profitability before non-cash effects of past investment decisions and working capital assets.
EBITDA – underlying	EBITDA before operating income and expenses that are related to restructuring programs, impairment losses, business combinations, business disposals, environmental provisions or other events and transactions that have a material one-off effect that is not inherent to the business.	EBITDA – underlying is presented to enhance the reader's understanding of the operating profitability before one-off items and non-cash effects of past investment decisions and working capital assets, as it provides a better basis for comparison and extrapolation.
EBIT interest coverage	Operating result (EBIT) divided by net interest expense.	The EBIT interest coverage provides a measure of the Group's capability to service its debt through its operating profitability.
Gearing	Net debt relative to equity.	Gearing is a measure of the Group's financial leverage and shows the extent to which its operations are funded by lenders versus shareholders.
Margin on sales	EBIT, EBIT-underlying, EBITDA and EBITDA-underlying on sales.	Each of these ratios provides a specific measure of operating profitability expressed as a percentage on sales.
Net capitalization	Net debt + equity.	Net capitalization is a measure of the Group's total financing from both lenders and shareholders.
Net debt	Interest-bearing debt net of current loans, non-current financial receivables and cash guarantees, short-term deposits, cash and cash equivalents.	Net debt is a measure of debt after deduction of financial assets that can be deployed to repay the gross debt.
Net debt on EBITDA	Net debt divided by EBITDA.	Net debt on EBITDA provides a measure of the Group's capability (expressed as a number of years) to repay its debt through its operating profitability.
Return on capital employed (ROCE)	Operating result (EBIT) relative to the weighted average capital employed.	ROCE provides a measure of the Group's operating profitability relative to the capital resources deployed and managed by operating management.
Return on equity (ROE)	Result for the period relative to average equity.	ROE provides a measure of the Group's net profitability relative to the capital resources provided by its shareholders.
WACC	Cost of debt and cost of equity weighted with a target gearing of 50% (net debt/equity structure) after tax.	WACC is used to assess an investor's return on an investment in the Company.
Working capital (operating)	Inventories + trade receivables + bills of exchange received + advanced paid - trade payables - advances received - remuneration and social security payables - employment-related taxes.	Working capital includes all current assets and liabilities that operating management can actively and effectively control to optimize its financial performance. It represents the current component of capital employed.

APM reconciliation tables are provided in the Key Figures section of the Report of the Board of Directors (Annual Report 2019) which will be released on 27 March 2020.