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Press release
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Press - Investors
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2019 first half-year results

Bekaert improves profitability and reduces debt leverage

Underlying EBIT up 14% to € 126 million – Net debt / underlying EBITDA of 2.6, down from 3.1[1]

Highlights

In challenging market conditions, Bekaert improved its financial performance in the first half of 2019:

- achieved 3% sales growth, particularly in tire and construction markets
- realized major cost savings in operations and overheads
- enhanced our pricing power and product-mix
- improved the business mix of Bridon-Bekaert Ropes Group
- significantly improved the average working capital on sales
- deleveraged and successfully refinanced debt.

Underlying EBIT reached € 126 million for the first half of 2019, up 14% from last year and representing a margin on sales of 5.7%. Underlying EBITDA totaled € 239 million, up 12% and reflecting a margin of 10.8%. Underlying ROCE was 9.3% compared with 8.1% for the same period last year. Net debt on underlying EBITDA improved from 3.1 (as per 30 June 2018) over 2.7 (at the close of 2018) to 2.6 on 30 June 2019.

Outlook

The business conditions in various sectors are trending lower as a result of continued uncertainty. We do not foresee a rebound in our agriculture, automotive OEM, and industrial markets in the near future. We project tire and construction markets to hold up well, but with the normal seasonality of the second half of the year.

We will continue to offset the headwinds with effective cost actions and by making further progress in enhancing our operating performance.

Despite seasonality and a softening demand in various sectors, we will continue to focus on year-on-year underlying EBIT margin improvement as we progressively rebuild to above 7% over the medium term.

We will further strengthen our balance sheet with strict control on working capital and capital expenditure, in order to continue reducing net debt/underlying EBITDA.

[1] All comparisons are made relative to the first half of 2018.

Market developments and significant events in the first half of 2019

Demand from tire markets remained solid, but started to slow at the end of the second quarter. Demand for steel fibers for concrete reinforcement was strong throughout the first half. The highly competitive steel wire solutions business suffered from weak demand in various sectors globally. Bridon-Bekaert Ropes Group continued to focus on improving the business mix and booked higher sales in oil & gas and mining markets.

We have faced some severe headwinds in the first half of 2019 due to various factors: the impacts from trade tensions and policy changes; an overall demand decline in industrial and agriculture markets; the adverse inventory valuation effect from raw material price decreases; and the impact from social actions in Belgium following the announcement of the restructuring plans.

Financial Statements Summary

	Underlying			Reported		
in millions of €	**H1 2018**	**H2 2018**	**H1 2019**	**H1 2018**	**H2 2018**	**H1 2019**
Consolidated sales	2 157	2 149	2 218	2 157	2 149	2 218
Operating result (EBIT)	111	99	126	101	46	115
EBIT margin on sales	5.1%	4.6%	5.7%	4.7%	2.1%	5.2%
Depreciation, amortization and impairment losses	103	113	112	103	136	111
EBITDA	214	212	239	204	182	226
EBITDA margin on sales	9.9%	9.9%	10.8%	9.5%	8.5%	10.2%
ROCE	8.1%	8.0%	9.3%	7.4%	5.6%	8.5%
Combined sales	2 537	2 537	2 619	2 537	2 537	2 619

Sales

Bekaert achieved +2.9% consolidated sales growth in the first half of 2019, reaching € 2 218 million in revenue. Favorable currency movements (+1.6%) and the aggregate effect of a positive price-mix and passed-on wire rod price reductions contributed +2.7% to the top line. These effects were partly offset by lower volumes (-1.1%) and divestments (-0.3%). Combined sales reached € 2 619 million, including firm revenue growth of the joint ventures in Brazil.

Underlying EBIT bridge

Bekaert's underlying EBIT for the first half of 2019 was € 126 million, reflecting a margin of 5.7% and an increase by € 15 million compared with the same period last year. Lower overhead costs and enhanced operational cost effectiveness contributed € +31 million. The small decline in sales volumes had a positive impact on underlying EBIT due to a favorable mix effect across business units. Pricing, mix and inventory valuation elements were negative in the aggregate due to adverse inventory valuation effects. Depreciation, the weaker results of the engineering department and the result variances of a number of smaller activity platforms (with other performance indicators than tonnage because of lightweight materials and unit sales) are included in 'Other'.

in millions of €

Note on segment reporting

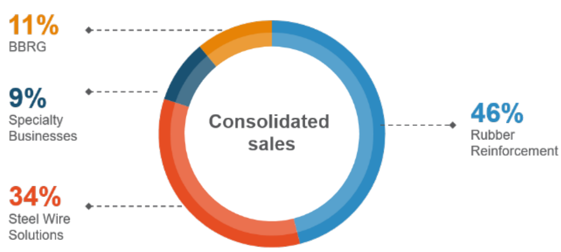
In line with the organizational changes announced 1 March 2019, Bekaert's **segment reporting** has changed in 2019. The new reporting segments are:

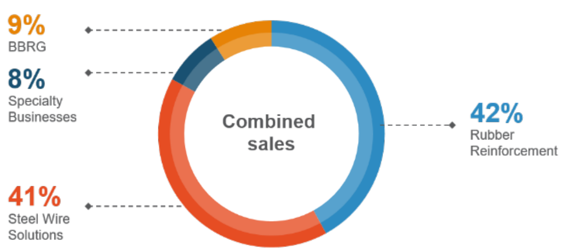
- **Rubber Reinforcement**
  This Business Unit serves industries that use tire cord, bead wire, hose reinforcement wire and conveyor belt reinforcement.
- **Steel Wire Solutions**
  This Business Unit serves industrial, agricultural, consumer and construction markets with a broad range of steel wire 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.

Consolidated and combined sales by Segment - in millions of €

Consolidated third party sales	H1 2018	H1 2019	Share	Variance[2]	Organic	FX	M&A
Rubber Reinforcement	947	1 014	46%	+7%	+5%	+2%	-
Steel Wire Solutions	762	751	34%	-1%	-3%	+2%	-
Specialty Businesses	209	202	9%	-4%	-5%	+1%	-
BBRG	227	242	11%	+7%	+6%	+1%	-
Group	11	10	-	-12%	+42%	-1%	-53%
Total	**2 157**	**2 218**	**100%**	**+3%**	**+2%**	**+2%**	**-**

Combined third party sales[3]	H1 2018	H1 2019	Share	Variance[2]	Organic	FX	M&A
Rubber Reinforcement	1 021	1 099	42%	+8%	+7%	+1%	-
Steel Wire Solutions	1 073	1 074	41%	-	-	-	-
Specialty Businesses	209	202	8%	-4%	-5%	+1%	-
BBRG	227	242	9%	+7%	+5%	+1%	-
Group	7	1	-	-79%	-	+1%	-80%
Total	**2 537**	**2 619**	**100%**	**+3%**	**+3%**	**+1%**	**-**





Quarter-on-quarter sales 2019 – in millions of €

Consolidated third party sales	1st Q	2nd Q	Q2:Q1	Q2 y-o-y[4]
Rubber Reinforcement	502	512	+2%	+5%
Steel Wire Solutions	376	375	-	-3%
Specialty Businesses	97	105	+8%	-3%
BBRG	117	125	+7%	+8%
Group	2	7	+262%	+47%
Total	**1 094**	**1 124**	**+3%**	**+2%**

Combined third party sales[3]	1st Q	2nd Q	Q2:Q1	Q2 y-o-y[4]
Rubber Reinforcement	544	555	+2%	+6%
Steel Wire Solutions	535	539	+1%	+1%
Specialty Businesses	97	105	+8%	-3%
BBRG	117	125	+7%	+8%
Group	1	1	+7%	-71%
Total	**1 294**	**1 325**	**+2%**	**+3%**

[2] Comparisons are made relative to the first half of 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] Q2 year-on-year sales: 2nd quarter 2019 versus 2nd quarter 2018

Segment reports

Rubber Reinforcement

Key figures (in millions of €)	Underlying H1 2018	Underlying H2 2018	Underlying H1 2019	Reported H1 2018	Reported H2 2018	Reported H1 2019
Consolidated third party sales	947	960	1 014	947	960	1 014
Consolidated sales	964	975	1 031	964	975	1 031
Operating result (EBIT)	84	93	94	66	86	91
EBIT margin on sales	8.7%	9.5%	9.1%	6.9%	8.8%	8.8%
Depreciation, amortization and impairment losses	62	66	63	63	65	63
EBITDA	146	158	157	129	151	154
EBITDA margin on sales	15.2%	16.2%	15.3%	13.4%	15.5%	15.0%
Combined third party sales	1 021	1 052	1 099	1 021	1 052	1 099
Segment assets	1 770	1 701	1 683	1 770	1 701	1 683
Segment liabilities	334	337	290	334	337	290
Capital employed	1 436	1 364	1 393	1 436	1 364	1 393
ROCE - FY2018 references		12.9%	13.6%		11.1%	13.2%

Bekaert's Rubber Reinforcement business achieved 7% sales growth, driven by firm organic growth (+5.3%) and favorable currency movements (+1.7%). The organic growth stemmed from higher volumes (+4.3% top-line impact) and the positive aggregate effect (+1.1%) of price-mix and passed-on raw material price changes.

The business unit achieved more than 12% volume growth in China thanks to strong demand and increased market share. The positive aggregate effect of price-mix and passed-on raw material price changes boosted a double-digit sales growth in North America and India. Lower economic activity during the general elections in the first quarter drove sales down in Indonesia. EMEA recorded almost 2% sales growth driven by solid sales in Slovakia and Russia.

The hose reinforcement markets in EMEA and North America remained weak and demand from tire markets softened at the end of the second quarter, particularly in EMEA, China and South-East Asia.

Sales increased by almost 8% at the combined level, which includes the firm sales growth (+16%) of our tire cord joint venture in Brazil.

Underlying EBIT increased by +12% to € 94 million, at a margin of 9.1%. Profitability improved significantly across all activities in Asia, but declined in EMEA due to operational issues, inventory write-offs and weakening volumes in the second quarter. Profitability remained about stable in the US despite of a negative inventory valuation effect and the supply chain issues caused by changes in trade duties and flooding.

Reported EBIT was € 91 million, up +38% from last year when EBIT was impacted by significant one-off elements (€ -18 million) reflecting the impairments and expenses related to the closure of the Figline plant in Italy.

Underlying EBITDA improved by +8% to € 157 million with a margin on sales of 15.3%.

Capital expenditure (PP&E) was € 27 million and mainly included investments in Vietnam, Turkey, Russia and Indonesia.

We take into account the usual seasonal effects of the second half of the year and are cautious about the effects of the automotive sector decline across all continents. While the tire business is mainly a replacement market with less cyclical effects, we did see demand from tire markets soften toward the end of the 2nd quarter. We see no signs of a rebound in our hose reinforcement wire markets.

Steel Wire Solutions

Key figures (in millions of €)	Underlying H1 2018	Underlying H2 2018	Underlying H1 2019	Reported H1 2018	Reported H2 2018	Reported H1 2019
Consolidated third party sales	762	735	751	762	735	751
Consolidated sales	789	765	778	789	765	778
Operating result (EBIT)	38	19	28	48	11	26
EBIT margin on sales	4.8%	2.5%	3.5%	6.1%	1.5%	3.4%
Depreciation, amortization and impairment losses	24	22	28	24	25	27
EBITDA	62	41	55	72	36	53
EBITDA margin on sales	7.9%	5.4%	7.1%	9.1%	4.7%	6.9%
Combined third party sales	1 073	1 045	1 074	1 073	1 045	1 074
Segment assets	1 024	1 012	994	1 024	1 012	994
Segment liabilities	343	332	296	343	332	296
Capital employed	681	681	697	681	681	697
ROCE - FY2018 references		8.5%	7.9%		8.8%	7.6%

The business unit Steel Wire Solutions reported a sales decrease of -1.5% compared with the first half of 2018. Favorable currency movements (+1.8%) and the positive aggregate effect (+3.0%) of price-mix and passed-on wire rod price changes could not entirely offset the impact from lower volumes (-6.3%).

The economic uncertainty affecting the automotive, other industrial and agricultural market demand drove sales down in EMEA and North America. The business climate in Latin America remained difficult, particularly in Ecuador. The steel wire activities in Asia reported lower sales as a result of the downsized activity platform in Malaysia and weak business conditions in Indonesia, which could not be offset by firm growth in India and China.

Sales were stable at the combined level. Our steel wire joint venture in Brazil recorded firm sales growth in the second quarter.

Underlying EBIT was € 28 million, 28% lower than in the same period last year and reflecting a margin on sales of 3.5%. This reflected the weak performance in EMEA and the Americas. Reported EBIT decreased -45% to € 26 million and included the impact of go-slow actions in the steel wire solutions activities of the Zwevegem (Belgium) campus, whereas reported EBIT for the first half of 2018 included positive one-off elements related to the sale of land and building in Shah Alam, Malaysia. The underlying EBITDA margin decreased by 9% to 7.1%.

The significant volume decline in most markets, the negative non-cash effects from inventory valuation corrections, and (on the reported EBIT level) the one-off impact from social actions throughout the second quarter in Zwevegem, Belgium, all weighed on the profitability of the business unit.

Capital expenditure (PP&E) was € 13 million and mainly included investments in Slovakia, the US and Chile.

We do not anticipate demand recovery in our markets and take into account the usual seasonal effects of the second half of the year. We are taking actions to improve the financial performance of the business unit despite of all headwinds.

Specialty Businesses

Key figures (in millions of €)	Underlying H1 2018	Underlying H2 2018	Underlying H1 2019	Reported H1 2018	Reported H2 2018	Reported H1 2019
Consolidated third party sales	209	202	202	209	202	202
Consolidated sales	214	211	208	214	211	208
Operating result (EBIT)	18	7	25	19	-53	18
EBIT margin on sales	8.6%	3.4%	12.0%	9.0%	-24.9%	8.6%
Depreciation, amortization and impairment losses	8	14	8	8	69	10
EBITDA	27	21	33	27	16	27
EBITDA margin on sales	12.5%	10.0%	15.7%	12.5%	7.7%	13.2%
Segment assets	357	299	320	357	299	320
Segment liabilities	88	81	68	88	81	68
Capital employed	270	218	252	270	218	252
ROCE - FY2018 references		11.4%	20.7%		-14.8%	14.7%

Third party sales were -3.5% down for the business unit Specialty Businesses, with significant differences in market dynamics and performance trends between the individual activities and between the first two quarters of the year.

Building products achieved +6% revenue growth in the first half of 2019. The vigorous first quarter sales growth (+12%) on strong volumes could not be repeated in the second quarter (+1%) due to volume shortage arising from the strike in the manufacturing plant in Moen (Belgium), following the announcement on 28 March 2019 to close the plant by year-end 2019. The fiber technologies activities (-3.5%) were affected by lower sales in diesel particulate filtration media and a lower activity level in the Belgian plant due to solidarity actions related to the Belgian restructuring plans. The combustion activities (-9.2%) further weakened in the second quarter of 2019. Sales of (diamond) sawing wire were limited.

Underlying EBIT increased +36% to € 25 million, reflecting a margin of 12%, mainly driven by a strong underlying performance of building products activities and less loss in the sawing wire business which turned EBITDA-breakeven. Reported EBIT was 7% down compared with last year and included one-off elements related to the impairments and losses generated by the strike in the Belgian building products plant and the go-slow actions in the fiber technologies plant in Belgium. These impacts amounted to € -5.4 million for the segment. The closing of the Costa Rica building products plant added almost € -2 million in one-off elements.

We anticipate continued firm demand in building products and will take actions to solve the volume shortage we have been confronted with in the second quarter of the year. The OE automotive downturn is expected to continue to affect the diesel filter media business of the fiber technologies activities. We do anticipate an uplift of combustion technology sales due to seasonal demand patterns and we are in the process of analyzing different opportunities about the future of the diamond wire business.

Bridon-Bekaert Ropes Group

	Underlying			Reported		
Key figures (in millions of €)	**H1 2018**	**H2 2018**	**H1 2019**	**H1 2018**	**H2 2018**	**H1 2019**
Consolidated third party sales	227	237	242	227	237	242
Consolidated sales	228	238	244	228	238	244
Operating result (EBIT)	2	-9	6	-1	-19	8
EBIT margin on sales	0.8%	-3.7%	2.6%	-0.3%	-8.1%	3.4%
Depreciation, amortization and impairment losses	14	15	13	14	21	11
EBITDA	16	6	19	14	2	19
EBITDA margin on sales	7.0%	2.6%	8.0%	6.0%	0.8%	7.9%
Segment assets	572	561	603	572	561	603
Segment liabilities	115	120	101	115	120	101
Capital employed	457	440	502	457	440	502
ROCE - FY2018 references		-1.5%	2.6%		-4.4%	3.4%

Bridon-Bekaert Ropes Group (BBRG) achieved 6.8% top line growth which stemmed from solid organic growth (+5.5%) and favorable currency movements (+1.3%). The organic growth was the result of an improved product- and price-mix in ropes and modest sales growth in advanced cords.

The ropes business of BBRG booked solid sales growth in oil & gas, mining, and crane & industrial applications. In fishing and marine markets, sales were stable compared to last year. Demand from construction markets knew a slow start in 2019, which led to a weaker project business compared with the first half of 2018.

The advanced cords (*a-cords*) activities saw continued strong demand in timing belt markets and tailing-off demand for automotive and hoisting applications.

Underlying EBIT and EBITDA improved significantly as a result of successful profit restoration actions, particularly in the Americas. The impact of margin improvement actions in EMEA was partly offset by provisions totaling € -2 million. Reported EBIT was € 8 million and included one-off reversals of impairments. The EBITDA margin increased to 8%, up 33% from the same period last year.

BBRG invested € 4 million in PP&E, half the amount of the same period last year.

Customer activity in the mining industry is projected to remain robust across all regions. In oil and gas markets, business conditions are projected to remain stable in North America but significantly weaker in EMEA, due to a low order intake of project business in the second half of 2019. Softening demand for the advanced cords' automotive and hoisting markets is likely to persist.

Investment update and other information

On 1 March 2019 Bekaert announced important organizational and leadership changes to sharpen a customer-centric organization focus and revitalize Bekaert's business performance. The new organizational structure consists of four Business Units and four Global Functional Domains. The new Bekaert Group Executive (BGE, led by Matthew Taylor, CEO), will focus on value growth and higher-level performance. The new leadership team is composed of experienced Bekaert executives and externally recruited top managers. On 15 July 2019, Taoufiq Boussaid joined the company as CFO.

On 28 March 2019 Bekaert announced restructuring plans in Belgium as part of the actions taken worldwide to rebuild the financial performance of the business. These actions include, among others, the plans to downsize and close certain activities in Belgium. The restructuring will affect more than 250 jobs. Negotiations are ongoing and leave uncertainties about the terms and conditions of the social plan. Since the associated costs cannot be estimated with a reasonable level of accuracy, the 2019 half-year results do not reflect the social impact of the announced restructuring. They include only the related asset impairments (€ -1.7 million).

On 17 June 2019 Bekaert successfully issued a Schuldschein loan for a total amount of € 320.5 million, above the initial target of € 250 million. The Schuldschein was issued to partially refinance the bridge loan which the company entered into in October 2018. The Schuldschein has maturities of 4, 6 and 8 years, with both fixed and variable interest rates. The transaction was conducted with an average interest margin of approximately 1.5% and has enabled Bekaert to extend its average debt maturity profile as well as its investor base. All debt instruments of Bekaert are covenant-free.

Net debt was € 1 253 million on 30 June 2019, down € -171 million from 30 June 2018 when excluding the impact of first-time applying IFRS 16 ('Leases': € +85 million net debt impact). Investments in PP&E amounted to € 48 million, half of the spend in the first half of 2018 (€ 96 million). Working capital actions, a lower dividend and significantly lower interest charges enabled continued progress in deleveraging debt: net debt on underlying EBITDA further improved from 3.1 (30 June 2018) over 2.7 (at the close of 2018) to 2.6 on 30 June 2019.

Between 1 January 2019 and 30 June 2019, Bekaert granted 13 787 treasury shares to the Chairman of the Board of Directors, Mr Jürgen Tinggren, as part of his fixed remuneration. As a result, Bekaert owned 3 888 245 treasury shares at 30 June 2019.

Financial Review

Financial results

Bekaert achieved an operating result (EBIT-Underlying) of € 126 million (versus € 111 million in the same period last year). This equates to a margin on sales of 5.7% (versus 5.1% in the first half of 2018). The one-off items amounted to € -12 million (€ -10 million in the first half of 2018) and included unaccrued expenses related to the plant closure in Italy (€ -2.6 million) and the asset impairments and operational losses incurred since the announcement of the restructuring plans in Belgium. The costs associated to the social plan in relation to this restructuring cannot be estimated with a reasonable level of accuracy at this point in time. Therefore no provisions are included yet in the financial statements of the first half. Including the one-off items, EBIT was € 115 million, representing an EBIT margin on sales of 5.2% (versus € 101 million or 4.7% last year). Underlying EBITDA was € 239 million (10.8% margin) compared with € 214 million (9.9%) and EBITDA reached € 226 million, or an EBITDA margin on sales of 10.2% (versus 9.5%).

Overhead expenses (underlying) decreased by € 18 million to 8.6% as a percentage of sales (versus 9.7% in 2018). Selling expenses were € 3 million lower due to cost saving measures. The administrative expenses decreased by € 12 million (underlying) due to lower consultancy costs and other cost savings.

The research and development expenses amounted to € 33 million, a decrease of € 2 million (underlying). Underlying other operating revenues and expenses were about stable (€ +8 million). Reported other operating revenues and expenses (€ +7 million) were lower in comparison with last year (€ +24 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 € -33 million, down from € -45 million in the first half of 2018 due to debt refinancing at lower interest rates, partly offset by the additional interest expense (€ -2 million) following the introduction of IFRS 16 ('Leases'). Other financial income and expenses were limited and stable.

Income taxes increased from € -23 million to € -32 million due to higher profitability in various tax paying entities. The overall effective tax rate was 40%, unchanged from the first half of 2018.

The share in the result of joint ventures and associated companies was € +13 million (versus € +12 million in the first half of last year), reflecting the improved performance of the joint ventures in Brazil.

The result for the period thus totaled € 62 million, compared with € 45 million in the first half of 2018. The result attributable to non-controlling interests was € +4 million (versus € -10 million in the same period last year which reflected the net loss representation of BBRG as non-controlling interest for the share then held by the minority shareholder). After non-controlling interests, the result for the period attributable to equity holders of Bekaert was € +58 million, compared with € +54 million last year. Earnings per share amounted to € +1.03, up from € +0.96 in the first half of 2018.

Balance sheet

As at 30 June 2019, shareholders' equity represented 34.6% of total assets, up from 34.1% at year-end 2018. The gearing ratio (net debt to equity) was 81% (versus 76% at year-end 2018).

Net debt was € 1 253 million, up from € 1 153 million as at 31 December 2018 and down from € 1 339 million as at 30 June 2018. Net debt on underlying EBITDA was 2.6, compared with 3.1 on 30 June 2018 and 2.7 on 31 December 2018.

Cash flow statement

Cash from operating activities amounted to € 134 million (versus € -17 million in the first half of 2018) as a result of higher cash generation and a reduction in cash-outs to fund working capital by the introduction of an off-balance sheet factoring program since the second half of 2018.

Cash flow attributable to investing activities amounted to € -56 million (versus € -54 million in the first half of 2018): cash-out from capital expenditure was substantially lower in the first half of 2019 (€ 55 million versus € 95 million last year). The 2018 numbers included the proceeds from the sale of land and buildings in China and Malaysia (cash-in of € 41 million).

Cash flows from financing activities totaled € -60 million, unchanged from last year. The cash-in from the Schuldschein issuance (€ 320.5 million) was used to repay a large part of a bridge loan.

NV Bekaert SA (statutory accounts)

The Belgium-based entity's sales amounted to € 169 million, compared with € 200 million in the first half of 2018. The operating profit before non-recurring results was € 22 million, compared with € 29 million in the first half of last year. The financial result was € 57 million (versus € 9 million in the first half of 2018) and included € 37 million dividends received. This led to a result for the period of € +81 million compared with € +39 million in the first half of 2018.

Financial calendar

2019 half year results	26	July	2019

The results will be presented to the investment community at 02:00 p.m. CET.
This conference can be accessed live upon registration via the Bekaert website in listen-only mode.

Third quarter trading update 2019	15	November	2019
2019 full year results	28	February	2020

Notes

These unaudited and condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting. This interim report only provides an explanation of events and transactions that are significant to understand the changes in financial position and financial performance since the last annual reporting period. It should therefore be read in conjunction with the consolidated financial statements for the financial year ended on December 31, 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union. In preparing this interim report, the same accounting policies and methods of computation have been used as in the 2018 annual consolidated financial statements except for the changes entailed by the coming into effect of IFRS 16 'Leases'. This standard holds an option not to restate comparative information and the Group elected that option and did not restate the comparative information for 2018; please refer to annex 12 'Adoption of IFRS 16' in this interim report. The Group also changed the Bekaert segment reporting in 2019 in line with the organizational changes announced 1 March 2019. For an overview of the IFRS standards, amendments and interpretations that have become effective in 2019, please refer to the Statement of Compliance (section 2.1) of the financial review in the 2018 annual Report at https://www.bekaert.com/en/investors/information-center/annual-reports.

Statement from the responsible persons

The undersigned states that, to the best of his knowledge:

- the consolidated condensed interim financial statements of NV Bekaert SA and its subsidiaries as of 30 June 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 results of the whole of the companies included in the consolidation; and
- the interim management report gives a fair overview of the information required to be included therein.

Frank Vromant   Executive Vice President
Matthew Taylor   Chief Executive Officer

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 (www.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 29 000 employees worldwide, headquarters in Belgium and € 5 billion in combined revenue.

Annex 1: Press release 26 July 2019

Consolidated income statement

(in thousands of €)	**H1 2018**	**H2 2018**	**H1 2019**
Sales	2 156 620	2 148 649	2 218 184
Cost of sales	-1 864 200	-1 914 460	-1 916 368
Gross profit	**292 420**	**234 189**	**301 816**
Selling expenses	-91 275	-88 376	-89 426
Administrative expenses	-86 877	-80 469	-71 258
Research and development expenses	-37 011	-28 357	-33 355
Other operating revenues	47 210	25 368	12 162
Other operating expenses	-23 591	-16 351	-5 382
Operating result (EBIT)	**100 876**	**46 004**	**114 557**
of which			
EBIT - Underlying	**110 716**	**99 424**	**126 082**
One-off items	**-9 840**	**-53 420**	**-11 525**
Interest income	390	2 645	1 330
Interest expense	-45 250	-42 740	-34 694
Other financial income and expenses	-462	-25 085	-578
Result before taxes	**55 554**	**-19 176**	**80 615**
Income taxes	-22 522	-35 943	-32 251
Result after taxes (consolidated companies)	**33 032**	**-55 119**	**48 364**
Share in the results of joint ventures and associates	11 583	13 292	13 438
RESULT FOR THE PERIOD	**44 615**	**-41 827**	**61 801**
Attributable to			
equity holders of Bekaert	*54 266*	*-14 498*	*58 001*
non-controlling interests	*-9 651*	*-27 329*	*3 800*

EARNINGS PER SHARE (in € per share)

Result for the period attributable to equity holders of Bekaert			
Basic	0.96	-0.26	1.03
Diluted	0.66	-0.26	0.99

Annex 2: Press release 26 July 2019

Reported and underlying

(in thousands of €)	H1 2018 Reported	H1 2018 of which underlying	H1 2018 of which one-offs	H1 2019 Reported	H1 2019 of which underlying	H1 2019 of which one-offs
Sales	2 156 620	2 156 620		2 218 184	2 218 184	
Cost of sales	-1 864 200	-1 845 124	-19 076	-1 916 368	-1 909 148	-7 220
Gross profit	**292 420**	**311 496**	**-19 076**	**301 816**	**309 036**	**-7 220**
Selling expenses	-91 275	-91 128	-147	-89 426	-87 939	-1 487
Administrative expenses	-86 877	-81 961	-4 916	-71 258	-69 663	-1 595
Research and development expenses	-37 011	-35 179	-1 832	-33 355	-33 047	-308
Other operating revenues	47 210	14 632	32 578	12 162	12 093	69
Other operating expenses	-23 591	-7 144	-16 447	-5 382	-4 398	-984
Operating result (EBIT)	**100 876**	**110 716**	**-9 840**	**114 557**	**126 082**	**-11 525**

Annex 3: Press release 26 July 2019

One-off items

One-off items 1H 2019 (in thousands of €)	Cost of Sales	Selling expenses	Admini-strative expenses	R&D	Other operating revenues	Other operating expenses	Total
Restructuring programs by segment							
Rubber Reinforcement[1]	-2 622	-	-31	-	0	-13	-2 665
Steel Wire Solutions	722	-22	-208	-	-	2	494
Specialty Businesses[2]	-4 855	-767	-18	-	69	-369	-5 940
Bridon-Bekaert Ropes Group (BBRG)	6	-19	-49	-	-	-190	-251
Group	-10	-647	-1 172	-208	-	-414	-2 452
Total restructuring programs	**-6 759**	**-1 455**	**-1 477**	**-208**	**69**	**-983**	**-10 814**
Impairment losses/ (reversals of impairment losses) other than restructuring							
Bridon-Bekaert Ropes Group (BBRG)	2 255	-	-	-	-	-	2 255
Total other impairment losses/(reversals)	**2 255**	**-**	**-**	**-**	**-**	**-**	**2 255**
Other events and transactions							
Steel Wire Solutions[3]	-1 620	-	-1	-	-	-	-1 620
Specialty Businesses[4]	-1 096	-	-	-100	-	-	-1 196
Bridon-Bekaert Ropes Group (BBRG)	-	-	16	-	-	-	16
Group	-	-33	-133	-	-	-	-166
Total other events and transactions	**-2 715**	**-33**	**-118**	**-100**	**-**	**-**	**-2 966**
Total	**-7 220**	**-1 487**	**-1 595**	**-308**	**69**	**-983**	**-11 525**

One-off items 1H 2018 (in thousands of €)	Cost of Sales	Selling expenses	Admini-strative expenses	R&D	Other operating revenues	Other operating expenses	Total
Restructuring programs by segment							
Rubber Reinforcement	-19 461	-147	-1 528	-1 832	18 503	-13 482	-17 946
Steel Wire Solutions	-453	-	-17	-	12 557	-2 440	9 647
Specialty Businesses	829	-	-8	-	-	-	821
Bridon-Bekaert Ropes Group (BBRG)	-9	-	-2 875	-0	756	-323	-2 451
Group	18	-	-	-	319	-202	135
Intersegment	-	-	-	-	-71	-	-71
Total restructuring programs	**-19 077**	**-147**	**-4 428**	**-1 832**	**32 064**	**-16 447**	**-9 866**
Environmental provisions/ (reversals of provisions)							
Group	-	-	-	-	250	-	250
Total environmental provisions/(reversals)	**-**	**-**	**-**	**-**	**250**	**-**	**250**
Other events and transactions							
Steel Wire Solutions	-	-	-7	-	38	-	31
Bridon-Bekaert Ropes Group (BBRG)	-	-	-115	-	115	-	-
Group	-	-	-366	-	111	-	-255
Total other events and transactions	**-**	**-**	**-489**	**-**	**264**	**-**	**-224**
Total	**-19 077**	**-147**	**-4 916**	**-1 832**	**32 579**	**-16 447**	**-9 840**

[1] Unaccrued expenses related to the closure of Figline plant (Italy).
[2] Unaccrued expenses related to the closure of Dramix plant in Costa Rica;
In relation to the announced closure of Moen plant (Belgium), impairment losses of assets as well as losses incurred since announcement of closure are included in the accounts.
No sufficiently reliable estimate could be made for the expenses of the social plan at this point in time (see Annex 13: Other disclosures).
[3] In relation to the announced closure of Moen plant (Belgium), additional productivity losses were incurred in the the Steel Wire Solutions division in Belgium.
[4] In relation to the announced closure of Moen plant (Belgium), additional productivity losses were incurred in the Fibers (Specialty Businesses) division in Belgium.

Annex 4: Press release 26 July 2019

Reconcillation of segment reporting

Key figures per segment

(in millions of €)	Rubber Reinforcement	Steel Wire Solutions	Specialty Businesses	BBRG	Group	Inter-segment	H1 2019
	Underlying						
Consolidated third party sales	1 014	751	202	242	10	-	2 218
Consolidated sales	1 031	778	208	244	46	-87	2 218
Operating result (EBIT)	94	28	25	6	-31	4	126
EBIT margin on sales	9.1%	3.5%	12.0%	2.6%	-	-	5.7%
Depreciation, amortization, impairment losses	63	28	8	13	7	-7	112
EBITDA	157	55	33	19	-24	-3	239
EBITDA margin on sales	15.3%	7.1%	15.7%	8.0%	-	-	10.8%
Segment assets	1 683	994	320	603	63	-136	3 526
Segment liabilities	290	296	68	101	89	-36	808
Capital employed	1 393	697	252	502	-26	-100	2 718
ROCE	13.6%	7.9%	20.7%	2.6%	-	-	9.3%
Capital expenditure - PP&E[1]	27	13	7	4	1	-3	48

(in millions of €)	Rubber Reinforcement	Steel Wire Solutions	Specialty Businesses	BBRG	Group	Inter-segment	H1 2019
	Reported						
Consolidated third party sales	1 014	751	202	242	10	-	2 218
Consolidated sales	1 031	778	208	244	46	-87	2 218
Operating result (EBIT)	91	26	18	8	-33	4	115
EBIT margin on sales	8.8%	3.4%	8.6%	3.4%	-	-	5.2%
Depreciation, amortization, impairment losses	63	27	10	11	7	-7	111
EBITDA	154	53	27	19	-26	-3	226
EBITDA margin on sales	15.0%	6.9%	13.2%	7.9%	-	-	10.2%
Segment assets	1 683	994	320	603	63	-136	3 526
Segment liabilities	290	296	68	101	89	-36	808
Capital employed	1 393	697	252	502	-26	-100	2 718
ROCE	13.2%	7.6%	14.7%	3.4%	-	-	8.5%
Capital expenditure - PP&E[1]	27	13	7	4	1	-3	48

(in millions of €)	Underlying Rubber Reinforcement	Steel Wire Solutions	Specialty Businesses	BBRG	Group	Inter-segment	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[1]	103	48	36	19	10	-17	198

[1] Gross increase of PP&E

Annex 5: Press release 26 July 2019

Consolidated statement of comprehensive income

(in thousands of €)	H1 2018	H1 2019
Result for the period	**44 615**	**61 801**
Other comprehensive income (OCI)		
Other comprehensive income reclassifiable to income statement in subsequent periods		
Exchange differences	-19 203	13 759
Inflation adjustments	4 800	1 880
Cash flow hedges	450	-
Deferred taxes relating to reclassifiable OCI	-78	447
OCI reclassifiable to income statement in subsequent periods, after tax	**-14 031**	**16 086**
Other comprehensive income non-reclassifiable to income statement in subsequent periods:		
Remeasurement gains and losses on defined-benefit plans	11 099	-4 640
Net fair value gain (+)/loss (-) on investments in equity instruments designated as at fair value through OCI	-3 427	-487
Deferred taxes relating to non-reclassifiable OCI	-4 196	-17
OCI non-reclassifiable to income statement in subsequent periods, after tax	**3 476**	**-5 144**
Other comprehensive income for the period	**-10 555**	**10 942**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**34 060**	**72 743**
Attributable to		
equity holders of Bekaert	43 582	67 645
non-controlling interests	-9 522	5 098

Annex 6: Press release 26 July 2019

Consolidated balance sheet

(in thousands of €)	31-Dec-18	30-Jun-19
Non-current assets	**2 049 559**	**2 094 926**
Intangible assets	114 502	111 455
Goodwill	149 255	149 307
Property, plant and equipment	1 459 449	1 415 593
RoU Property, plant and equipment	-	85 738
Investments in joint ventures and associates	153 671	168 303
Other non-current assets	34 279	29 227
Deferred tax assets	138 403	135 303
Current assets	**2 399 930**	**2 374 846**
Inventories	931 808	913 811
Bills of exchange received	57 727	48 207
Trade receivables	772 731	786 321
Other receivables	130 379	115 133
Short-term deposits	50 036	50 172
Cash and cash equivalents	398 273	418 902
Other current assets	58 430	41 832
Assets classified as held for sale	546	468
Total	**4 449 489**	**4 469 772**
Equity	**1 516 002**	**1 547 123**
Share capital	177 793	177 793
Share premium	37 751	37 751
Retained earnings	1 484 600	1 502 315
Other Group reserves	-303 213	-294 733
Equity attributable to equity holders of Bekaert	**1 396 931**	**1 423 126**
Non-controlling interests	**119 071**	**123 997**
Non-current liabilities	**906 540**	**1 291 272**
Employee benefit obligations	141 550	131 021
Provisions	29 031	37 602
Interest-bearing debt	686 665	1 073 896
Other non-current liabilities	11 402	11 787
Deferred tax liabilities	37 892	36 966
Current liabilities	**2 026 947**	**1 631 377**
Interest-bearing debt	942 041	664 342
Trade payables	778 438	671 637
Employee benefit obligations	118 427	130 813
Provisions	37 194	16 882
Income taxes payable	88 128	85 598
Other current liabilities	62 634	62 105
Liabilities associated with assets classified as held for sale	85	-
Total	**4 449 489**	**4 469 772**

Annex 7: Press release 26 July 2019

Consolidated statement of changes in equity

in thousands of €	Share capital	Share premium	Retained earnings	Treasury shares	Cumulative translation adjustments	Other reserves	Total	Non-controlling interests	Total equity
	Attributable to equity holders of Bekaert								
Balance as at 1 January 2018 (as previously reported)	**177 690**	**37 278**	**1 529 268**	**-103 037**	**-105 723**	**-47 821**	**1 487 655**	**95 381**	**1 583 036**
Restatements	-	-	7 655	-	-	-10 240	-2 585	-	-2 585
Balance as at 1 January 2018	**177 690**	**37 278**	**1 536 923**	**-103 037**	**-105 723**	**-58 061**	**1 485 070**	**95 381**	**1 580 451**
Result for the period	-	-	54 266	-	-	-	**54 266**	-9 651	**44 615**
Other comprehensive Income	-	-	5 352	-	-17 990	1 954	**-10 684**	129	**-10 555**
Capital contribution by non-controlling interests	-	-	-	-	-	-	**-**	213	**213**
Effect of other changes in Group structure	-	-	37	-	4	-	**41**	-41	**-**
Equity-settled share-based payment plans	-	-	2 752	-	-	-	**2 752**	62	**2 814**
Treasury shares Transactions	-	-	-2 828	-8 718	-	-	**-11 546**	-	**-11 546**
Dividends	-	-	-63 044	-	-	-	**-63 044**	-278	**-63 322**
Balance as at 30 June 2018	**177 690**	**37 278**	**1 533 458**	**-111 755**	**-123 709**	**-56 107**	**1 456 855**	**85 815**	**1 542 670**
Balance as at 1 January 2019	**177 793**	**37 751**	**1 484 600**	**-108 843**	**-130 102**	**-64 268**	**1 396 931**	**119 071**	**1 516 002**
First adoption IFRIC 23	-	-	-4 365	-	-	-	-4 365	-	-4 365
Balance as at 1 January 2019	**177 793**	**37 751**	**1 480 235**	**-108 843**	**-130 102**	**-64 268**	**1 392 566**	**119 071**	**1 511 637**
Result for the period	-	-	58 001	-	-	-	**58 001**	3 800	**61 801**
Other comprehensive Income	-	-	2 059	-	12 053	-4 641	**9 471**	1 298	**10 769**
Capital contribution by non-controlling interests	-	-	-	-	-	-	**-**	643	**643**
Equity-settled share-based payment plans	-	-	2 645	-	-	-	**2 645**	-	**2 645**
Treasury shares Transactions	-	-	-1 068	1 068	-	-	**-**	-	**-**
Dividends	-	-	-39 557	-	-	-	**-39 557**	-815	**-40 372**
Balance as at 30 June 2019	**177 793**	**37 751**	**1 502 315**	**-107 775**	**-118 049**	**-68 909**	**1 423 126**	**123 997**	**1 547 123**

Annex 8: Press release 26 July 2019

Consolidated cash flow statement

(in thousands of €)	H1 2018	H1 2019
Operating result (EBIT)	100 876	114 557
Non-cash items included in operating result	131 462	125 558
Investing items included in operating result	-31 549	436
Amounts used on provisions and employee benefit obligations	-17 519	-22 148
Income taxes paid	-35 837	-29 848
Gross cash flows from operating activities	**147 433**	**188 554**
Change in operating working capital	-147 631	-65 284
Other operating cash flows	-17 088	10 919
Cash flows from operating activities	**-17 286**	**134 189**
Other portfolio investments	-89	-
Dividends received	1 141	1 023
Purchase of intangible assets	-1 572	-3 066
Purchase of property, plant and equipment	-94 768	-55 394
Proceeds from disposals of fixed assets	40 945	1 904
Cash flows from investing activities	**-54 343**	**-55 533**
Interest received	443	1 284
Interest paid	-20 583	-21 504
Gross dividends paid	-63 183	-41 383
Proceeds from long-term interest-bearing debt	43 219	361 879
Repayment of long-term interest-bearing debt	-47 628	-371 401
Cash flows from / to (-) short-term interest-bearing debt	41 074	-881
Treasury shares transactions	-11 546	-
Other financing cash flows	-2 058	11 832
Cash flows from financing activities	**-60 262**	**-60 175**
Net increase or decrease (-) in cash and cash equivalents	**-131 891**	**18 481**
Cash and cash equivalents at the beginning of the period	**418 779**	**398 273**
Effect of exchange rate fluctuations	-2 069	2 149
Cash and cash equivalents reclassified as held for sale	-4	-
Cash and cash equivalents at the end of the period	**284 815**	**418 902**

Annex 9: Press release 26 July 2019

Additional key figures

(in € per share)	H1 2018	H1 2019
Number of existing shares at 30 June	60 373 841	60 408 441
Book value	24.13	23.56
Share price at 30 June	27.80	23.58
Weighted average number of shares		
Basic	56 449 661	56 508 707
Diluted	64 204 185	64 031 841
Result for the period attributable to equity holders of Bekaert		
Basic	0.96	1.03
Diluted	0.66	0.99

(in thousands of € - ratios)		
EBITDA	204 011	225 574
EBITDA - Underlying	213 750	238 555
Depreciation and amortization and impairment losses	103 135	111 017
Capital employed	2 791 478	2 718 330
Operating working capital	1 031 431	956 237
Net debt	1 338 896	1 253 108
EBIT on sales	4.7%	5.2%
EBIT - Underlying on sales	5.1%	5.7%
EBITDA on sales	9.5%	10.2%
EBITDA - Underlying on sales	9.9%	10.8%
Equity on total assets	33.9%	34.6%
Gearing (net debt on equity)	86.8%	81.0%
Net debt on EBITDA	3.3	2.8
Net debt on EBITDA - Underlying	3.1	2.6

NV Bekaert SA - Statutory Profit and Loss Statement

(in thousands of €)		
Sales	199 540	168 840
Operating result before non-recurring items	28 993	22 334
Non-recurring operational items	17	-
Operating result after non-recurring items	29 010	22 334
Financial result before non-recurring items	9 384	57 719
Non-recurring financial items	-612	-479
Financial result after non-recurring items	8 772	57 240
Profit before income taxes	37 782	79 574
Income taxes	1 616	1 597
Result for the period	39 398	81 171

Annex 10: Press release 26 July 2019

Additional disclosures on disaggregation of revenues

The Group recognizes revenue from the following sources: delivery of products and, to a limited extend, of services and construction contracts. Bekaert assessed that the delivery of products represents the main performance obligation. The Group recognizes revenue at a point in time when it transfers control over a product to a customer. Customers obtain control when the products are delivered (based on the related inco terms in place). The amount of revenue recognized is adjusted for volume discounts. No adjustment is made for return nor for warranty as the impact is deemed immaterial based on historical information.
In the following table, net sales is disaggregated by industry, as this analysis is often presented in press releases, shareholders' guides and other presentations. The table includes a reconciliation of the net sales by industry with the Group's operating segments.

H1 2019 in thousands of €	**Rubber Reinforcement**	**Steel Wire Solutions**	**Specialty Businesses**	**BBRG**	**Group**	**Consolidated**
Industry						
Tire & Automotive	953 418	79 934	18 508	-	-	1 051 860
Energy	-	78 149	22 656	44 545	-	145 350
Construction	-	297 156	140 213	32 363	-	469 732
Consumer Goods	-	118 921	-	-	-	118 921
Agriculture	-	119 150	-	-	-	119 150
Equipment	60 386	14 209	-	72 289	9 528 **	156 412
Basic Materials	-	43 379	16 929	72 382	-	132 690
Other	-	-	3 451	20 618	-	24 069
Total	**1 013 804**	**750 898**	**201 757**	**242 197**	**9 528**	**2 218 184**

H1 2018 in thousands of €	**Rubber Reinforcement**	**Steel Wire Solutions**	**Specialty Businesses**	**BBRG**	**Group**	**Consolidated**
Industry						
Tire & Automotive	882 829	83 207	20 594	-	-	986 630
Energy	-	75 693	35 990	39 112	2 053 *	152 848
Construction	-	294 977	132 520	35 641	-	463 138
Consumer Goods	-	122 449	-	-	-	122 449
Agriculture	-	126 988	-	-	-	126 988
Equipment	64 659	17 153	-	70 097	4 966 **	156 875
Basic Materials	-	41 836	16 767	61 815	3 868 *	124 286
Other	-	-	3 273	20 133	-	23 406
Total	**947 488**	**762 303**	**209 144**	**226 798**	**10 887**	**2 156 620**

* Disposed operations

** Sales Engineering

Annex 11: Press release 26 July 2019

Additional disclosure on fair value of financial instruments

In accordance with IFRS[5], specific interim disclosures are required regarding the fair value of each class of financial assets and financial liabilities and the way their fair value was measured.
The following tables list the different classes of financial assets and financial liabilities with their carrying amounts in the balance sheet and their respective fair value and analyzed by their measurement category under IFRS 9.
Cash and cash equivalents, short-term deposits, trade and other receivables, bills of exchange received, loans and receivables primarily have short terms to maturity; hence, their carrying amounts at the reporting date approximate the fair values. For the same reason, the carrying amounts of trade and other payables also approximate their fair values.
Furthermore, the Group has no exposure to collateralized debt obligations (CDOs).
Abbreviations used are explained below:

Abbreviation	Category in accordance with IFRS 9
AC	Financial assets or financial liabilities at amortized cost
FVTOCI/Eq	Equity instruments designated as at fair value through OCI
FVTPL/Mnd	Financial assets mandatorily measured at fair value through profit or loss
HfT	Financial liabilities Held for Trading
FVO	Fair Value Option: financial liabilities designated as at fair value through profit or loss

[5] IAS 34, Interim Reporting, §16(j), referring to IFRS 7, Financial Instruments: Disclosures, §§ 25, 26 and 28-30, and to IFRS 13, Fair Value Measurement, §§ 91-93(h), 94-96, 98 and 99.

Carrying amount vs fair value in thousands of €	**Category in accordance with IFRS 9**	**31-Dec-18** **Carrying amount**	**31-Dec-18** **Fair value**	**30-Jun-19** **Carrying amount**	**30-Jun-19** **Fair value**
Assets					
Non-current financial assets					
- Financial & other receivables and cash guarantees	AC	10 021	10 021	8 916	8 916
- Equity investments	FVTOCI/Eq	11 153	11 153	10 379	10 379
- Derivatives					
- Held for trading	FVTPL/Mnd	1 407	1 407	1 049	1 049
Current financial assets					
- Financial receivables and cash guarantees	AC	20 186	20 186	10 195	10 195
- Cash and cash equivalents	AC	398 273	398 273	418 902	418 902
- Short term deposits	AC	50 036	50 036	50 172	50 172
- Trade receivables	AC	772 731	772 731	786 321	786 321
- Bills of exchange received	AC	57 727	57 727	48 207	48 207
- Other current assets					
- Other receivables	AC	15 929	15 929	18 318	18 318
- Derivatives					
- Held for trading	FVTPL/Mnd	8 045	8 045	2 650	2 650
Liabilities					
Non-current interest-bearing debt					
- Leases	AC	1 854	1 854	67 241	67 241
- Credit institutions	AC	285 176	285 176	601 815	601 815
- Bonds	AC	399 635	410 729	404 841	413 609
Current interest-bearing debt					
- Leases	AC	810	810	19 318	19 318
- Credit institutions	AC	746 231	746 231	450 024	450 024
- Bonds	AC	195 000	199 626	195 000	197 193
Other non-current liabilities					
- Conversion option	HfT	220	220	169	169
- Put option	FVO	11 033	11 033	11 033	11 033
- Other derivatives	HfT	-	-	435	435
- Other payables	AC	150	150	150	150
Trade payables	AC	778 438	778 438	671 637	671 637
Other current liabilities					
- Other payables	AC	10 355	10 355	5 179	5 179
- Derivatives					
- Held for trading	HfT	4 734	4 734	2 017	2 017
Aggregated by category in accordance with IFRS 9					
Financial assets	AC	1 324 903	1 324 903	1 341 031	1 341 031
	FVTOCI/Eq	11 153	11 153	10 379	10 379
	FVTPL/Mnd	9 452	9 452	3 699	3 699
Financial liabilities	AC	2 417 648	2 433 368	2 415 205	2 426 166
	HfT	4 954	4 954	2 621	2 621
	FVO	11 033	11 033	11 033	11 033

Financial instruments by fair value measurement hierarchy

The fair value measurement of financial assets and financial liabilities can be characterized in one of the following ways:

- *'Level 1'* fair value measurement: the fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices in active markets for identical assets and liabilities. This mainly relates to financial assets at fair value through other comprehensive income such as the investment in Shougang Concord Century Holdings Ltd.
- *'Level 2'* fair value measurement: the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. This mainly relates to derivative financial instruments. Forward exchange contracts are measured using quoted forward-exchange rates and yield curves derived from quoted interest rates matching the maturities. Interest-rate swaps are measured at the present value of future cash flows estimated and discounted using the applicable yield curves derived from quoted interest rates. The fair value measurement of cross-currency interest-rate swaps is based on discounted estimated cash flows using quoted forward exchange rates, quoted interest rates and applicable yield curves derived therefrom.
- *'Level 3'* fair value measurement: the fair values of the remaining financial assets and financial liabilities are derived from valuation techniques which include inputs that are not based on observable market data. The share conversion option in the convertible bond issued in June 2016 is a non-closely related embedded derivative that has to be separated from the host debt instrument and measured at fair value through profit or loss. The fair value of the conversion option is determined as the difference between the fair value of the convertible bond as a whole (mid – source: Bloomberg) and the fair value of the host debt contract using a valuation model based on the prevailing market interest rate for similar plain vanilla debt instruments. The main factors determining the fair value of the convertible bond are the Bekaert share price (level 1), the reference swap rate (level 2), the volatility of the Bekaert share (level 3) and the credit spread (level 3). Consequently, the conversion option is classified as a level-3 financial instrument. Similarly, the fair value of the put option relating to non-controlling interests has not been based on observable market data, but on the most recent business plan as initially agreed between the partners in the business combination with Maccaferri. The fair value was established using discounted cash flows.

The following table shows the sensitivity of the fair value calculation to the most significant level-3 input for the conversion option and the put option.

Sensitivity analysis

in thousands of €	Change	Impact on conversion option	
Volatility	3.5%	increase by	304
	-3.5%	decrease by	-106
Credit spread	25 bps	increase by	34
	-25 bps	decrease by	-8

Sensitivity analysis

in thousands of €	Change	Impact on put option	
Discount rate	1.0%	decrease by	-1 231
Terminal value growth	-0.5%	decrease by	-333
Average EBITDA / sales	-0.5%	decrease by	-1 330

The following table provides an analysis of financial instruments measured at fair value in the balance sheet, in accordance with the fair value measurement hierarchy described above:

1H 2019

in thousands of €	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured as at fair value through profit or loss				
Derivative financial assets	-	*3 699*	-	*3 699*
Equity instruments designated as at fair value through OCI				
Equity investments	*4 754*	*5 625*	-	*10 379*
Total assets	**4 754**	**9 323**	**-**	**14 078**
Financial liabilities held for trading				
Conversion option	-	-	*169*	*169*
Other derivative financial liabilities	-	*2 451*	-	*2 451*
Financial liabilities designated as at fair value through profit or loss				
Put option relating to non-controlling interests	-	-	*11 033*	*11 033*
Total liabilities	**-**	**2 451**	**11 202**	**13 653**

2018

in thousands of €	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured as at fair value through profit or loss				
Derivative financial assets	-	*9 452*	-	*9 452*
Equity instruments designated as at fair value through OCI				
Equity investments	*5 241*	*5 912*	-	*11 153*
Total assets	**5 241**	**15 364**	**-**	**20 605**
Financial liabilities held for trading				
Conversion option	-	-	*220*	*220*
Other derivative financial liabilities	-	*4 734*	-	*4 734*
Financial liabilities designated as at fair value through profit or loss				
Put option relating to non-controlling interests	-	-	*11 033*	*11 033*
Total liabilities	**-**	**4 734**	**11 253**	**15 986**

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Additional disclosures on adoption IFRS 16

IFRS 16 'Leases' became effective as from 1 January 2019 and supersedes IAS 17 'Leases' and related interpretations. The new standard eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are capitalized and accounted for in a similar way to finance leases under IAS 17, except short-term leases and leases of low-value assets for which an exemption is allowed. Lessor accounting remains largely unchanged.

As part of the transition to the new standard, the Group opted to apply the modified B approach, meaning that the liability is based on the discounted future cash flows, using the discount rate at transition date and assets equaling the liabilities at transition date. The Group opted not to restate the comparative information for 2018.

The Group decided to use the practical expedient for low-value leases on the rent contracts for small office equipment (e.g. printers).

On transition to IFRS 16, the Group recognized additional right-of-use assets and additional lease liabilities. As the Group opted to apply the modified B approach, there is no impact on retained earnings. The impact on transition is summarized below.

in thousands of €	**1 January 2019**
Right-of-use assets linked to ongoing lease contracts	76 302
Right-of-use assets linked to onerous lease contract	6 888
Accumulated depreciation on Right-of-Use assets	-6 888
TOTAL RoU Property, Plant & Equipment	**76 302**
Lease liability linked to ongoing lease contracts	76 302
Lease liability linked to onerous lease contract	6 888
Total Lease liability	**83 190**
Provisions (decrease)	-6 888

A RoU asset and lease liability has also been created for on onerous lease contract for which existed a provision at the end of 2018. The provision has been reclassified as an accumulated depreciation of the RoU asset on transition to IFRS 16.

Finance lease assets on the balance sheet at the end of 2018 have been reclassified into the RoU Property, Plant and Equipment section.

in thousands of €	**1 January 2019**
Right-of-use assets linked to existing finance lease contracts:	
RoU Property, Plant & Equipment	8 651
Property, Plant & Equipment	-8 651

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 3.9%.

Below table shows the reconciliation of the operating lease commitments disclosed in the consolidated financial statements of 2018 and the opening balances under IFRS 16 in 2019.

in thousands of €	**1 January 2019**	
Operating lease commitments at 31 December 2018 as disclosed in the Group's consolidated financial statements	96 571	
- Recognition exemption for leases of low-value assets	-1 496	
- Exclusion of service contracts	-389	
	94 686	
Discounted using the incremental borrowing rate at 1 January 2019	76 302	
Finance lease liabilities recognized as at 31 December 2018	2 664	Δ = 83 190
Lease liabilities recognized at 1 January 2019	85 853	

The change in accounting under IFRS 16 has a positive impact on underlying-EBITDA of approximately € 20.2 million for full year 2019.

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Other disclosures

Treasury shares

Between 1 January 2019 and 30 June 2019, Bekaert granted 13 787 treasury shares to the Chairman of the Board of Directors, Mr. Jürgen Tinggren, as part of his fixed remuneration. No shares were bought back in the course of the first semester. As a result, the number of treasury shares held by NV Bekaert SA amounts to 3 888 245 at 30 June 2019.

Related parties

There were no other related parties transactions or changes that could materially affect the financial position or results of the Group.

Contingent assets and liabilities

On 28 March 2019 the company announced its intention to restructure certain activities in Belgium. The process of coming to an agreement with the social partners on the terms and conditions of a social plan has not resulted in a collective labor agreement at balance sheet date. As a consequence, uncertainties exist around the main features of such plan and those affected by it. Since the associated costs cannot be estimated with a reasonable level of accuracy at this point in time, half-year results do not yet reflect the social impact of the intended restructuring. The accounts do include an impairment loss on assets in an amount of € 1.7 million.

Initial accounting IFRIC 23 “Uncertainty over Income tax Treatments”

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 of 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.

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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.
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 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.
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.