2022 First half-year results

Bekaert delivers strong growth and solid financial results in a turbulent macroeconomic environment

Sales up +24% • underlying EBIT of € 283 million • EPS up +14% to € 4.16 • net debt/underlying EBITDA of 0.88

Bekaert delivered robust growth and a solid profit performance in the first half of 2022, driven by strong price realization and excellent operational performance. This was achieved despite increasing volatility, cost inflation, supply chain challenges, lockdowns in China, and weaker demand in selected geographies, compared to a very strong first half last year.

Financial Highlights H1 2022[1]

- Consolidated sales of € 2 859 million (+24%) and combined[2] sales of € 3 456 million (+24%)

- High profitability, roughly in line with the very strong first half of 2021 in absolute values:
  - Gross profit of € 472 million, in line with a very strong first half last year (€ 473 million)
  - Underlying EBIT of € 283 million, almost equaling the high profit generation of H1 last year (€ 285 million)
  - Underlying EBITDA of € 381 million, € +5 million higher than for the same period last year (€ 376 million)

- The pass-through of high cost inflation caused some dilution in a number of ratios, compared to exceptional margin performance last year:
  - Underlying EBIT margin on sales of 9.9% (versus 12.4%)
  - Underlying EBITDA margin on sales of 13.3% (versus 16.3%)
  - Underlying ROCE of 22.8% (versus 26.9%)

- Very strong net result:
  - The result for the period attributable to equity holders of Bekaert increased by +14% to € 237 million
  - This resulted in EPS of € 4.16 per share, an increase of +14% versus € 3.66 last year

- Average working capital on sales of 15.0%, compared with 13.0% last year. The working capital increase over last year was mainly driven by cost inflation and negatively impacted the cash flow.

- Net debt of € 673 million, up from € 519 million on 30 June 2021. Net debt on underlying EBITDA remained well below 1.0 (0.88 versus 0.69 at the close of H1 2021).

[1] All comparisons are relative to the first half of 2021, unless otherwise indicated.
[2] Combined sales are sales of fully consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

Focus and effectiveness of our actions

While facing wide-scale macro imbalances due to supply chain issues, unseen cost inflation, the war in Ukraine, and extensive Covid-19-lockdowns in China, Bekaert continued to execute its transformation agenda at a high pace in the first half of 2022. Our actions have been specifically geared towards:

- Leveraging the benefits from our global footprint and local services and sourcing channels, which has allowed to:
  - Address the ongoing deglobalization trends
  - Secure supply continuity to our customers worldwide
  - Adjust sourcing channels affected by logistic and other supply disruptions

- Strong pricing discipline and execution, significantly offsetting the overall cost inflation

- Seizing the short to medium-term growth opportunities arising from sustainability and innovation trends:
  - Strong growth in low-carbon concrete reinforcement solutions
  - Successful project wins in offshore energy tenders, progress in building a leading innovation position in hydrogen electrolysis technologies, and other product and service solutions supporting the energy transition

- As a result of these improvement actions, all four business units delivered an underlying EBIT margin between ~9% and ~18%, despite significant adverse margin effects from decreased volumes in most business units.

Outlook

Our profitability ambitions for the medium term remain unchanged.

However, the 2022 outlook remains particularly volatile due to macroeconomic and geopolitical turbulences.

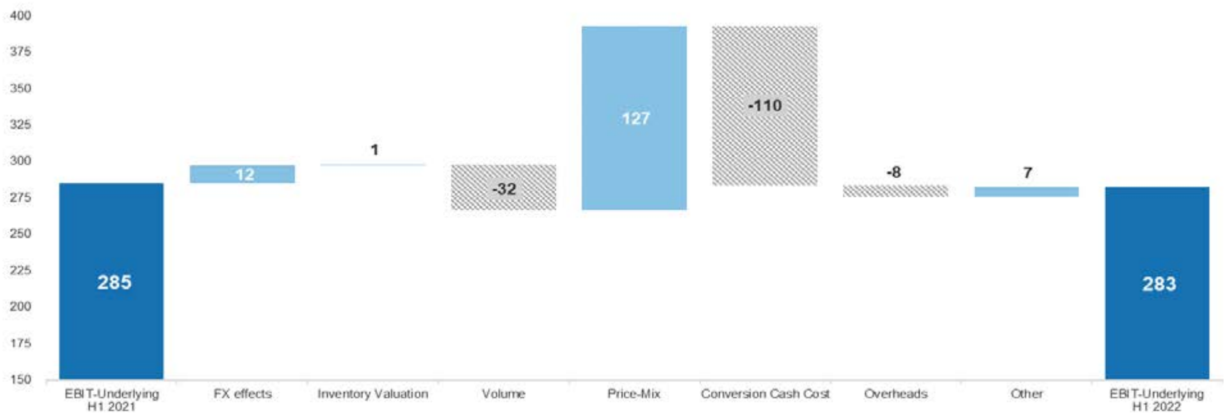
We therefore remain vigilant and will actively address further changes in market conditions. Similar to the agility demonstrated throughout the Covid pandemic, we will continue to align our business priorities with the market needs, further leverage our pricing discipline, and accelerate the execution of additional structural cost savings.

Financial Statement Summary

	Underlying			Reported		
in millions of €	H1 2021	H2 2021	H1 2022	H1 2021	H2 2021	H1 2022
Consolidated sales	2 306	2 534	2 859	2 306	2 534	2 859
Operating result (EBIT)	285	229	283	288	226	280
EBIT margin on sales	12.4%	9.0%	9.9%	12.5%	8.9%	9.8%
Depreciation, amortization and impairment losses	91	83	98	84	80	97
EBITDA	376	312	381	372	306	377
EBITDA margin on sales	16.3%	12.3%	13.3%	16.1%	12.1%	13.2%
ROCE (H2 = FY2021 references)	26.9%	23.7%	22.8%	27.1%	23.7%	22.6%
Combined sales	**2 782**	**3 073**	**3 456**	**2 782**	**3 073**	**3 456**

Underlying EBIT Bridge

in millions of €



Bekaert's H1 underlying EBIT was about stable compared to the same period last year (€ -2 million). The positive price-mix, driven by an improved business-mix and strict pricing discipline, the impact of positive exchange effects and other elements, including the gain on the sale of land in Doncaster, UK (BBRG), almost entirely compensated the adverse impact from lower volumes and higher conversion cash costs and overheads, driven by inflation and by the effect of the accounting treatment of a higher number of cloud solutions not eligible for capitalization. The inventory valuation effect was negligible in the year-on-year comparison, as the positive impact of higher raw materials prices was about stable at constant exchange rates.

Sales

Bekaert achieved +24.0% consolidated sales growth in the first half of 2022. The organic growth (+19.2%) stemmed from business mix improvements and passed-on wire rod price changes and other cost inflation (+26.6% aggregated), tempered by lower volumes (-7.4%). Favorable currency movements added +4.8% to the top line, which reached € 2 859 million, € +553 million higher than the first half of 2021.

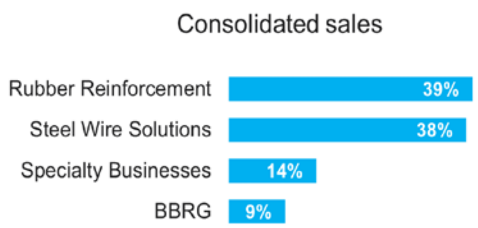
The sales growth of Bekaert's joint ventures in Brazil (+26.9% to € 607 million in revenue) was the result of +10.2% organic growth and +16.7% favorable currency effects due to the strong revaluation of the Brazilian real. Including joint ventures, combined[3] sales increased by +24.3%, reaching € 3 456 million (up € +675 million from the same period last year).

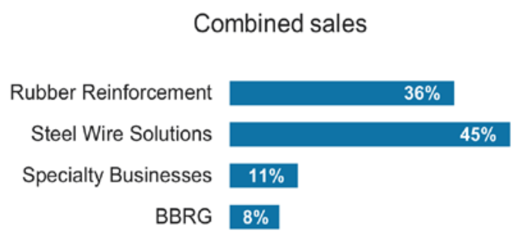
[3] Combined sales are sales of fully consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

Consolidated and combined sales per segment - in millions of €

Consolidated third party sales	H1 2021	H1 2022	Share	Restated[4]	Variance[5]	Organic	FX
Rubber Reinforcement	991	1 110	39%	+19%	+12%	+6%	+6%
Steel Wire Solutions	849	1 072	38%	+26%	+26%	+23%	+4%
Specialty Businesses	227	396	14%	+38%	+74%	+70%	+4%
BBRG	236	267	9%	+13%	+13%	+8%	+5%
Group	3	14	-	-	-	-	
Total	**2 306**	**2 859**	**100%**	**+24%**	**+24%**	**+19%**	**+5%**

Combined third party sales[6]	H1 2021	H1 2022	Share	Restated[4]	Variance[5]	Organic	FX
Rubber Reinforcement	1 072	1 239	36%	+22%	+16%	+9%	+7%
Steel Wire Solutions	1 247	1 551	45%	+24%	+24%	+17%	+8%
Specialty Businesses	227	396	11%	+38%	+74%	+70%	+4%
BBRG	236	267	8%	+13%	+13%	+8%	+5%
Group	0	4	-	-	-	-	-
Total	**2 782**	**3 456**	**100%**	**+ 24%**	**+24%**	**+17%**	**+7%**





2022 quarter-on-quarter progress - in millions of €

Consolidated third party sales	1st Q	2nd Q	Q2:Q1	Q2 y-o-y[7]
Rubber Reinforcement	535	575	+7%	+16%
Steel Wire Solutions	530	541	+2%	+24%
Specialty Businesses	189	207	+10%	+67%
BBRG	124	144	+16%	+19%
Group	9	5	-	-
Total	**1 386**	**1 473**	**+6%**	**+25%**

Combined third party sales	1st Q	2nd Q	Q2:Q1	Q2 y-o-y[7]
Rubber Reinforcement	598	641	+7%	+19%
Steel Wire Solutions	745	805	+8%	+22%
Specialty Businesses	189	207	+10%	+67%
BBRG	124	144	+16%	+19%
Group	4	0	-	-
Total	**1 659**	**1 797**	**+8%**	**+25%**

[4] Pro forma restatement on the year-on-year H1 variance: the hose and conveyor belt (HCB) activities were moved from the business unit Rubber Reinforcement to the business unit Specialty Businesses as from 1 January 2022. The H1 2021 sales in the table above have not been restated. Based on a proforma restatement excluding the HCB effect, the variance in Rubber Reinforcement was approximately +19% in consolidated sales (+22% combined) and the variance in Specialty Businesses was approximately +38%. HCB generated € 115 million in sales for the total of fiscal year 2021.

[5] Comparisons are relative to the first half of 2021, unless otherwise indicated.

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

[7] Q2 year-on-year sales: 2nd quarter 2022 versus 2nd quarter 2021

Segment Reports

Rubber Reinforcement: good demand and margin performance in all regions except China

	Underlying			Reported		
Key figures (in millions of €)	H1 2021	H2 2021	H1 2022	H1 2021	H2 2021	H1 2022
Consolidated third party sales	991	1 063	1 110	991	1 063	1 110
Consolidated sales	1 010	1 080	1 125	1 010	1 080	1 125
Operating result (EBIT)	139	108	101	140	106	99
EBIT margin on sales	13.8%	10.0%	8.9%	13.8%	9.8%	8.8%
Depreciation, amortization and impairment losses	47	49	46	47	49	46
EBITDA	186	158	147	187	156	145
EBITDA margin on sales	18.4%	14.6%	13.0%	18.5%	14.4%	12.9%
Combined third party sales	1 072	1 165	1 239	1 072	1 165	1 239
Segment assets	1 537	1 643	1 780	1 537	1 643	1 780
Segment liabilities	361	436	445	361	436	445
Capital employed	1 176	1 207	1 335	1 176	1 207	1 335
ROCE - FY2021 references		21.5%	16.0%		21.4%	15.8%

Consolidated sales

Bekaert's Rubber Reinforcement business reached € 1 110 million in consolidated third party sales, up +12.0%* from H1 last year. The organic growth amounted to +6.0% and was delivered on the back of positive price-mix effects (+20.5%) including the impact from passed-on raw material prices and other cost inflation, tempered by lower volumes (-14.5%). Favorable currency effects added +6.0% to the top line.

**Based on a pro forma H1 2021 restatement of the HCB (hose and conveyor belt) activities, which were moved to the business unit Specialty Businesses as from 1 January 2022, the revenue increase for the business unit Rubber Reinforcement excluding the HCB effect was approximately +19% and the volume decrease was approximately -9%.*

Sales volumes were strong in EMEA, North America and India, whereas demand in China remained weak due to the combined effect of export constraints, the low domestic business activity level, and the stringent lockdowns since March 2022. The end markets in China showed signals of modest recovery towards the end of the semester, which in first instance will lead to stock depletion across the supply chain. Sales are expected to improve in China, boosted by the (€ 220 billion) stimulus packages that were recently announced, including specific measures in support of consumer spending and the automotive industry. Demand is projected to remain at a high level in the rest of the world.

Financial performance

The business unit delivered an underlying EBIT of € 101 million or 8.9% margin on sales, down 4.9 ppt from the very strong first half last year. The one-off elements were limited (€ -1.3 million negative), leading to a reported EBIT of € 99 million. All regions delivered robust double-digit margins, except for China (due to a significant volume impact) and North America (due to cost inflation of import logistics).

The underlying EBITDA margin was 13.0%, compared with 18.4% in the same period last year.

Underlying ROCE reached 16.0%, down from 21.5% in 2021.

Capital expenditure (PP&E) amounted to € 19 million and included investments in Vietnam, the US, and EMEA.

Combined sales and joint venture performance

The Rubber Reinforcement joint venture in Brazil achieved +60.7% sales growth to reach € 130 million in revenue. The organic growth amounted to +44.0% and the revaluation of the Brazilian real added +16.7%. Including joint ventures, the business unit's combined sales increased by +15.6 % to € 1 239 million *(approximately +22% when comparing to restated figures H1 2021, excluding HCB sales)*.

The margin performance of the joint venture was strong. The results are accounted for in Bekaert's Income Statement under the equity method as part of the 'share in the results of joint ventures and associates'.

Steel Wire Solutions: strong sales growth on lower volumes

	Underlying			Reported		
Key figures (in millions of €)	H1 2021	H2 2021	H1 2022	H1 2021	H2 2021	H1 2022
Consolidated third party sales	849	970	1 072	849	970	1 072
Consolidated sales	867	990	1 102	867	990	1 102
Operating result (EBIT)	116	93	106	118	95	106
EBIT margin on sales	13.4%	9.4%	9.6%	13.6%	9.6%	9.6%
Depreciation, amortization and impairment losses	21	21	24	17	20	24
EBITDA	138	114	131	135	115	130
EBITDA margin on sales	15.9%	11.5%	11.8%	15.6%	11.6%	11.8%
Combined third party sales	1 247	1 413	1 551	1 247	1 413	1 551
Segment assets	976	1 141	1 307	976	1 141	1 307
Segment liabilities	397	518	563	397	518	563
Capital employed	580	623	744	580	623	744
ROCE - FY2021 references		37.4%	31.1%		38.1%	31.1%

Sales

Steel Wire Solutions delivered solid sales growth in the first half (+26.3% compared to H1 last year). The organic growth (+22.7%) was driven by positive price-mix effects (+32.2%) including the impact from passed-on raw material prices and other cost inflation, partly offset by the effect of lower volumes (-9.4%). Favorable currency movements added +3.5% to the top line that totaled € 1 072 million.

Demand from energy and utility markets was strong throughout the period. The agriculture and construction markets in Latin America softened during the second quarter due to weakening economies and policy changes leading to reduced public investments and incentives. Demand in Asia was low due to the Covid-19-lockdowns and other supply chain disruptions.

We project demand to remain strong in the energy and utilities markets, which boosts the performance levels in EMEA and North America. We do not anticipate an improvement in Latin American markets. Automotive demand in China is recovering and we expect a rebound to more normalized levels, co-supported by the (€ 220 billion) stimulus packages that were recently announced, including specific measures in support of consumer spending and the automotive industry.

Financial performance

The business unit delivered an underlying EBIT of € 106 million or 9.6% margin on sales, compared with € 116 million in the first half of last year. The margin decrease resulted from lower volumes in Latin America and Asia, and from the margin dilution caused by the pass-through of cost inflation. There were no one-off elements.

The underlying EBITDA margin was 11.8%, compared with 15.9% in H1 2021.

Underlying ROCE was 31.1%, versus 37.4% in 2021.

Capital expenditure (PP&E) amounted to € 13 million and included investments across all continents.

Combined sales and joint venture performance

The Steel Wire Solutions joint venture in Brazil reported +20.0% sales growth and generated € 477 million in revenue. The organic growth was +3.3% and the revaluation of the Brazilian real added +16.7%. Including joint ventures, the business unit's combined sales increased by +24.4% to € 1 551 million.

The margin performance of the joint venture was strong. The results are accounted for in Bekaert's Income Statement under the equity method as part of the 'share in the results of joint ventures and associates'.

Specialty Businesses: robust sales and profit growth in all sub-segments

	Underlying			Reported		
Key figures (in millions of €)	H1 2021	H2 2021	H1 2022	H1 2021	H2 2021	H1 2022
Consolidated third party sales	227	248	396	227	248	396
Consolidated sales	233	255	408	233	255	408
Operating result (EBIT)	40	31	74	40	31	74
EBIT margin on sales	17.3%	12.3%	18.1%	17.1%	12.2%	18.1%
Depreciation, amortization and impairment losses	7	2	10	7	2	10
EBITDA	48	34	84	47	33	84
EBITDA margin on sales	20.4%	13.3%	20.6%	20.0%	12.9%	20.6%
Segment assets	329	351	510	329	351	510
Segment liabilities	89	120	164	89	120	164
Capital employed	240	231	346	240	231	346
ROCE - FY2021 references		32.1%	48.5%		31.7%	48.5%

Sales

Specialty Businesses reported a sales increase of +74.1% to € 396 million, driven by strong organic growth (+70.4%) and positive currency effects (+3.7%). The organic growth stemmed from higher volumes, the integration of the hose and conveyor belt (HCB*) activities, and the combined effect of business-mix improvements and passed-on cost inflation.

**The year-on-year growth indicators are significantly influenced by the move of the HCB activities from the business unit Rubber Reinforcement to the business unit Specialty Businesses as from 1 January 2022. Based on a pro forma H1 2021 restatement the revenue increase of Specialty Businesses excluding the HCB effect was approximately +38%.*

All four sub-segments reported robust, double-digit sales growth on higher volumes, a solid business mix, and strong pricing discipline. Building products reported firm growth in all regions except China. Fiber Technologies achieved further growth in high-end filtration, semiconductor, and hydrogen applications, which more than offset the demand effect of the Covid lockdowns in China. Combustion Technologies saw increased demand for environmentally friendly burners and heat exchangers. HCB reported strong volume and sales growth in both hose and conveyor belt activities, which serve equipment and mining markets.

The business unit projects continued strong sales and focuses on seizing the opportunities arising from the technology shift toward decarbonization, which offers future growth potential for Dramix® steel fibers for concrete reinforcement, Fiber Technologies' advanced hydrogen electrolysis technologies, and energy-efficient combustion technologies. The hose and conveyor belt activities project continued growth perspectives driven by extended order books in OEM equipment markets and by the ongoing deglobalization effects.

Financial performance

Specialty Businesses delivered a robust underlying EBIT result of € 74 million, € +34 million or +82.5% above the same period last year and reaching an underlying EBIT margin on sales of 18.1% (versus 17.3% in the same period last year). The solid profit growth primarily resulted from the high volumes and positive mix effects from the increased share of high-end applications. There were no one-off elements.

The underlying EBITDA margin reached 20.6%, slightly above the margin of H1 last year (20.4%).

ROCE was 48.5%, a further step-up from 32.1% last year.

Capital expenditure (PP&E) amounted to almost € 4 million and will accelerate in the second half of 2022 and beyond. These investments will enable us to further ramp up our presence in markets with great growth potential and good profit perspectives, driven by the energy and overall decarbonization shift, and backed by an increasing number of long-term supply agreements with customers.

Bridon-Bekaert Ropes Group: good sales growth and record-high order book

	Underlying			Reported		
Key figures (in millions of €)	H1 2021	H2 2021	H1 2022	H1 2021	H2 2021	H1 2022
Consolidated third party sales	236	245	267	236	245	267
Consolidated sales	237	246	270	237	246	270
Operating result (EBIT)	23	22	35	19	17	36
EBIT margin on sales	9.8%	8.9%	13.1%	8.0%	7.0%	13.3%
Depreciation, amortization and impairment losses	16	15	17	14	14	17
EBITDA	39	37	53	33	31	53
EBITDA margin on sales	16.5%	15.0%	19.6%	13.9%	12.8%	19.7%
Segment assets	541	579	655	541	579	655
Segment liabilities	112	136	145	112	136	145
Capital employed	429	443	510	429	443	510
ROCE - FY2021 references		10.4%	14.9%		8.4%	15.0%

Sales

Bridon-Bekaert Ropes Group (BBRG) recorded +13.4% revenue growth to € 267 million. Favorable currency movements contributed +5.4% and organic growth added +8.0% to the top line. This organic growth resulted from positive price-mix effects including the impact of passed-on cost inflation (+19.1%), which more than offset a decline in volumes (-11.1%).

The global order book increased to a record-high level, driven by strong demand in the US, where the ongoing capacity extensions will result in higher volumes in the coming quarters, and by some order referrals to the third quarter in other regions. In EMEA, volumes were lower in the first half because of scaling back trading activities with customers in Russia. Demand in Latin America was very strong.

The A-Cords business reported modest sales growth driven by positive price-mix effects and favorable exchange rates. The year-on-year volume growth was limited, due to the Covid lockdowns in China that temporarily affected the elevator business in the country. The ongoing technology shift from massive steel pipes to steel-reinforced thermoplastic pipes in oil & gas applications boosted sales for BBRG's Armofor® solution.

Both the ropes and A-Cords business project good demand and increased sales in the second half of the year.

Financial performance

The business unit delivered an underlying EBIT of € 35 million at a margin on sales of 13.1%, up +3.3 ppt from H1 last year (9.8%). Underlying EBITDA reached a strong margin of 19.6%, +3.1 ppt above the margin of last year. The sale of idle land in Doncaster, UK, contributed € +11.5 million to underlying EBIT and EBITDA.

Reported EBIT was € 36 million and included € +0.4 million in positive one-offs.

Underlying ROCE improved by +4.5 ppt to 14.9%.

BBRG invested close to € 14 million in PP&E, mainly in the ropes expansion program in the US and in the A-Cords plants.

Investment update and other information

Investments in property, plant and equipment amounted to € 48 million in the first half of 2022, € +8 million above the investments in the same period of 2021. The intangible investments amounted to € 5 million, the same amount as in H1 last year and mainly relating to investments in digital solutions.

Net debt amounted to € 673 million, € 256 million up from € 417 million at the close of 2021 and € 154 million up from 30 June 2021. This resulted in net debt on underlying EBITDA of 0.88 versus 0.69 at the close of H1 2021.

Cash on hand was € 482 million at the end of the period, compared with € 677 million at the close of 2021 and € 649 million at the end of the first half last year. The net decrease in cash was a result of changes in working capital, the higher dividend payout, higher taxes paid, and the cash-out effect of higher capital expenditure.

The average working capital on sales was 15.0%, compared with 13.0% in the first half of 2021. Working capital increased by € +357 million since the close of 2021. The organic increase amounted to € +318 million and was due to higher inventory volumes and the upward inventory valuation from higher raw materials prices, and higher accounts receivable balances driven by higher sales, whereas the increase in accounts payable was lower. The use of off-balance sheet factoring extended to € 268 million, up € +43 million from € 225 million at the close of 2021. The increase was primarily driven by a higher average pricing due to cost inflation.

Treasury shares and share buyback:

On 31 December 2021, the Company held 3 145 446 own shares. Between 1 January 2022 and 30 June 2022, a total of 40 550 stock options were exercised under Stock Option Plan 2010-2014 and Stock Option Plan 2015-2017, and 40 550 own shares were used for that purpose. Bekaert sold 13 757 own shares to members of the Bekaert Group Executive in the framework of the Bekaert Personal Shareholding Requirement Plan and granted 12 080 own shares to non-executive Directors of Bekaert as remuneration for the performance of their duties. A total of 256 760 own shares were disposed of following the vesting of 256 760 performance share units under the Bekaert Performance Share Plan.

During the same period, Bekaert bought back 1 493 367 shares pursuant to its share buyback program (that was announced on 25 February 2022), of which 1 449 409 shares were cancelled per end of June. Including the transactions under the liquidity agreement with Kepler Cheuvreux, the balance held by Bekaert on 30 June 2022 was 2 896 893 shares.

Financial review

Financial results

Bekaert achieved an operating result (EBIT-underlying) of € 283 million (versus € 285 million in the first half of 2021). This resulted in an Underlying EBIT margin on sales of 9.9% (12.4% in H1 2021). The one-off items amounted to € -3 million (€ +2 million in H1 2021) and related to various small restructuring items. Including one-off items, EBIT was € 280 million, representing an EBIT margin on sales of 9.8% (versus € 288 million or 12.5% in H1 2021). Underlying EBITDA was € 381 million (13.3% margin) compared with € 376 million (16.3%) and EBITDA reached € 377 million, or a margin on sales of 13.2% (versus 16.1%).

The underlying overhead expenses decreased as a percentage on sales by 120 basis points to 7.3% (8.5% in H1 2021) but increased by € +13 million in absolute numbers due to higher expenses and licenses for IT projects.

Underlying other operating revenues and expenses increased from € 9 million last year to € 19 million in H1 2022 due to the gain on the sale of land in Doncaster, UK (€ +11.5 million).

Interest income and expenses amounted to € -17 million, down from € -23 million in the first half of 2021 due to the elimination of interest from amortized cost measurement that applied to the convertible bond until June 2021, when it matured and was repaid. Other financial income and expenses amounted to € +16 million (€ +4 million in H1 2021). The increase came from positive unrealized exchange rate translation results, partly offset by the valuation of financial derivative instruments.

Income taxes decreased from € -71 million (H1 2021) to € -55 million. The overall effective tax rate dropped from 26% to 20%.

The share in the result of joint ventures and associated companies was € +29 million (versus € +34 million last year), reflecting a continued good performance of the joint ventures in Brazil.

The result for the period thus totaled € +252 million, compared with € +231 million for the same period last year. The result attributable to non-controlling interests was € +14 million (versus € +23 million in H1 2021) due to less profit generation in entities with minority shareholders, particularly in Latin America. After non-controlling interests, the result for the period attributable to equity holders of Bekaert was € +237 million versus € +208 million in the same period last year. The 14% increase in net earnings was also reflected in EPS, which reached € +4.16, significantly up from € +3.66 in H1 2021.

Balance Sheet

As at 30 June 2022, equity represented 45.0% of total assets, up from 43.4% at year-end 2021. The gearing ratio (net debt to equity) was 28.8% compared to 19.9% at the close of the year 2021.

Net debt on underlying EBITDA was 0.88, up from 0.69 on 30 June 2021 and 0.61 on 31 December 2021.

Cash Flow Statement

Cash flows from operating activities turned € -26 million negative, versus € +181 million in the first half of 2021 due to a significant increase of working capital and income taxes paid.

Cash flows attributable to investing activities amounted to € -45 million (versus € -16 million in H1 2021) due to increased capital expenditure. H1 2021 cash flows included the proceeds of real estate sales in Peru, Malaysia and Canada.

Cash flows from financing activities totaled € -148 million, compared with € -468 million in the first half of 2021. H1 2021 included the repayment of the convertible bond and other loans (€ -402 million). H1 2022 included higher dividend payments (€ -105 million versus € -60 million in H1 last year) and the cash-out of the share buyback (€ - 51 million).

NV Bekaert SA (statutory accounts)

The Belgium-based entity's sales amounted to € +298 million, compared with € +193 million in the first half of 2021. The operating result including non-recurring items was € +59 million, compared with € +38 million in the first half of 2021. The financial result including non-recurring items was € +99 million (versus € +28 million in the first half of 2021), mainly due to higher dividends received and positive exchange effects. This led to a result for the period of € +159 million compared with € +66 million for the first half of 2021.

Financial Calendar

2022 half year results	29	July	2022
The CEO and the CFO of Bekaert will present the results to the investment community at 02:00 p.m. CET. This virtual conference can be accessed live upon registration via the Bekaert website (bekaert.com/en/investors) in listen-only mode.			
Third quarter trading update 2022	18	November	2022

Statement from the responsible persons

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

- the consolidated condensed interim financial statements of NV Bekaert SA and its subsidiaries as of 30 June 2022 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.

Taoufiq Boussaid Chief Financial Officer
Oswald Schmid 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 (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 more than 27 000 employees worldwide, headquarters in Belgium and € 5.9 billion in combined revenue in 2021.

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Interim financial statements

Note 1: Consolidated income statement

(in thousands of €)	H1 2021	H2 2021	H1 2022
Sales	2 306 150	2 533 509	2 858 979
Cost of sales	-1 847 309	-2 106 443	-2 389 707
Gross profit	**458 841**	**427 066**	**469 272**
Selling expenses	-87 439	-98 800	-102 646
Administrative expenses	-76 159	-84 931	-79 188
Research and development expenses	-28 620	-30 917	-28 529
Other operating revenues	32 211	30 729	29 694
Other operating expenses	-11 263	-17 631	-9 030
Operating result (EBIT)	**287 570**	**225 516**	**279 574**
of which			
EBIT - Underlying	**285 375**	**229 243**	**282 603**
One-off items	**2 195**	**-3 726**	**-3 029**
Interest income	1 773	1 487	1 825
Interest expense	-24 601	-19 879	-19 300
Other financial income and expenses	3 657	773	15 696
Result before taxes	**268 399**	**207 897**	**277 796**
Income taxes	-70 984	-62 312	-54 803
Result after taxes (consolidated companies)	**197 415**	**145 585**	**222 992**
Share in the results of joint ventures and associates	33 684	73 935	28 889
RESULT FOR THE PERIOD	**231 099**	**219 520**	**251 881**
Attributable to			
equity holders of Bekaert	*208 059*	*198 918*	*237 463*
non-controlling interests	*23 040*	*20 603*	*14 418*
Earnings per share (in € per share)			
Result for the period attributable to equity holders of Bekaert			
Basic	3.66		4.16
Diluted	3.63		4.12

Note 2: Reported and Underlying

(in thousands of €)	H1 2021 Reported	H1 2021 of which underlying	H1 2021 of which one-offs	H1 2022 Reported	H1 2022 of which underlying	H1 2022 of which one-offs
Sales	2 306 150	2 306 150	—	2 858 979	2 858 979	—
Cost of sales	-1 847 309	-1 833 297	-14 012	-2 389 707	-2 387 060	-2 647
Gross profit	**458 841**	**472 853**	**-14 012**	**469 272**	**471 919**	**-2 647**
Selling expenses	-87 439	-88 358	919	-102 646	-102 284	-361
Administrative expenses	-76 159	-78 130	1 971	-79 188	-77 970	-1 218
Research and development expenses	-28 620	-29 493	873	-28 529	-28 380	-149
Other operating revenues	32 211	15 429	16 781	29 694	27 064	2 630
Other operating expenses	-11 263	-6 925	-4 338	-9 030	-7 746	-1 284
Operating result (EBIT)	**287 570**	**285 375**	**2 195**	**279 574**	**282 603**	**-3 029**

Note 3: One-off items

One-off items H1 2021 (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[8]	291	402	-25	—	—	—	668
Steel Wire Solutions[9]	-849	-43	-63	—	5 043	-2 540	1 548
Specialty Businesses[10]	245	103	-49	5	193	-909	-412
Bridon-Bekaert Ropes Group (BBRG)[11]	-12 496	34	12	—	11 083	-475	-1 842
Group[12]	1 221	573	2 143	868	182	-313	4 674
Total restructuring programs	**-11 588**	**1 069**	**2 019**	**873**	**16 501**	**-4 238**	**4 636**
Business disposals							
Group[13]	—	-150	—	—	—	—	-150
Total business disposals	**—**	**-150**	**—**	**—**	**—**	**—**	**-150**
Environmental provisions/ (reversals of provisions)							
Bridon-Bekaert Ropes Group (BBRG)	-2 328	—	—	—	—	—	-2 328
Total environmental provisions/(reversals)	**-2 328**	**—**	**—**	**—**	**—**	**—**	**-2 328**
Other events and transactions							
Steel Wire Solutions	—	—	-23	—	—	—	-23
Specialty Businesses	-95	—	—	—	—	—	-95
Group	—	—	-25	—	280	-100	155
Total other events and transactions	**-95**	**—**	**-48**	**—**	**280**	**-100**	**37**
Total	**-14 012**	**919**	**1 971**	**873**	**16 781**	**-4 338**	**2 195**

One-off items H1 2022 (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[8]	-1 311	—	—	—	—	—	-1 311
Steel Wire Solutions[9]	-220	0	—	—	192	-8	-37
Specialty Businesses[10]	-162	—	—	-57	—	—	-219
Bridon-Bekaert Ropes Group (BBRG)[11]	-507	—	-78	—	764	-204	-25
Group[12]	-447	-361	-1 063	-91	219	-573	-2 316
Total restructuring programs	**-2 647**	**-361**	**-1 142**	**-149**	**1 175**	**-785**	**-3 908**
Other events and transactions							
Specialty Businesses[14]	—	—	—	—	184	—	184
Bridon-Bekaert Ropes Group (BBRG) [15]	—	—	—	—	474	—	474
Group[16]	—	—	-77	—	298	—	221
Total other events and transactions	**—**	**—**	**-77**	**—**	**956**	**—**	**879**
Total	**-2 647**	**-361**	**-1 218**	**-149**	**2 131**	**-785**	**-3 029**

[8] Related mainly to closure of the Figline plant (Italy) (2022 & 2021) and the building remediation project in Rome, US (2022). In 2021 there were also reversals of provisions in Figline Plant (Italy and Belgium).

[9] Related mainly to the restructuring in North America (2022 & 2021). In 2021 there were also reversals of provisions in Belgium, revenues in Malaysia.

[10] Related mainly to lay-off costs in Bekaert Combustion Technology BV (Netherlands) (2022), and to the restructuring in North-America and Sawing Wire (2021).

[11] Related mainly to the gain on the sale of land in Norway (2022) and restructuring in Canada (2022 & 2021).

[12] Related mainly to the restructuring in Belgium (2021 & 2022).

[13] Contractual liability indemnification related to previous disinvestments (2021).

[14] CTA recycling liquidation Bekaert Heating (Suzhou) (China) (2022).

[15] Gain on step acquisition: VisionTek Engineering S.r.l. (Italy) (2022).

[16] Related mainly on the liquidation of Bekaert Architectural Design Consulting (Shanghai) China (2022).

Note 4: Reconciliation of segment reporting

Key Figures per Segment[17]: Underlying

(in millions of €)	RR *	SWS	SB *	BBRG	GROUP[18]	RECONC[19]	H1 2021
Consolidated third party sales	991	849	227	236	3	—	2 306
Consolidated sales	1 010	867	233	237	37	-78	2 306
Operating result (EBIT)	139	116	40	23	-36	2	285
EBIT margin on sales	13.8%	13.4%	17.3%	9.8%	—	—	12.4%
Depreciation, amortization, impairment losses	47	21	7	16	4	-5	91
EBITDA	186	138	48	39	-32	-3	376
EBITDA margin on sales	18.4%	15.9%	20.4%	16.5%	—	—	16.3%
Segment assets	1 537	976	329	541	-78	-132	3 174
Segment liabilities	361	397	89	112	85	-57	987
Capital employed	1 176	580	240	429	-163	-74	2 188
ROCE	24.5%	43.2%	35.4%	10.9%	—	—	26.9%
Capital expenditure - PP&E[20]	12	11	8	11	—	-2	40

Key Figures per Segment: Reported

(in millions of €)	RR *	SWS	SB *	BBRG	GROUP[18]	RECONC[19]	H1 2021
Consolidated third party sales	991	849	227	236	3	—	2 306
Consolidated sales	1 010	867	233	237	37	-78	2 306
Operating result (EBIT)	140	118	40	19	-31	2	288
EBIT margin on sales	13.8%	13.6%	17.1%	8.0%	—	—	12.5%
Depreciation, amortization, impairment losses	47	17	7	14	4	-5	84
EBITDA	187	135	47	33	-27	-3	372
EBITDA margin on sales	18.5%	15.6%	20.0%	13.9%	—	—	16.1%
Segment assets	1 537	976	329	541	-78	-132	3 174
Segment liabilities	361	397	89	112	85	-57	987
Capital employed	1 176	580	240	429	-163	-74	2 188
ROCE	24.6%	43.7%	34.9%	9.0%	—	—	27.1%
Capital expenditure - PP&E[20]	12	11	8	11	—	-2	40

* The hose and conveyor belt (HCB) activities were moved from the division Rubber Reinforcement to the division Specialty Businesses as from 1 January 2022. The H1 2021 table includes the historically reported numbers.

[17] RR = Rubber Reinforcement; SWS = Steel Wire Solutions; SB = Specialty Businesses; BBRG = Bridon-Bekaert Ropes Group
[18] Group and business support
[19] Reconciliation column: intersegment eliminations
[20] Gross increase of PP&E

Key Figures per Segment[21]: Underlying

(in millions of €)	RR	SWS	SB	BBRG	GROUP[22]	RECONC[23]	H1 2022
Consolidated third party sales	1 110	1 072	396	267	14	—	2 859
Consolidated sales	1 125	1 102	408	270	48	-95	2 859
Operating result (EBIT)	101	106	74	35	-35	2	283
EBIT margin on sales	8.9%	9.6%	18.1%	13.1%	—	—	9.9%
Depreciation, amortization, impairment losses	46	24	10	17	4	-5	98
EBITDA	147	131	84	53	-31	-3	381
EBITDA margin on sales	13.0%	11.8%	20.6%	19.6%	—	—	13.3%
Segment assets	1 780	1 307	510	655	-90	-135	4 027
Segment liabilities	445	563	164	145	94	-64	1 347
Capital employed	1 335	744	346	510	-184	-71	2 680
ROCE	16.0%	31.1%	48.5%	14.9%	—	—	22.8%
Capital expenditure - PP&E[24]	19	13	4	14	—	-1	48

Key Figures per Segment: Reported

(in millions of €)	RR	SWS	SB	BBRG	GROUP[22]	RECONC[23]	H1 2022
Consolidated third party sales	1 110	1 072	396	267	14	—	2 859
Consolidated sales	1 125	1 102	408	270	48	-95	2 859
Operating result (EBIT)	99	106	74	36	-37	2	280
EBIT margin on sales	8.8%	9.6%	18.1%	13.3%	—	—	9.8%
Depreciation, amortization, impairment losses	46	24	10	17	4	-5	97
EBITDA	145	130	84	53	-33	-3	377
EBITDA margin on sales	12.9%	11.8%	20.6%	19.7%	—	—	13.2%
Segment assets	1 780	1 307	510	655	-90	-135	4 027
Segment liabilities	445	563	164	145	94	-64	1 347
Capital employed	1 335	744	346	510	-184	-71	2 680
ROCE	15.8%	31.1%	48.5%	15.0%	—	—	22.6%
Capital expenditure - PP&E[24]	19	13	4	14	—	-1	48

[21] RR = Rubber Reinforcement; SWS = Steel Wire Solutions; SB = Specialty Businesses; BBRG = Bridon-Bekaert Ropes Group
[22] Group and business support
[23] Reconciliation column: intersegment eliminations
[24] Gross increase of PP&E

Note 5: Consolidated statement of comprehensive income

(in thousands of €)	H1 2021	H1 2022
Result for the period	**231 099**	**251 881**
Other comprehensive income (OCI)		
Other comprehensive income reclassifiable to income statement in subsequent periods		
Exchange differences arising during the year	59 673	122 446
Reclassification adjustments relating to entity disposals or step acquisitions	100	-482
OCI reclassifiable to income statement in subsequent periods, after tax	**59 773**	**121 964**
Other comprehensive income non-reclassifiable to income statement in subsequent periods:		
Remeasurement gains and losses on defined-benefit plans	29 818	33 302
Net fair value gain (+)/loss (-) on investments in equity instruments designated as at fair value through OCI	1 345	-1 481
Deferred taxes relating to non-reclassifiable OCI	-1 097	-8 261
OCI non-reclassifiable to income statement in subsequent periods, after tax	**30 067**	**23 560**
Other comprehensive income for the period	**89 840**	**145 524**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**320 939**	**397 405**
Attributable to		
equity holders of Bekaert	*294 114*	*376 677*
non-controlling interests	*26 825*	*20 728*

Note 6: Consolidated balance sheet

(in thousands of €)	31-Dec-21	30-Jun-22
Non-current assets	**1 972 189**	**2 089 586**
Intangible assets	61 440	63 590
Goodwill	150 674	153 662
Property, plant and equipment	1 253 857	1 297 144
RoU Property, plant and equipment	132 073	131 654
Investments in joint ventures and associates	188 661	245 480
Other non-current assets	65 886	80 613
Deferred tax assets	119 599	117 443
Current assets	**2 871 567**	**3 098 213**
Inventories	1 121 219	1 390 916
Bills of exchange received	41 274	45 565
Trade receivables	750 666	926 028
Other receivables	157 005	143 244
Short-term deposits	80 058	50 049
Cash and cash equivalents	677 270	482 093
Other current assets	42 272	59 060
Assets classified as held for sale	1 803	1 258
Total	**4 843 756**	**5 187 799**

Equity	**2 100 522**	**2 335 946**
Share capital	177 923	173 657
Share premium	38 850	38 850
Retained earnings	1 984 791	2 082 032
Other Group reserves	-232 012	-90 530
Equity attributable to equity holders of Bekaert	**1 969 551**	**2 204 010**
Non-controlling interests	**130 971**	**131 936**
Non-current liabilities	**1 107 375**	**901 497**
Employee benefit obligations	77 659	65 930
Provisions	23 311	23 713
Interest-bearing debt	953 581	746 717
Other non-current liabilities	844	991
Deferred tax liabilities	51 979	64 145
Current liabilities	**1 635 859**	**1 950 357**
Interest-bearing debt	237 742	474 309
Trade payables	1 062 185	1 201 864
Employee benefit obligations	177 159	126 290
Provisions	4 392	3 284
Income taxes payable	86 131	57 328
Other current liabilities	68 249	87 282
Liabilities associated with assets classified as held for sale	—	—
Total	**4 843 756**	**5 187 799**

Note 7: 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 2021	**177 812**	**37 884**	**1 614 781**	**-106 148**	**-227 823**	**-48 626**	**1 447 880**	**87 175**	**1 535 055**
Result for the period	—	—	208 059	—	—	—	**208 059**	23 040	**231 099**
Other comprehensive income	—	—	—	—	56 740	29 315	**86 055**	3 785	**89 840**
Equity-settled share-based payment plans	—	—	8 691	—	—	—	**8 691**	—	**8 691**
Treasury shares transactions	—	—	1 838	9 816	—	—	**11 654**	—	**11 654**
Dividends	—	—	-56 795	—	—	—	**-56 795**	-2 475	**-59 271**
Balance as at 30 June 2021	**177 812**	**37 884**	**1 776 573**	**-96 332**	**-171 083**	**-19 311**	**1 705 544**	**111 524**	**1 817 068**
Balance as at 1 January 2022	**177 923**	**38 850**	**1 984 791**	**-95 517**	**-137 183**	**688**	**1 969 551**	**130 971**	**2 100 522**
Result for the period	—	—	237 463	—	—	—	**237 463**	14 418	**251 881**
Other comprehensive income	—	—	—	—	115 906	23 308	**139 214**	6 310	**145 524**
Equity-settled share-based payment plans	—	—	-11 486	—	—	—	**-11 486**	—	**-11 486**
Treasury shares transactions	-4 266	—	-42 273	2 268	—	—	**-44 270**	—	**-44 270**
Dividends	—	—	-86 463	—	—	—	**-86 463**	-19 763	**-106 226**
Balance as at 30 June 2022	**173 657**	**38 850**	**2 082 032**	**-93 249**	**-21 277**	**23 996**	**2 204 010**	**131 936**	**2 335 946**

Note 8: Consolidated cash flow statement

(in thousands of €)	H1 2021	H1 2022
Operating result (EBIT)	287 570	279 574
Non-cash items included in operating result	97 842	101 665
Investing items included in operating result	-13 327	117
Amounts used on provisions and employee benefit obligations	-23 444	-14 726
Income taxes paid	-43 348	-73 579
Gross cash flows from operating activities	**305 293**	**293 051**
Change in operating working capital	-107 691	-306 222
Other operating cash flows	-16 823	-12 873
Cash flows from operating activities	**180 779**	**-26 044**
New business combinations	—	-2 373
Other portfolio investments	-39	-736
Proceeds from disposals of investments	-85	90
Dividends received	9 846	28 159
Purchase of intangible assets	-4 546	-5 002
Purchase of property, plant and equipment	-45 887	-66 094
Proceeds from disposals of fixed assets	24 234	1 333
Cash flows from investing activities	**-16 476**	**-44 623**
Interest received	1 986	2 062
Interest paid	-13 790	-13 343
Gross dividends paid	-59 896	-105 042
Proceeds from long-term interest-bearing debt	7 204	18 125
Repayment of long-term interest-bearing debt	-402 271	-55 589
Cash flows from / to (-) short-term interest-bearing debt	-10 484	27 429
Treasury shares transactions	11 654	-51 176
Other financing cash flows	-1 934	29 202
Cash flows from financing activities	**-467 530**	**-148 331**
Net increase or decrease (-) in cash and cash equivalents	**-303 227**	**-218 998**
Cash and cash equivalents at the beginning of the period	**940 416**	**677 270**
Effect of exchange rate fluctuations	11 848	23 821
Cash and cash equivalents at the end of the period	**649 037**	**482 093**

Note 9: Additional key figures

(in € per share)	H1 2021	H1 2022
Number of existing shares at 30 June	60 414 841	59 002 852
Book value	28.23	37.35
Share price at 30 June	37.58	31.06
Weighted average number of shares		
Basic	56 813 437	57 040 825
Diluted	57 322 432	57 571 050
Result for the period attributable to equity holders of Bekaert		
Basic	3.66	4.16
Diluted	3.63	4.12

(in thousands of € - ratios)	H1 2021	H1 2022
EBITDA	371 614	377 032
EBITDA - Underlying	376 232	380 545
Depreciation and amortization and impairment losses	84 044	97 458
Capital employed	2 187 609	2 680 247
Operating working capital	666 585	1 034 198
Net debt	519 228	673 003
EBIT on sales	12.5%	9.8%
EBIT - Underlying on sales	12.4%	9.9%
EBITDA on sales	16.1%	13.2%
EBITDA - Underlying on sales	16.3%	13.3%
Equity on total assets	41.6%	45.0%
Gearing (net debt on equity)	28.6%	28.8%
Net debt on EBITDA	0.7	0.9
Net debt on EBITDA - Underlying	0.7	0.9

NV Bekaert SA - Statutory Profit and Loss Statement

(in thousands of €)	H1 2021	H1 2022
Sales	192 858	298 287
Operating result before non-recurring items	37 717	59 210
Non-recurring operational items	-150	-445
Operating result after non-recurring items	37 566	58 765
Financial result before non-recurring items	28 774	99 320
Non-recurring financial items	-809	-303
Financial result after non-recurring items	27 965	99 017
Profit before income taxes	65 532	157 782
Income taxes	985	1 016
Result for the period	66 516	158 798

Note 10: 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 2021 in thousands of €	Rubber Reinforcement	Steel Wire Solutions	Specialty Businesses	BBRG	Group *	Consolidated
Industry						
Tire & Automotive	938 383	84 570	18 599	4 266	—	1 045 818
Energy & Utilities	—	107 668	10 918	38 389	—	156 975
Construction	—	268 145	166 194	35 306	—	469 645
Consumer Goods	—	63 241	1 968	—	—	65 209
Agriculture	—	144 756	—	19 056	—	163 812
Equipment	52 788	44 319	1 945	70 919	3 322	173 293
Basic Materials	—	135 970	27 649	67 779	—	231 398
Total	**991 171**	**848 669**	**227 273**	**235 715**	**3 322**	**2 306 150**

H1 2022 in thousands of €	Rubber Reinforcement	Steel Wire Solutions	Specialty Businesses	BBRG	Group *	Consolidated
Industry						
Tire & Automotive	1 066 504	67 847	39 084	4 656	—	1 178 091
Energy & Utilities	—	155 666	17 012	46 627	—	219 305
Construction	—	349 751	287 448	36 203	—	673 402
Consumer Goods	—	69 273	2 349	—	—	71 622
Agriculture	—	195 415	—	21 513	—	216 928
Equipment	43 623	63 629	6 046	79 022	14 243	206 563
Basic Materials	—	169 964	43 791	79 312	—	293 067
Total	**1 110 127**	**1 071 545**	**395 730**	**267 333**	**14 243**	**2 858 978**

*Sales Engineering

Note 11: Additional disclosures on fair value of financial instruments

In accordance with IFRS[25], 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
FVTPL	Financial liabilities measured as at fair value through profit or loss

[25] 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.

in thousands of €		31-Dec-21		30-Jun-22	
Carrying amount vs fair value	**Category in accordance with IFRS 9**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Assets					
Non-current financial assets					
- Financial & other receivables and cash guarantees	AC	12 549	12 549	14 408	14 408
- Equity investments	FVTOCI/Eq	20 081	20 081	19 295	19 295
- Derivatives					
- Held for trading	FVTPL/Mnd	13 244	13 244	11 277	11 277
Current financial assets					
- Financial receivables and cash guarantees	AC	6 475	6 475	8 610	8 610
- Cash and cash equivalents	AC	677 270	677 270	482 093	482 093
- Short term deposits	AC	80 058	80 058	50 049	50 049
- Trade receivables	AC	750 666	750 666	926 028	926 028
- Bills of exchange received	AC	41 274	41 274	45 565	45 565
- Other current assets					
- Other receivables	AC	43 437	43 437	26 701	26 701
- Derivatives					
- Held for trading	FVTPL/Mnd	1 416	1 416	2 652	2 652
Liabilities					
Non-current interest-bearing debt					
- Lease liabilities	AC	56 425	56 425	50 694	50 694
- Cash guarantees received	AC	204	204	197	197
- Credit institutions	AC	177 047	177 047	164 604	164 604
- Schuldschein loans	AC	319 905	319 905	131 223	131 223
- Bonds	AC	400 000	395 074	400 000	363 400
Current interest-bearing debt					
- Lease liabilities	AC	20 219	20 219	19 365	19 365
- Credit institutions	AC	217 523	217 523	269 219	269 219
Other non-current liabilities					
- Other derivatives	FVTPL	118	118	841	841
- Other payables	AC	142	142	150	150
Trade payables	AC	1 062 185	1 062 185	1 201 864	1 201 864
Other current liabilities					
- Other payables	AC	33 476	33 476	37 663	37 663
- Derivatives					
- Held for trading	FVTPL	2 324	2 324	6 132	6 132
Aggregated by category in accordance with IFRS 9					
Financial assets	AC	1 611 729	1 611 729	1 553 453	1 553 453
	FVTOCI/Eq	20 081	20 081	19 295	19 295
	FVTPL/Mnd	14 659	14 659	13 930	13 930
Financial liabilities	AC	2 287 127	2 282 201	2 274 977	2 271 788
	FVTPL	2 441	2 441	6 973	6 973

The fair value of all financial instruments measured at amortized cost in the balance sheet has been determined using level-2 fair value measurement techniques. For most financial instruments the carrying amount approximates the fair value.

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 these 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 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 with matching 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 value of the remaining financial assets and financial liabilities is derived from valuation techniques which include inputs that are not based on observable market data. On June 2022, Bekaert had two types of financial instruments, namely the VPPA agreement and several equity investments, for which the fair value measurement can be characterized as ‘level 3’. The fair value of the VPPA contract is determined using a Monte Carlo valuation model. The main factors determining the fair value of the VPPA agreement are the discount rate (level 2), the estimated energy output based on wind studies in the area and the off-peak/on-peak price volatility (level 3). The fair value of the main equity investment (Xinju Metal Products Co Ltd) is determined using a 5-year forecast timeframe of cash flows based on the latest business plan, followed by a terminal value assumption. The main factors determining the fair value are the discount rate and EBITDA.

The following table shows the sensitivity of the fair value calculation to the most significant level-3 input for the VPPA agreement.

Sensitivity analysis in thousands of €	Change	Impact on VPPA derivative	
Power forward sensitivity	+10%	increased by	1 348
	-10%	decreased by	-1 444
Production sensitivity	+5%	increased by	770
	-5%	decreased by	-866

The sensitivity of the fair value calculation of the equity investment in Xinju Metal Products Co Ltd (€ 8.0 million) is shown below:

- If EBITDA would be CNY 4.0 million lower in all periods of the business plan, the fair value would decrease by € 0,5 million;
- If the discount factor would be 1% higher, the decrease of the fair value will be € 0,7 million;
- If EBITDA would be CNY 4.0 million lower in all years of the business plan and the discount factor would be 1% higher, the fair value will decrease by € 1,1 million.

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:

2021 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	*—*	*1 416*	*13 244*	*14 660*
Equity instruments designated as at fair value through OCI				
Equity investments	*9 764*	*—*	*10 317*	*20 081*
Total assets	**9 764**	**1 416**	**23 561**	**34 741**
Financial liabilities held for trading				
Conversion option	*—*	*—*	*—*	*—*
Other derivative financial liabilities	*—*	*3 026*	*—*	*3 026*
Total liabilities	**—**	**3 026**	**—**	**3 026**

H1 2022 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	*—*	*6 420*	*7 509*	*13 929*
Equity instruments designated as at fair value through OCI				
Equity investments	*8 283*	*—*	*11 012*	*19 295*
Total assets	**8 283**	**6 420**	**18 521**	**33 224**
Financial liabilities held for trading				
Conversion option	*—*	*—*	*—*	*—*
Other derivative financial liabilities	*—*	*6 973*	*—*	*6 973*
Total liabilities	**—**	**6 973**	**—**	**6 973**

Note 12: Other disclosures

Treasury shares

On 31 December 2021, the Company held 3 145 446 own shares. Between 1 January 2022 and 30 June 2022, a total of 40 550 stock options were exercised under Stock Option Plan 2010-2014 and Stock Option Plan 2015-2017 and 40 550 own shares were used for that purpose. Bekaert sold 13 757 own shares to members of the Bekaert Group Executive in the framework of the Bekaert Personal Shareholding Requirement Plan and granted 12 080 own shares to non-executive Directors of Bekaert as remuneration for the performance of their duties. A total of 256 760 own shares were disposed of following the vesting of 256 760 performance share units under the Bekaert Performance Share Plan. During the same period, Bekaert bought back 1 493 367 shares pursuant to its share buyback program (that was announced on 25 February 2022), of which 1 449 409 shares were cancelled per end of June. Including the transactions under the liquidity agreement with Kepler Cheuvreux, the balance held by Bekaert on 30 June 2022 was 2 896 893 treasury shares.

Related parties

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

Accounting policies

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, 2021, 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 2021 annual consolidated financial statements. For an overview of the IFRS standards, amendments and interpretations that have become effective in 2022, we refer to the Statement of Compliance (section 2.1) of the financial review in the 2021 Annual Report.

Statement on Russia

Bekaert's position in Russia did not materially change compared to the situation disclosed at the time of the 2021 Annual Report (7.5. Events after the balance sheet), other than the activity level which has reduced in recent months.The manufacturing plant (Lipetsk) remains operational and is local-for-local business (local sourcing and domestic sales). Management projects a decrease in activity level in the second half of the year, as we are scaling back operations in line with the evolving regulations. A positive cash flow of the operations would still be ensured. As such no impairment has been recognized in the half-year accounts.

As per half year, the contribution of the Russian entities from an operational profitability perspective is approximately 1% of the Group total. From a balance sheet perspective, the contribution is approximately 3% of the Group total; the increase compared to year-end last year being predominantly explained by the translation effect of the stronger RUB. As a consequence, the cumulative currency translation adjustments on the Russian Ruble amounted to € +13.3 million (compared to € -6.5 million at year-end 2021). Bekaert's exposure against the Russian Ruble was presented in note 7.2. 'Financial risk management and financial derivatives' of the 2021 Annual Report. Per 30 June 2022 Bekaert no longer hedges against the Ruble. On 30 June 2022, the Russian legal entities in the Bekaert Group have a net payable position towards other Group entities of € 61.3 million, translated at closing rate of half-year 2022 (€ 42.2 million at year-end 2021; the increase mainly explained by translation effect of the stronger RUB).

Subsequent events

There are no subsequent events.

Note 13: 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 it 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.
Free Cash Flow (FCF)	Cash flows from Operating activities - capex + dividends received - net interest paid	Free cash flow (FCF) represents the cash available for the company to repay financial debt or pay dividends to investors.
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.
Operating free cash flow	Cash flows from Operating activities – capex (net of disposals of fixed assets)	Operating cash flow measures the net cash required to support the business (working capital and capital expenditure needs).
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.
Internal Bekaert Management Reporting	Focusing on the operational performance of the industrial companies of the Group, leaving out financial companies and other non-industrial companies, in a flash approach and as such not including all consolidation entries reflected in the full hard-close consolidation on which the annual report is based.	The pragmatic approach enables a short follow-up process regarding the operational performance of the business throughout the year.

APM reconciliation table

(in millions of €)	H1 2021	FY 2021	H1 2022
Net Debt			
Non-current interest-bearing debt	906	897	697
L/T Lease Liability - non-current	58	56	50
Current interest-bearing debt	250	218	455
L/T Lease Liability - current	20	20	19
Total financial debt	**1 234**	**1 191**	**1 221**
Non-current financial receivables and cash guarantees	-10	-10	-10
Current financial receivables and cash guarantees	-6	-6	-6
Short-term deposits	-50	-80	-50
Cash and cash equivalents	-649	-677	-482
Net debt	**519**	**417**	**673**
Capital Employed			
Intangible assets	57	61	64
Goodwill	150	151	154
Property, plant and equipment	1 182	1 254	1 297
RoU Property plant and equipment	132	132	132
Working capital (operating)	667	678	1 034
Capital employed	**2 188**	**2 276**	**2 680**
Weighted average capital employed	**1 063**	**2 169**	**1 239**
Working capital (operating)			
Inventories	896	1 121	1 391
Trade receivables	692	751	926
Bills of exchange received	42	41	46
Advances paid	24	20	19
Trade payables	-839	-1 062	-1 202
Advances received	-17	-24	-23
Remuneration and social security payables	-125	-161	-116
Employment-related taxes	-6	-8	-6
Working capital (operating)	**667**	**678**	**1 034**
Weighted average working capital (operating)	**300**	**607**	**428**
EBIT Underlying to EBIT	See note	2 - 3	
EBITDA			
EBIT	**288**	**513**	**280**
Amortization intangible assets	5	9	5
Depreciation property, plant & equipment	76	151	77
Depreciation RoU property, plant & equipment	12	24	13
Write-downs/(reversals of write-downs) on inventories and receivables	-6	-19	4
Impairment losses/ (reversals of depreciation and impairment losses) on fixed assets	-2	-2	—
EBITDA	**372**	**677**	**377**

(in millions of €)	H1 2021	FY 2021	H1 2022
EBITDA - Underlying			
EBIT - Underlying	285	515	283
Amortization intangible assets	5	9	5
Depreciation property, plant & equipment	76	151	77
Depreciation RoU property, plant & equipment	12	24	13
Write-downs/(reversals of write-downs) on inventories and receivables	-1	-11	4
Impairment losses/ (reversals of impairment losses) on fixed assets	—	—	—
EBITDA - Underlying	**376**	**689**	**381**
ROCE			
EBIT	288	513	280
Weighted average capital employed	1 063	2 169	1 239
ROCE	**27.1 %**	**23.7 %**	**22.6 %**
EBIT interest coverage			
EBIT	288	513	280
(Interest income)	-2	-3	-2
Interest expense	25	44	19
(interest element of discounted provisions)	-1	-2	-1
Net interest expense	22	39	17
EBIT interest coverage	**13.0**	**13.0**	**16.6**
ROE (return on equity)			
Result for the period	231	451	252
Average equity	1 676	1 818	2 218
ROE	**27.6 %**	**24.8 %**	**22.7 %**
Capital ratio (Financial autonomy)			
Equity	1 817	2 101	2 336
Total assets	4 365	4 844	5 188
Financial autonomy	**41.6 %**	**43.4 %**	**45.0 %**
Gearing			
Net debt	519	417	673
Equity	1 817	2 101	2 336
Gearing (net debt on equity)	**28.6 %**	**19.9 %**	**28.8 %**
Net debt on EBITDA			
Net debt	519	417	673
EBITDA	372	677	377
Net debt on EBITDA (annualized)	**0.70**	**0.62**	**0.89**

in millions of €	H1 2021	FY 2021	H1 2022
Net debt on EBITDA- Underlying			
Net debt	519	417	673
EBITDA-Underlying	376	689	381
Net debt on EBITDA-underlying (annualized)	**0.69**	**0.61**	**0.88**
Current Ratio			
Current Assets	2 510	2 872	3 098
Current liabilities	1 414	1 636	1 950
Current Ratio	**1.8**	**1.8**	**1.6**
Operating free cash flow			
Cash flows from operating activities	181	385	-26
Purchase of intangible assets	-5	-13	-5
Purchase of PP&E	-46	-144	-66
Purchase of RoU Land	—	—	—
Proceeds from disposals of fixed assets	24	37	1
Operating free cash flow	**155**	**265**	**-96**
Free Cash Flow (FCF)			
Cash flows from operating activities	181	385	-26
Purchase of intangible assets	-5	-13	-5
Purchase of property, plant and equipment	-46	-144	-66
Purchase of RoU Land	—	—	—
Dividends received	10	25	28
Interest received	2	3	2
Interest paid	-14	-35	-13
Free Cash Flow	**128**	**221**	**-80**