

Bekaert announces CEO appointment and FY 2020 results

The Board of Directors appoints Oswald Schmid as CEO of Bekaert

The Board of Directors of Bekaert has appointed Oswald Schmid as Chief Executive Officer. [Oswald Schmid](#) has been leading the Bekaert Group Executive as interim CEO since 13 May 2020, when he was appointed member of the Board of Directors.

Jürgen Tinggren, Chairman of the Board of Directors, comments: *“On behalf of the Board of Directors, I am proud to announce the appointment of Oswald Schmid as the CEO of Bekaert. The Board is convinced that Oswald is the right person at the helm of Bekaert. His leadership capabilities have been critically important in guiding the company toward a higher level performance, despite the unprecedented challenges faced throughout the health crisis. We are raising our ambitions for the near future and consider continuity in successful leadership at the CEO level an important enabler to reach those ambitions.”*

The appointment of Oswald Schmid as CEO of Bekaert takes immediate effect.

Bekaert delivers solid profit growth and strengthens the balance sheet

uEBIT of € 272 million or 7.2% margin on sales – uROCE up +28% to 12.2% – net debt/uEBITDA of 1.26

Bekaert has successfully implemented the first steps of its transformation toward higher performance and delivered on all priorities set forth to restore a healthy balance sheet and improve the margin performance. Strong on execution, the Company has effectively captured the opportunities resulting from a fast and significant rebound in various markets in the second half of 2020 while efficiently countering the significant impact of Covid-19 through mitigating measures and structural performance improvements.

Financial highlights FY2020¹

- Consolidated sales of € 3.8 billion (-10%²) and combined sales of € 4.4 billion (-7%²)
- Underlying EBIT of € 272 million, up +13% from last year, resulting in a margin of 7.2% (versus 5.6%)
- EBIT of € 257 million, up +65% from last year and resulting in a margin of 6.8% (versus 3.6%)
- Underlying EBITDA of € 479 million (+2%), delivering a solid double-digit margin on sales (12.7%)
- Underlying ROCE of 12.2%, significantly up from 9.5% in 2019
- EPS of € 2.38 per share (versus € 0.73 last year)
- Working capital reduction of -23%, resulting in a working capital on sales ratio of 14% at year-end and 16% average during the year
- Solid Operating Free Cash Flow of € 449 million, up +8% versus last year
- Net debt of € 604 million, down from € 977 million at the close of 2019, resulting in net debt on underlying EBITDA of 1.26, significantly down from 2.09 last year

Focus and effectiveness of our actions in 2020

- Structural improvements to the overall Bekaert performance:
 - Improved product and business mix, in line with our strategy to upgrade the business portfolio
 - Robust progress in profit restoration programs: all four Business Units of Bekaert delivered an underlying EBIT margin of 7% or more as well as a double-digit underlying EBITDA margin
 - Continued implementation of organizational efficiencies and manufacturing excellence programs
 - Tight control on working capital and capital expenditure to deleverage the debt

¹ All comparisons made are relative to the financial year 2019

² Organic decline, excluding currency movements

- Effective and agile Covid-19 response:
 - Protective measures to limit the impact of the Covid-19 pandemic on the health and safety of our employees and their families
 - Customer centricity and agile supply chain management across the value chain, ensuring supply continuity to customers both during the (H1) downturn and (H2) demand rebound
 - Effective mitigating actions to decrease cost

Bottom-line result and dividend proposal

- The result for the period attributable to equity holders of Bekaert amounted to € 135 million, more than tripling compared to last year (€ 41 million) driven by a strong profit performance, a reduction of the effective tax rate (from 73% in 2019 to 33% in 2020), and the robust increase in the results of the Brazilian joint ventures.
- The Board of Directors will propose to the Annual General Meeting of Shareholders of 12 May 2021, a gross dividend of € 1.00, in line with the company's pay-out policy.

Outlook

Despite a fast and strong rebound in several markets in the past months, the global economic uncertainty remains high.

The structural improvement actions we have been implementing since the end of 2019 and our agile response to Covid-19 have demonstrated their effectiveness in strengthening Bekaert's overall performance.

Actions to further step up our performance should generate robust progress towards our long term goals:

- We project FY 2021 consolidated sales to reach at least € 4 billion, subject to demand and currency evolutions.
- We intend to exceed the solid underlying EBIT margin of 2020 by 40-60 bps in 2021.
- Net debt on underlying uEBITDA is projected to stay below 1.5 in 2021.

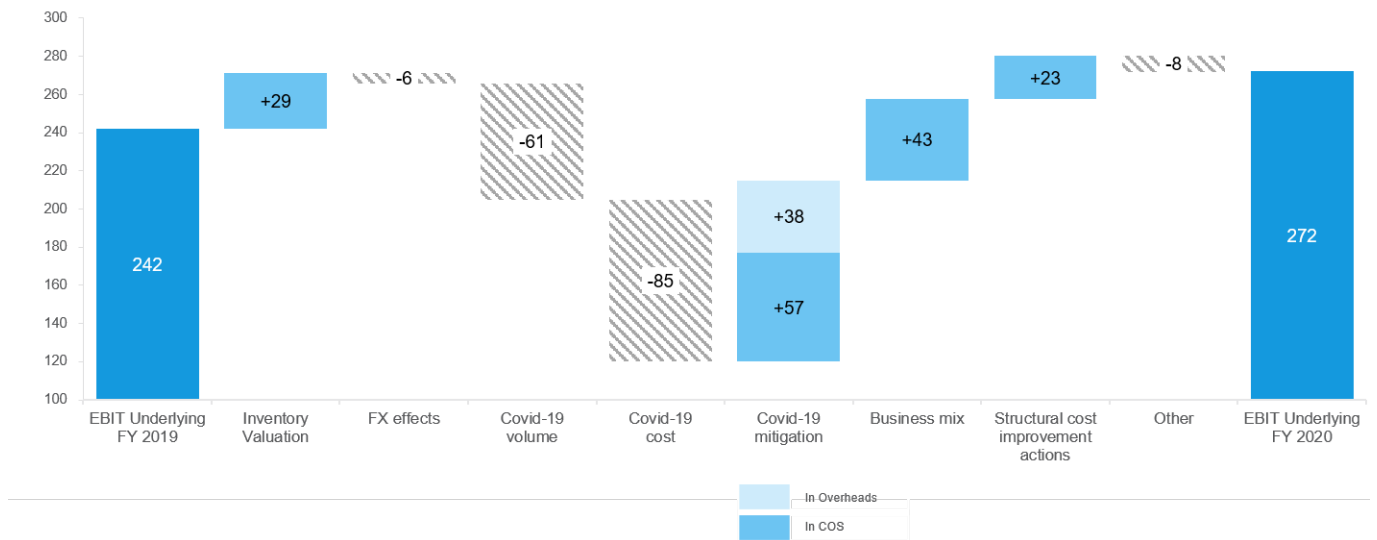
The strong performance we delivered in the difficult year 2020 and our determination to stimulate value creation by further enhancing our business portfolio and seizing value growth in robust markets, have made us more confident about the future potential of Bekaert. We are therefore raising our ambitions for the coming years.

Financial Statements Summary

in millions of €	Underlying				Reported	
	2019	2020	H1 2020	H2 2020	2019	2020
Consolidated sales	4 322	3 772	1 770	2 002	4 322	3 772
Operating result (EBIT)	242	272	92	181	155	257
EBIT margin on sales	5.6%	7.2%	5.2%	9.0%	3.6%	6.8%
Depreciation, amortization and impairment losses	226	207	103	104	248	216
EBITDA	468	479	194	285	403	473
EBITDA margin on sales	10.8%	12.7%	11.0%	14.2%	9.3%	12.5%
ROCE	9.5%	12.2%			6.1%	11.5%
Combined sales	5 132	4 438	2 065	2 373	5 132	4 438

Underlying EBIT bridge

in millions of €



Bekaert's underlying EBIT reached € 272 million in 2020, reflecting a margin of 7.2% and an increase of € 30 million or +13% compared with last year, despite a -13% sales decline. The agile response to the impact of Covid-19, the structural cost improvement actions, and significant business mix improvements more than offset the volume and cost impact of the health crisis.

Where the underlying EBIT bridge showed a negative year-on-year transition in the first half (€ -34 million), it turned highly positive in the second half (an increase of € +64 million or +56% compared with H2 2019, reaching € 181 million in underlying EBIT and reflecting a margin of 9.0%). The strong benefits from business mix improvements, the continued mitigation actions, and positive, non-cash inventory valuation effects from increased raw materials prices at year-end, contributed to the strong profitability improvement in the second half of 2020.

Sales

Bekaert achieved **consolidated sales** of € 3.8 billion in 2020, well below last year (-12.7%) due to the heavy impact of the Covid-19 pandemic in the first half of 2020. The organic sales decline (-9.7%) was driven by lower volumes (-8.3%) and passed-on wire rod price and other price-mix effects for the full year (-1.4%). The currency movements were -3.0% negative.

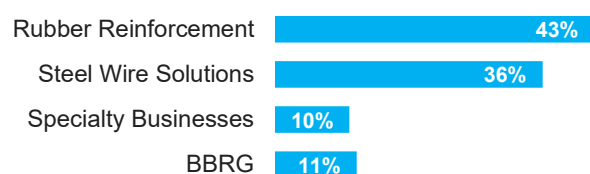
Combined sales totaled € 4.4 billion for the year, down -13.5% from 2019. The solid organic sales growth of Bekaert's joint ventures in Brazil (+6.8%) was more than offset by the strong devaluation (-33.4%) of the Brazilian real, resulting in a top-line decline of -18.0%.

Consolidated and combined sales by segment – in millions of €

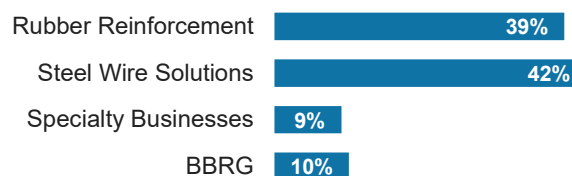
Consolidated third party sales	2019	2020	Share	Variance ³	Organic	FX
Rubber Reinforcement	1 953	1 614	43%	-17%	-16%	-2%
Steel Wire Solutions	1 448	1 334	36%	-8%	-3%	-5%
Specialty Businesses	414	389	10%	-6%	-5%	-1%
BBRG	489	424	11%	-13%	-10%	-3%
Group	19	11	-	-	-	-
Total	4 322	3 772	100%	-12.7%	-9.7%	-3.0%

Combined third party sales ⁴	2019	2020	Share	Variance ³	Organic	FX
Rubber Reinforcement	2 124	1 742	39%	-18%	-14%	-4%
Steel Wire Solutions	2 102	1 881	42%	-11%	+1%	-11%
Specialty Businesses	414	390	9%	-6%	-5%	-1%
BBRG	489	424	10%	-13%	-10%	-3%
Group	3	-	-	-	-	-
Total	5 132	4 438	100%	-13.5%	-7.0%	-6.6%

Consolidated sales



Combined sales



2020 quarter-on-quarter progress – in millions of €

After the strong rebound in the third quarter of 2020, consolidated sales recovered to pre-Covid-19 levels in the last quarter of 2020, despite significant adverse currency effects (-4.6%). Rubber Reinforcement and Steel Wire Solutions achieved strong volume recovery in the second half of 2020 while Specialty Businesses recorded modest improvement. BBRG's sales decline in the second half was due to the business unit's strategy to reduce its presence in lower margin applications and to adverse seasonality effects.

Consolidated third party sales	1 st Q	2 nd Q	3 rd Q	4 th Q	Q4 y-o-y ⁵
Rubber Reinforcement	417	292	437	468	+2%
Steel Wire Solutions	345	294	342	352	+3%
Specialty Businesses	98	87	103	101	-2%
BBRG	115	114	101	94	-23%
Group	2	7	1	2	-
Total	977	793	985	1 017	-1%

Combined third party sales ⁴	1 st Q	2 nd Q	3 rd Q	4 th Q	Q4 y-o-y ⁵
Rubber Reinforcement	451	308	476	507	+1%
Steel Wire Solutions	490	402	493	496	-
Specialty Businesses	98	87	103	101	-2%
BBRG	115	114	101	94	-23%
Total	1 154	911	1 174	1 198	-2%

³ Comparisons are made relative to the financial year 2019, unless otherwise indicated.

⁴ Combined sales are sales of fully consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

⁵ Q4 year-on-year sales: 4th quarter 2020 versus 4th quarter 2019.

Segment reports

Rubber Reinforcement: strong rebound in H2 and robust margin performance

Key figures (in millions of €)	Underlying				Reported	
	2019	2020	H1 2020	H2 2020	2019	2020
Consolidated third party sales	1 953	1 614	709	905	1 953	1 614
Consolidated sales	1 986	1 645	725	920	1 986	1 645
Operating result (EBIT)	172	144	28	116	155	136
EBIT margin on sales	8.7%	8.8%	3.9%	12.6%	7.8%	8.3%
Depreciation, amortization and impairment losses	122	105	52	52	132	105
EBITDA	295	249	81	168	286	241
EBITDA margin on sales	14.8%	15.1%	11.1%	18.3%	14.4%	14.6%
Combined third party sales	2 124	1 742	760	983	2 124	1 742
Segment assets	1 526	1 404	1 359	1 404	1 526	1 404
Segment liabilities	287	310	194	310	287	310
Capital employed	1 239	1 094	1 165	1 094	1 239	1 094
ROCE	13.2%	12.4%			11.9%	11.7%

Sales

Bekaert's Rubber Reinforcement business has been significantly affected by the impact of the Covid-19 pandemic in the first half of the year, but reported a strong and fast rebound in the second half (sales up +28% from the first half). In the fourth quarter of 2020, sales volumes surged +7% higher than the same quarter last year, driven by very strong demand from tire markets in Asia and EMEA and recovering demand for hose reinforcement wire products. The business unit reported a sales decrease of -17.3% for the full year, compared to 2019. This stemmed from lower volumes (-11.5%), unfavorable currency movements (-1.9%), and passed-on wire rod price changes and other price-mix effects (-3.9%).

Financial performance

The business unit implemented extensive measures to lower the cost structure in order to partly offset the severe impact of the Covid-19 pandemic on demand from tire markets in the first half of 2020. The benefits of those efforts delivered their full potential during the rebound in the second half, which resulted in a strong H2 underlying EBIT margin of 12.6%, far exceeding previous reporting periods.

The segment reported an underlying EBIT of € 144 million for the full year or 8.8% margin on sales, slightly above last year. Reported EBIT was € 136 million with a margin on sales of 8.3%. The one-off elements (€ -8 million) included restructuring costs, impairment losses and increased environmental provisions.

The underlying EBITDA margin was 15.1%, up 0.3 ppt from last year.

Capital expenditure (PP&E) amounted to € 37 million and included investments in all continents, particularly in Asia and in Central and Eastern Europe.

Combined sales and joint venture performance

The Rubber Reinforcement joint venture in Brazil reported flat sales growth at constant exchange rates but the strong devaluation of the Brazilian real affected the top-line by -25%. Including joint ventures, the business unit's combined sales decreased by -18% versus last year.

The margin performance of the Rubber Reinforcement 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: profit boost from improved business mix and footprint optimization

Key figures (in millions of €)	Underlying				Reported	
	2019	2020	H1 2020	H2 2020	2019	2020
Consolidated third party sales	1 448	1 334	639	694	1 448	1 334
Consolidated sales	1 491	1 363	655	708	1 491	1 363
Operating result (EBIT)	51	96	40	56	25	88
EBIT margin on sales	3.4%	7.0%	6.0%	8.0%	1.7%	6.4%
Depreciation, amortization and impairment losses	55	53	27	26	68	52
EBITDA	106	149	67	82	93	140
EBITDA margin on sales	7.1%	10.9%	10.2%	11.6%	6.2%	10.3%
Combined third party sales	2 102	1 881	892	989	2 102	1 881
Segment assets	879	805	849	805	879	805
Segment liabilities	286	308	282	308	286	308
Capital employed	593	497	566	497	593	497
ROCE	7.9%	17.6%			3.9%	16.1%

Sales

Bekaert's Steel Wire Solutions business, significantly affected by the impact of the Covid-19 pandemic in the second quarter of 2020, saw a turning point early in the third quarter and delivered robust organic sales growth in the last quarter (+10% compared to Q4 last year). This organic growth, driven by increased sales in EMEA, China and Latin America was, however, largely offset by adverse currency movements.

The business unit reported a sales decrease of -7.9 % for the full year, compared to 2019. This stemmed from lower volumes (-3.4%) and unfavorable currency movements (-4.9%). The year-on-year effect of passed-on wire rod price changes and other price-mix effects was about neutral (+0.4%).

Overall, demand in most sectors and regions remained below pre-Covid levels until the end of 2020. However, Bekaert's agile response to customer needs, global access to raw materials, and effective safety measures in the plants, enabled the business unit to keep the operations running and to secure delivery to customers worldwide. This resulted in positive customer appreciation and increased market share.

Financial performance

Steel Wire Solutions delivered a robust underlying EBIT result of € 96 million and strong underlying EBIT margin on sales of 7.0%, doubling the margin of last year. Reported EBIT was € 88 million with a margin on sales of 6.4%. The one-off elements (€ -8 million) mainly related to restructuring costs. The strong margin increase was the result of an improved business mix and footprint optimization (reduced impact of lower margin activities), stringent cost control, and the effectiveness of Covid-19 mitigation actions.

Underlying EBITDA improved to a double-digit margin of 10.9%.

Capital expenditure (PP&E) amounted to € 21 million and mainly included investments in Central Europe, China, Chile and Colombia.

Combined sales and joint venture performance

The Steel Wire Solutions joint venture in Brazil reported +8.5% sales growth at constant exchange rates but the strong devaluation of the Brazilian real affected the top-line by -16%. Including joint ventures, the business unit's combined sales decreased by -10.5% versus last year.

The margin performance of the Steel Wire Solutions 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: continued strong profit contribution, tempered by one-time corrections

Key figures (in millions of €)	Underlying				Reported	
	2019	2020	H1 2020	H2 2020	2019	2020
Consolidated third party sales	414	389	185	205	414	389
Consolidated sales	426	396	188	208	426	396
Operating result (EBIT)	52	45	24	21	34	36
EBIT margin on sales	12.2%	11.4%	12.9%	10.1%	8.0%	9.2%
Depreciation, amortization and impairment losses	15	16	7	9	17	18
EBITDA	67	62	31	30	51	54
EBITDA margin on sales	15.7%	15.5%	16.6%	14.6%	12.1%	13.7%
Segment assets	302	288	317	288	302	288
Segment liabilities	67	71	69	71	67	71
Capital employed	235	217	248	217	235	217
ROCE	22.4%	20.0%			14.6%	16.0%

Sales

The business unit Specialty Businesses reported a sales decrease of -5.9% for the full year 2020, compared to 2019. This stemmed from lower volumes (-8.7%) and adverse currency effects (-1.4%), partly tempered by positive mix effects (+4.1%).

- Building Products reported an organic sales decline of -6.7% due to the impact of the pandemic on demand in construction markets, but further strengthened the innovation driven business mix.
- Fiber Technologies saw an organic sales decline of -5.2% due to weak demand in automotive, aerospace and aviation applications, which was partly compensated by strong growth in filtration solutions, particularly in Asia. Sawing wire sales - integrated within the Fiber Technologies platform since December 2020 – were limited and in line with last year.
- Combustion Technologies reported flat sales, year-on-year.

Financial performance

Specialty Businesses delivered an underlying EBIT result of € 45 million, -13% below last year and reaching an underlying EBIT margin on sales of 11.4% (versus 12.2% last year). The reduction primarily resulted from inventory write-offs and other adjustments in Combustion Technologies (€ -5 million), a lower result in Fiber Technologies due to weaker demand for high-value adding products, and higher loss generation in (diamond) sawing wire versus last year.

Reported EBIT was € 36 million with a margin on sales of 9.2%, both exceeding last year's performance. The one-off elements in 2020 (€ -9 million) were mainly due to restructuring programs in (diamond) Sawing Wire and Combustion Technologies, implemented in China in December 2020. The respective business mix and footprint adjustments will positively influence the uEBIT performance as of the beginning of 2021.

The underlying EBITDA margin reached 15.5%, slightly below the margin of last year.

Capital expenditure (PP&E) amounted to € 29 million and mainly included investments in Building Products (Czech Republic and India) and to a lesser extent in Fiber and Combustion Technologies.

Bridon-Bekaert Ropes Group: robust step-up in performance

Key figures (in millions of €)	Underlying				Reported	
	2019	2020	H1 2020	H2 2020	2019	2020
Consolidated third party sales	489	424	229	196	489	424
Consolidated sales	491	427	230	197	491	427
Operating result (EBIT)	12	34	24	10	9	24
EBIT margin on sales	2.4%	7.9%	10.3%	5.1%	1.9%	5.6%
Depreciation, amortization and impairment losses	32	31	16	15	31	38
EBITDA	44	64	39	25	40	62
EBITDA margin on sales	9.0%	15.1%	17.2%	12.7%	8.1%	14.4%
Segment assets	588	506	546	506	588	506
Segment liabilities	102	83	84	83	102	83
Capital employed	486	423	462	423	486	423
ROCE	2.5%	7.4%			1.9%	5.2%

Sales

Bridon-Bekaert Ropes Group (BBRG) recorded a sales decline of -13% compared to last year, all of which was driven by lower volumes. Part of the volume decrease was a result of BBRG's strategy to reduce its presence in lower margin rope applications. The A-Cords (advanced cords) business saw decreased sales in automotive markets and solid demand from elevator and timing belt markets.

Financial performance

BBRG accelerated the implementation of the profit restoration program for the ropes activities and further boosted profitability with a stronger business mix and significant cost savings and Covid-19 mitigation actions. The A-Cords activities continued to deliver a solid margin performance.

The business unit delivered an underlying EBIT of € 34 million at a margin of 7.9% on sales, more than tripling the margin of the previous year. Underlying EBITDA reached a strong margin of 15.1%, compared with 9.0% in 2019. As anticipated, BBRG's sales and margins trended lower in the second half of the year, due to weaker business conditions in the Americas and less project business and seasonality effects in the second half of the year.

Reported EBIT was € 24 million and included € -10 million in one-offs, mainly due to impairments related to the planned plant closure in Pointe-Claire, Canada, and restructuring programs in EMEA. The benefits from these restructuring programs are expected to start to flow through from 2021 onwards.

BBRG invested € 16 million in PP&E, mainly in ropes plants in the UK and the US and in the Belgian A-Cords plant.

Strengthening our financial position and reducing net debt

Net debt was € 604 million at year-end 2020, € -373 million down from € 977 million at the close of 2019. Net debt on underlying EBITDA was 1.26, compared with 2.09 last year. Working capital has been kept well under control with significantly lower inventory levels (decrease of € -100 million), about stable accounts payable (effect on working capital of € -4 million) and a reduction of accounts receivable (€ -61 million) driven by successful cash collection actions and an extended use of off-balance sheet factoring (€ 152 million, € +31 million up from last year). Total working capital was € 535 million at year-end, reflecting a total reduction of € -164 million compared to last year.

Working capital on sales was 14.2% at the close of the year - a record low - and the average working capital on sales was 16.4%, down from 18.2% in 2019.

Investment update and other information

Investments in property, plant and equipment amounted to € 100 million in 2020, about stable compared to last year (€ 98 million).

Alongside the ongoing improvement programs towards higher level performance, Bekaert has determined a number of actions to address structural changes in the market environment. In addressing these, the Group is enhancing the effectiveness of its operating model and process efficiencies across the business, while continually evaluating the set-up and usage of its footprint in view of driving sustainable value creation.

As part of the global approach and measures:

- We announced, [on 4 December 2020](#), the intention to reorganize the global engineering activities, several functional department areas serving the Group's global or local business needs, and a number of support and technical roles in the production plants in Zwevegem, Belgium. The restructuring plan would affect 160 jobs in Belgium and the intended implementation is scheduled as of 2021 onwards. The negotiations with the social partners are ongoing.
- We announced, [on 18 December 2020](#), the decision to cease the loss-making fixed abrasive (diamond) sawing wire activities, located in Jiangyin (China), with immediate effect. The other sawing wire activities, loose abrasive sawing wire and core wire activities, also based in Jiangyin, have been integrated within the Fiber Technologies platform of Bekaert's Specialty Businesses division.
- Also in December 2020, we moved the Combustion Technologies activities in China from Taicang to Jiangyin, where synergies of scale will be leveraged and cost effectiveness enhanced.
- Post-balance sheet date, [on 5 January 2021](#), we announced the decision to close BBRG manufacturing plant in Pointe-Claire, Canada, by the end of May 2021. BBRG will consolidate the North American ropes platform in the US to ensure long-term competitiveness by better leveraging scale, synergies, and efficiencies.

[On 28 September 2020](#), Bekaert and Almasa reached an agreement on the merger of Proalco SAS (subsidiary of Bekaert) with the steel wire activities of Almasa SA, both located in Colombia. The partnership intends to create value by combining expertise and resources in offering existing and new steel wire products and solutions to the market. The transaction, subject to customary closing conditions including regulatory approvals, is expected to close in the course of the first half of 2021.

On 31 December 2019, the Company held 3 873 075 treasury shares. Of these 3 873 075 treasury shares, 10 036 shares were transferred to non-executive Directors of Bekaert as remuneration for the performance of the duties as Chairman or member of the Board of Directors and 13 439 shares were transferred to members of the BGE pursuant to the Bekaert share-matching plan. A total of 10 766 own shares were sold to members of the BGE in the framework of the Bekaert personal shareholding requirement plan. In addition, 29 300 stock options were exercised under the Stock Option Plan 2010-2014 and 29 300 treasury shares were used for that purpose. The company did not purchase any shares in the course of 2020 and no treasury shares were cancelled. As a result, the Company held an aggregate 3 809 534 treasury shares as of 31 December 2020.

Financial review

Financial results

Bekaert achieved an operating result (EBIT-underlying) of € 272 million (versus € 242 million last year). This resulted in a margin on sales of 7.2% (5.6% in 2019).

The one-off items amounted to € -16 million (€ -87 million in 2019) and mainly included expenses and impairments related to footprint adjustments and other restructuring programs, largely offset by the gain on sale of land and building in Belgium and the related reversal of environmental provisions. Including the one-off items, EBIT was € 257 million, representing an EBIT margin on sales of 6.8% (versus € 155 million or 3.6% in 2019). Underlying EBITDA was € 479 million (12.7% margin) compared with € 468 million (10.8%) and EBITDA reached € 473 million, or a margin on sales of 12.5% (versus 9.3%).

Overhead expenses (underlying) decreased by € -29 million to 8.9% on sales (versus 8.4% in 2019). Selling and administrative expenses decreased by € -16 million due to a lower cost base from structural cost saving programs and the Covid-19 mitigation actions. Research and development expenses amounted to € 50 million, compared with € 62 million in 2019, a result of better focus and the savings impact from the 2019 restructuring. Underlying other operating revenues and expenses decreased from € 17 million last year to € 8 million in 2020 due to a reduction in royalties received and impairment losses in 2020 versus provision reversals in 2019. Reported other operating revenues and expenses (€ +51 million) were significantly higher than last year (€ +15 million) due to the gain on sale of real estate in Belgium.

Interest income and expenses amounted to € -56 million, down from € -66 million in 2019 and a result of lower interests on financial derivatives. Other financial income and expenses amounted to € -30 million (€ -18 million in 2019) mainly due to adverse realized and unrealized currency translation effects.

Income taxes increased from € -51 million to € -57 million. The overall effective tax rate dropped from 73% to 33% thanks to the rebound in profitability with less impact from loss generating entities, and the reversal of provisions on settled tax cases.

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

The result for the period thus totaled € +148 million, compared with € +48 million in 2019. The result attributable to non-controlling interests was € +13 million (versus € +7 million last year) due to the profit increase 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 € +135 million versus € +41 million last year. Earnings per share amounted to € +2.38, significantly up from € +0.73 in 2019.

Balance sheet

As at 31 December 2020, equity represented 35.8% of total assets, slightly up from 35.6% at year-end 2019. The gearing ratio (net debt to equity) was 39.4%, significantly down from 63.8% at year-end 2019 due to strong deleveraging.

Net debt of € 604 million, down from € 977 million at the close of 2019, resulting in net debt on underlying EBITDA of 1.26, significantly down from 2.09 last year.

Cash flow statement

Cash flows from operating activities amounted to € +505 million, lower than the € +524 million in 2019, mainly as a result of a lower decrease in working capital (contributing € +124 million to cash from operating activities in 2020 versus € +169 million in 2019), partly offset by a higher EBITDA, lower cash-outs on income taxes and lower usage of provisions and employee benefit obligations.

Cash flows attributable to investing activities amounted to € -31 million (versus € -91 million in 2019) due to the proceeds from disposal of fixed assets, mainly the sale of land and buildings in Belgium. The cash-out from capital expenditure was about stable compared to last year.

Cash flows from financing activities totaled € -83 million, compared with € -269 million last year. 2019 included the proceeds from a new retail bond (€ +200 million) and Schuldschein issue (€ +320 million), more than offset by the repayment of non-current interest-bearing debt instruments (€ -675 million), whereas 2020 included the proceeds of a new retail bond (€ +200 million) which was offset by the repayment of non-current interest-bearing debt instruments (for a total of € -248 million). In addition, 2020 included a lower amount of gross dividend payments (€ -26 million) versus the previous year (€ -53 million).

NV Bekaert SA (statutory accounts)

The Belgium-based entity's sales amounted to € 281 million, compared with € 319 million in 2019. The operating loss including non-recurring items was € -17 million, compared with € -3 million in 2019. The financial result including non-recurring items was € -72 million (versus € +61 million in 2019), mainly due to less dividends received and loss on the realization of financial fixed assets. This led to a result for the period of € -87 million compared with € +61 million in 2019.

Financial Calendar

Webcast 2020 results	3 March	2021
The CEO and the CFO of Bekaert will present the results to the investment community at 02:00 p.m. CET. This conference can be accessed live upon registration via the Bekaert website (bekaert.com/en/investors) in listen-only mode.		
2020 annual report available on annualreport.bekaert.com	26 March	2021
2020 sustainability report available on sustainability.bekaert.com	26 March	2021
First quarter trading update 2021	12 May	2021
General Meeting of Shareholders	12 May	2021
Dividend ex-date	14 May	2021
Dividend payable	18 May	2021
2021 half year results	30 July	2021
Third quarter trading update 2021	19 November	2021

Notes

The statutory auditor has confirmed that the audit procedures on the consolidated financial statements have been substantially completed and have revealed no material adjustments that would have to be made to the accounting information included in this press release. In preparing the consolidated financial statements, the same accounting policies and methods of computation have been used as in the 31 December 2019 annual consolidated financial statements. No new, amended or revised IFRSs that have been adopted as of 1 January 2020 have had a material impact on this report.

Statement from the responsible persons

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

- the consolidated financial statements of NV Bekaert SA and its subsidiaries as of 31 December 2020 have been prepared in accordance with the International Financial Reporting Standards, and give a true and fair view of the assets and liabilities, financial position and result of the whole of the companies included in the consolidation; and
- the comments and analyses in this press release give a fair view of the development of the business and of the results and the position of the whole of the companies included in the consolidation.

On behalf of the Board of Directors.

Oswald Schmid Chief Executive Officer
Jürgen Tinggren Chairman of the Board of Directors

Disclaimer

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

Company Profile

Bekaert (bekaert.com) is a world market and technology leader in steel wire transformation and coating technologies. We pursue to be the preferred supplier for our steel wire products and solutions by continuously delivering superior value to our customers worldwide. Bekaert (Euronext Brussels: BEKB) is a global company with more than 27 000 employees worldwide, headquarters in Belgium and € 4.4 billion in combined revenue in 2020.

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Annex 1: Consolidated income statement

(in thousands of €)	2019	2020
Sales	4 322 450	3 772 374
Cost of sales	-3 795 320	-3 214 056
Gross profit	527 131	558 318
Selling expenses	-188 606	-167 141
Administrative expenses	-127 676	-133 526
Research and development expenses	-70 729	-52 361
Other operating revenues	27 655	84 659
Other operating expenses	-12 758	-33 422
Operating result (EBIT)	155 017	256 527
of which		
EBIT - Underlying	241 909	272 244
One-off items	-86 891	-15 717
Interest income	2 841	3 386
Interest expense	-69 166	-59 554
Other financial income and expenses	-18 371	-30 165
Result before taxes	70 322	170 194
Income taxes	-51 081	-56 513
Result after taxes (consolidated companies)	19 241	113 682
Share in the results of joint ventures and associates	28 959	34 355
RESULT FOR THE PERIOD	48 200	148 037
Attributable to		
<i>equity holders of Bekaert</i>	41 329	134 687
<i>non-controlling interests</i>	6 871	13 350
EARNINGS PER SHARE (in € per share)		
Result for the period attributable to equity holders of Bekaert		
Basic	0.73	2.38
Diluted	0.73	2.27

Annex 2: Reported and Underlying

(in thousands of €)	2019	2019	2019	2020	2020	2020
	Reported	of which underlying	of which one-offs	Reported	of which underlying	of which one-offs
Sales	4 322 450	4 322 450		3 772 374	3 772 374	
Cost of sales	-3 795 320	-3 734 464	-60 856	-3 214 056	-3 173 517	-40 539
Gross profit	527 131	587 986	-60 856	558 318	598 857	-40 539
Selling expenses	-188 606	-182 692	-5 914	-167 141	-162 602	-4 538
Administrative expenses	-127 676	-118 467	-9 208	-133 526	-121 961	-11 565
Research and development expenses	-70 729	-61 963	-8 766	-52 361	-49 857	-2 504
Other operating revenues	27 655	27 096	559	84 659	27 187	57 472
Other operating expenses	-12 758	-10 052	-2 706	-33 422	-19 379	-14 043
Operating result (EBIT)	155 017	241 909	-86 891	256 527	272 244	-15 717
Interest income	2 841			3 386		
Interest expense	-69 166			-59 554		
Other financial income and expenses	-18 371			-30 165		
Result before taxes	70 322			170 194		
Income taxes	-51 081			-56 513		
Result after taxes (consolidated companies)	19 241			113 682		
Share in the results of joint ventures and associates	28 959			34 355		
RESULT FOR THE PERIOD	48 200			148 037		
Attributable to						
<i>equity holders of Bekaert</i>	41 329			134 687		
<i>non-controlling interests</i>	6 871			13 350		

Annex 3: Reconciliation of segment reporting

Key Figures per Segment⁶: Underlying

(in millions of €)	RR	SWS	SB	BBRG	GROUP ⁷	RECONC ⁸	2020
Consolidated third party sales	1 614	1 334	389	424	11	-	3 772
Consolidated sales	1 645	1 363	396	427	72	-130	3 772
Operating result (EBIT)	144	96	45	34	-54	6	272
EBIT margin on sales	8.8%	7.0%	11.4%	7.9%	-	-	7.2%
Depreciation, amortization, impairment losses	105	53	16	31	13	-10	207
EBITDA	249	149	62	64	-41	-4	479
EBITDA margin on sales	15.1%	10.9%	15.5%	15.1%	-	-	12.7%
Segment assets	1 404	805	288	506	-9	-123	2 872
Segment liabilities	310	308	71	83	84	-47	809
Capital employed	1 094	497	217	423	-93	-76	2 063
ROCE	12.4%	17.6%	20.0%	7.4%	-	-	12.2%
Capital expenditure - PP&E ⁹	37	21	29	16	1	-5	100

Key Figures per Segment⁶: Reported

(in millions of €)	RR	SWS	SB	BBRG	GROUP ⁷	RECONC ⁸	2020
Consolidated third party sales	1 614	1 334	389	424	11	-	3 772
Consolidated sales	1 645	1 363	396	427	72	-130	3 772
Operating result (EBIT)	136	88	36	24	-34	6	257
EBIT margin on sales	8.3%	6.4%	9.2%	5.6%	-	-	6.8%
Depreciation, amortization, impairment losses	105	52	18	38	14	-10	216
EBITDA	241	140	54	62	-20	-4	473
EBITDA margin on sales	14.6%	10.3%	13.7%	14.4%	-	-	12.5%
Segment assets	1 404	805	288	506	-9	-123	2 872
Segment liabilities	310	308	71	83	84	-47	809
Capital employed	1 094	497	217	423	-93	-76	2 063
ROCE	11.7%	16.1%	16.0%	5.2%	-	-	11.5%
Capital expenditure - PP&E ⁹	37	21	29	16	1	-5	100

⁶ RR = Rubber Reinforcement; SWS = Steel Wire Solutions; SB = Specialty Businesses; BBRG = Bridon-Bekaert Ropes Group

⁷ Group and business support

⁸ Reconciliation column: intersegment eliminations

⁹ Gross increase of PP&E

Key Figures per Segment¹⁰: Underlying

(in millions of €)	RR	SWS	SB	BBRG	GROUP ¹¹	RECONC ¹²	2019
Consolidated third party sales	1 953	1 448	414	489	19	-	4 322
Consolidated sales	1 986	1 491	426	491	91	-162	4 322
Operating result (EBIT)	172	51	52	12	-53	8	242
EBIT margin on sales	8.7%	3.4%	12.2%	2.4%	-	-	5.6%
Depreciation, amortization, impairment losses	122	55	15	32	14	-13	226
EBITDA	295	106	67	44	-39	-5	468
EBITDA margin on sales	14.8%	7.1%	15.7%	9.0%	-	-	10.8%
Segment assets	1 526	879	302	588	38	-120	3 212
Segment liabilities	287	286	67	102	87	-24	805
Capital employed	1 239	593	235	486	-49	-96	2 408
ROCE	13.2%	7.9%	22.4%	2.5%	-	-	9.5%
Capital expenditure - PP&E ¹³	42	28	20	14	2	-7	98

Key Figures per Segment¹⁰: Reported

(in millions of €)	RR	SWS	SB	BBRG	GROUP ¹¹	RECONC ¹²	2019
Consolidated third party sales	1 953	1 448	414	489	19	-	4 322
Consolidated sales	1 986	1 491	426	491	91	-162	4 322
Operating result (EBIT)	155	25	34	9	-76	8	155
EBIT margin on sales	7.8%	1.7%	8.0%	1.9%	-	-	3.6%
Depreciation, amortization, impairment losses	132	68	17	31	15	-13	248
EBITDA	286	93	51	40	-62	-5	403
EBITDA margin on sales	14.4%	6.2%	12.1%	8.1%	-	-	9.3%
Segment assets	1 526	879	302	588	38	-120	3 212
Segment liabilities	287	286	67	102	87	-24	805
Capital employed	1 239	593	235	486	-49	-96	2 408
ROCE	11.9%	3.9%	14.6%	1.9%	-	-	6.1%
Capital expenditure - PP&E ¹³	42	28	20	14	2	-7	98

¹⁰ RR = Rubber Reinforcement; SWS = Steel Wire Solutions; SB = Specialty Businesses; BBRG = Bridon-Bekaert Ropes Group

¹¹ Group and business support

¹² Reconciliation column: intersegment eliminations

¹³ Gross increase of PP&E

Annex 4: Consolidated statement of comprehensive income

(in thousands of €)	2019	2020
Result for the period	48 200	148 037
Other comprehensive income (OCI)		
<i>Other comprehensive income reclassifiable to income statement in subsequent periods</i>		
Exchange differences	14 392	-119 013
OCI reclassifiable to income statement in subsequent periods, after tax	14 392	-119 013
<i>Other comprehensive income non-reclassifiable to income statement in subsequent periods:</i>		
Remeasurement gains and losses on defined-benefit plans	-833	2 497
Net fair value gain (+)/loss (-) on investments in equity instruments designated as at fair value through OCI	2 372	250
Share of non-reclassifiable OCI of joint ventures and associates	11	4
Deferred taxes relating to non-reclassifiable OCI	1 822	-1 024
OCI non-reclassifiable to income statement in subsequent periods, after tax	3 372	1 727
Other comprehensive income for the period	17 764	-117 286
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	65 964	30 751
Attributable to		
<i>equity holders of Bekaert</i>	62 506	23 233
<i>non-controlling interests</i>	3 458	7 518

Annex 5: Consolidated balance sheet

(in thousands of €)	2019	2020
Non-current assets	2 048 037	1 822 503
Intangible assets	60 266	54 664
Goodwill	149 784	149 398
Property, plant and equipment	1 349 657	1 191 781
RoU Property, plant and equipment	149 051	132 607
Investments in joint ventures and associates	160 665	123 981
Other non-current assets	36 281	45 830
Deferred tax assets	142 333	124 243
Current assets	2 256 647	2 465 597
Inventories	783 030	683 477
Bills of exchange received	59 904	54 039
Trade receivables	644 908	587 619
Other receivables	111 615	101 330
Short-term deposits	50 039	50 077
Cash and cash equivalents	566 176	940 416
Other current assets	40 510	41 898
Assets classified as held for sale	466	6 740
Total	4 304 684	4 288 100
Equity	1 531 540	1 535 055
Share capital	177 793	177 812
Share premium	37 751	37 884
Retained earnings	1 492 028	1 614 781
Other Group reserves	-272 462	-382 597
Equity attributable to equity holders of Bekaert	1 435 110	1 447 880
Non-controlling interests	96 430	87 175
Non-current liabilities	1 367 171	1 163 759
Employee benefit obligations	123 409	130 948
Provisions	25 005	25 166
Interest-bearing debt	1 184 310	968 076
Other non-current liabilities	265	1 231
Deferred tax liabilities	34 182	38 337
Current liabilities	1 405 973	1 589 286
Interest-bearing debt	424 184	641 655
Trade payables	652 384	668 422
Employee benefit obligations	148 784	149 793
Provisions	30 222	11 421
Income taxes payable	82 411	53 543
Other current liabilities	67 988	64 451
Liabilities associated with assets classified as held for sale	-	-
Total	4 304 684	4 288 100

Annex 6: Consolidated statement of changes in equity

(in thousands of €)	2019	2020
Opening balance	1 516 002	1 531 540
Restatements	-4 365	-
Opening balance (restated)	1 511 637	1 531 540
Total comprehensive income for the period	65 964	30 751
Capital contribution by non-controlling interests	652	-
Effect of acquisitions and disposals	1 661	-8 970
Creation of new shares	-	153
Treasury shares transactions	39	1 084
Dividends to shareholders of Bekaert	-39 557	-19 787
Dividends to non-controlling interests	-13 247	-8 271
Other	4 390	8 556
Closing balance	1 531 540	1 535 055

Annex 7: Consolidated cash flow statement

(in thousands of €)	2019	2020
Operating result (EBIT)	155 017	256 527
Non-cash items included in operating result	305 198	270 417
Investing items included in operating result	3 428	-38 626
Amounts used on provisions and employee benefit obligations	-61 299	-50 756
Income taxes paid	-60 624	-56 504
Gross cash flows from operating activities	341 721	381 059
Change in operating working capital	168 549	124 419
Other operating cash flows	14 056	-556
Cash flows from operating activities	524 326	504 921
New business combinations	-0	-978
Proceeds from disposals of investments	800	-
Dividends received	18 750	25 324
Purchase of intangible assets (*)	-4 410	-3 214
Purchase of property, plant and equipment (*)	-94 504	-104 477
Purchase of 'rights of use' land	-13 074	-
Proceeds from disposals of fixed assets	1 349	52 136
Cash flows from investing activities	-91 089	-31 209
Interest received	2 960	3 076
Interest paid	-50 130	-42 864
Gross dividends paid	-53 430	-25 741
Proceeds from long-term interest-bearing debt	585 696	201 309
Repayment of long-term interest-bearing debt	-675 253	-247 673
Cash flows from / to (-) short-term interest-bearing debt	-76 715	41 358
Treasury shares transactions	39	1 084
Sales and purchases of NCI	-9 500	-8 970
Other financing cash flows	7 540	-4 319
Cash flows from financing activities	-268 793	-82 741
Net increase or decrease (-) in cash and cash equivalents	164 444	390 972
Cash and cash equivalents at the beginning of the period	398 273	566 176
Effect of exchange rate fluctuations	3 459	-16 731
Cash and cash equivalents at the end of the period	566 176	940 416

(*) difference vs total capex relates to payable balances

Annex 8: Additional key figures

(in € per share)	2019	2020
Number of existing shares at 31 December	60 408 441	60 414 841
Book value	23.76	23.97
Share price at 31 December	26.50	27.16
Weighted average number of shares		
Basic	56 514 831	56 554 555
Diluted	56 587 264	64 133 617
Result for the period attributable to equity holders of Bekaert		
Basic	0.73	2.38
Diluted	0.73	2.27

(in thousands of € - ratios)	2019	2020
EBITDA	403 288	472 594
EBITDA - Underlying	468 296	479 235
Capital expenditure	101 830	103 207
Depreciation and amortization and impairment losses	248 271	216 067
Capital employed	2 407 651	2 062 960
Operating working capital	698 893	534 511
Net debt	976 984	604 081
EBIT on sales	3.6%	6.8%
EBIT - Underlying on sales	5.6%	7.2%
EBITDA on sales	9.3%	12.5%
EBITDA - Underlying on sales	10.8%	12.7%
Equity on total assets	35.6%	35.8%
Gearing (net debt on equity)	63.8%	39.4%
Net debt on EBITDA	2.4	1.3
Net debt on EBITDA - Underlying	2.1	1.3

NV Bekaert SA - Statutory Profit and Loss Statement

(in thousands of €)	2019	2020
Sales	319 403	281 052
Operating result before non-recurring items	-2 950	-14 004
Non-recurring operational items	386	-3 430
Operating result after non-recurring items	-2 564	-17 434
Financial result before non-recurring items	101 126	1 763
Non-recurring financial items	-40 472	-73 711
Financial result after non-recurring items	60 654	-71 947
Profit before income taxes	58 089	-89 381
Income taxes	3 237	2 492
Result for the period	61 327	-86 890

Annex 9: Alternative performance measures: definitions and reasons for use

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

APM reconciliation tables are provided in the Key Figures section of the Report of the Board of Directors (Annual Report 2020) which will be released on 26 March 2021.