

2021 first half-year results

Bekaert delivers superior performance

All-time high H1 sales and uEBIT • uEBIT of € 285 million or 12.4% margin on sales • net debt/uEBITDA of 0.69

Bekaert achieved strong sales and vigorous margin growth in the first half of 2021. This performance was achieved on the back of a volume rebound to pre-Covid-19 levels, an overall stronger business portfolio, the lasting impact from the implemented improvement programs, and a significant pricing and inventory valuation impact from raw material price increases.

Financial highlights H1 2021¹

- Consolidated sales of € 2 306 million (+33%²) and combined sales of € 2 782 million (+39%²)
- Underlying EBIT of € 285 million, generating a margin on sales of 12.4%, up 7.2 ppt from H1 last year
- Underlying EBITDA of € 376 million, generating a margin on sales of 16.3%, up 5.3 ppt from H1 last year
- Underlying ROCE of 26.9%, compared to 7.7% in H1 2020
- EPS of € 3.66 per share, versus € 0.59 last year
- Working capital of € 667 million or an average working capital on sales of 13.0%, significantly below the average of H1 (20.1%) and FY 2020 (16.4%), despite the impact from wire rod price increases
- Solid Operating Free Cash Flow of € 155 million (versus € 61 million in H1 2020) driven by higher profitability
- Net debt of € 519 million, € -436 million down from € 955 million as at 30 June 2020, and a further decrease (€ -85 million) from the close of 2020. This resulted in a net debt on underlying EBITDA of 0.69, down from 2.46 on 30 June last year and 1.26 at year-end 2020.

Focus and effectiveness of our actions

Our actions have been geared towards three main areas, which have contributed each **about one third** of the year-on-year underlying EBIT improvement (more details in the underlying EBIT bridge on page 3).

- **Volume recovery** to pre-Covid-19 levels, enabled by:
 - Capturing the opportunities from the global demand rebound
 - Driving growth through a customer-centric and go-to-market strategy and focus
 - Securing supply chain excellence to ensure delivery continuity to customers worldwide
- **Structural improvement** of the overall Bekaert performance:
Driving further performance improvements across the Group, through:
 - Product and business mix improvements, in line with our strategy to upgrade the business portfolio
 - Pricing discipline aligned with raw material price evolutions
 - Acceleration of our commercial and manufacturing excellence programs
 - Continued effective working capital and cost controlAs a result of these improvement actions, all four business units delivered an underlying EBIT margin between ~10% and ~17%.
- Seizing the opportunities from temporary **tailwinds**:
 - Positive non-cash inventory valuation impact of raw material price increases
 - Excluding the H1 2021 inventory valuation impact, the underlying EBIT margin would have reached approximately 10%.

¹ All comparisons are relative to the first half of 2020, unless otherwise indicated.

² Organic growth at constant exchange rates

Market developments

Demand from tire markets was very strong at a global level throughout the first half of 2021. Demand in China started to tail off in June 2021, linked to lower export business for Chinese tire makers as a result of container shortage and fiscal policy reforms. This was partly compensated by a demand rebound in North America and surging demand in EMEA and India. Demand from OEM automotive markets rebounded, though not yet to pre-Covid levels as a result of the global chip shortage.

Demand from construction and infrastructure markets was strong throughout the first half in Latin America, and progressively improved in the rest of the world. Stimulus programs have supported demand and the ongoing de-globalization trend has been beneficial, as a global player with a strong foothold in all continents.

Demand in energy & utility markets was strong, with positive evolutions for the flexible pipe armoring and overhead power cable business, improved order books and project wins for ropes, and opportunities in hydrogen power and other renewable energy markets.

Agriculture, fishing & marine, and mining markets remained solid with good sales volumes for our steel wire and ropes business. The global industrial recovery also boosted demand for Bekaert's hose reinforcement and filtration solutions.

2021 Outlook and mid-term ambitions

We project good demand in most markets in the second half of the year but we take into account the usual seasonality effects and remain cautious about supply chain interruptions and other challenges posed by the Covid-19 pandemic.

We project the positive inventory valuation impact to trend down significantly in the second half due to an anticipated stabilization in raw material prices as of the fourth quarter of 2021 onwards.

The underlying EBIT of the second half will therefore be lower than the first half of 2021 and is projected to approximate or exceed the solid level of the second half last year.

Barring unexpected events, Bekaert projects for FY 2021 an underlying EBIT margin on sales of 10% or better and sales of approximately € 4.6 billion.

FY 2021	Consolidated sales	Underlying EBIT margin	Net debt leverage
Restated guidance ³	~ € 4.6 bln	≥ 10%	<1.0

Following a review of our five-year strategy plan, we also raise our [ambitions over the mid term](#) (2022-2026) with an underlying EBIT margin ambition level of 9% to 11% through the cycle⁴. Our ambitions to achieve organic sales growth of 3%+ CAGR and deliver a FCF yield (on net result) of ~100% remain unchanged.

³ Changes versus previous guidance: FY 2021 consolidated sales from ≥ € 4.4 billion to ~ € 4.6 billion – underlying EBIT margin from ≥ 8% (≥ 80bps above FY 2020 level of 7.2%) to 10% or better.

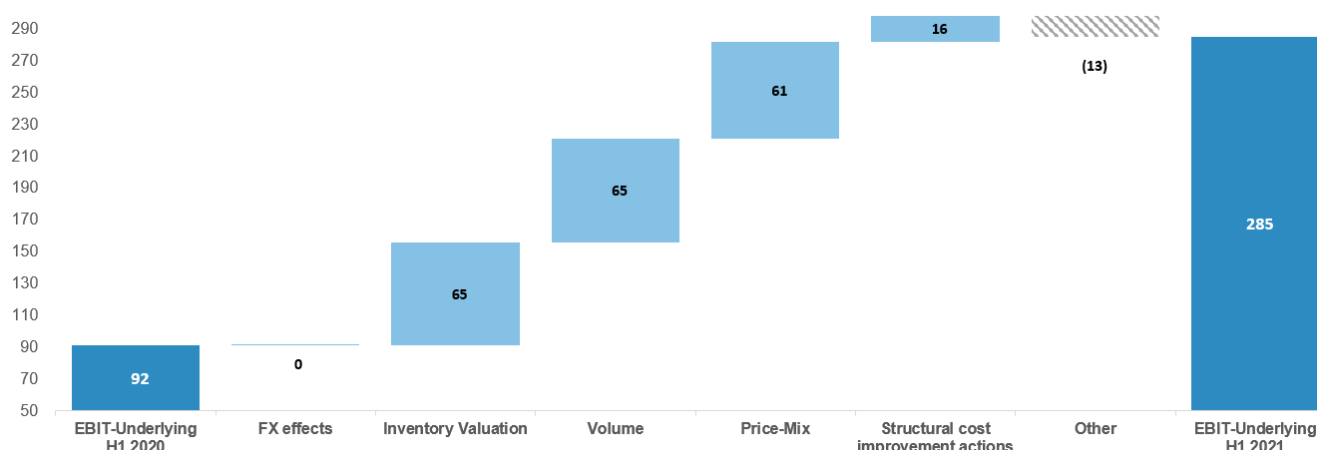
⁴ Change versus previously communicated underlying EBIT margin ambition level for the mid term: from 8-10% to 9-11%.

Financial Statements Summary

in millions of €	Underlying			Reported		
	H1 2020	H2 2020	H1 2021	H1 2020	H2 2020	H1 2021
Consolidated sales	1 770	2 002	2 306	1 770	2 002	2 306
Operating result (EBIT)	92	181	285	87	170	288
EBIT margin on sales	5.2%	9.0%	12.4%	4.9%	8.5%	12.5%
Depreciation, amortization and impairment losses	103	104	91	101	115	84
EBITDA	194	285	376	188	285	372
EBITDA margin on sales	11.0%	14.2%	16.3%	10.6%	14.2%	16.1%
ROCE (H2 = FY 2020 references)	7.7%	12.2%	26.9%	7.3%	11.5%	27.1%
Combined sales	2 065	2 373	2 782	2 065	2 373	2 782

Underlying EBIT bridge

in millions of €



Bekaert's H1 underlying EBIT increased by € +193 million to € 285 million, reflecting a margin on sales of 12.4%. The robust increase was the result of three main drivers:

- Raw material price increases induced an upward **inventory valuation** effect of € 56.6 million in the first half of 2021. Compared with the adverse effect of € -8.5 million in the same period last year, the total year-on-year increase amounted to € +65 million.
- The **volume recovery** to pre-Covid-19 levels contributed another € +65 million in the year-on-year comparison.
- **Price-Mix** improvements driven by better segmentation, product portfolio innovations, strict pricing discipline and reduced presence in lower margin applications contributed € 61 million.

Structural cost improvements added € +16 million versus H1 2020 and more than offset the net negative impact (€ -13 million) of other elements.

Sales

Bekaert achieved +32.7% organic sales growth in the first half of 2021, reaching € 2 306 million in consolidated revenue. This robust growth stemmed from higher volumes (+22.5%) and a positive impact from passed-on wire rod price changes and other mix effects (+10.2%). Part of the growth was offset by adverse currency movements (-2.4%), resulting in a top-line increase of +30.3%.

Including the vigorous sales growth of the Brazilian joint ventures (+73.8%), the combined⁵ organic sales growth was +39.2%. Adverse currency movements (-4.5%) tempered the growth to +34.7% or a combined top-line of € 2 782 million for the first half.

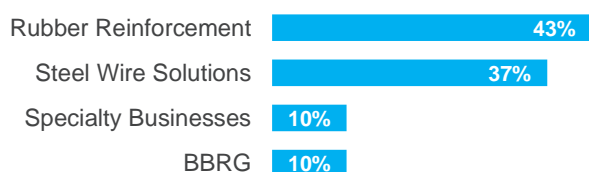
⁵ Combined sales are sales of fully consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

Consolidated and combined sales by segment – in millions of €

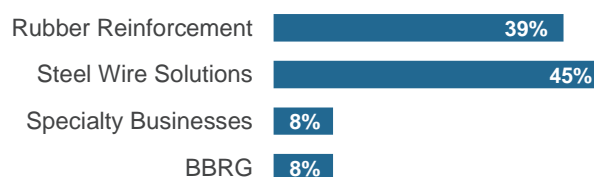
Consolidated third party sales	H1 2020	H1 2021	Share	Variance ⁶	Organic	FX
Rubber Reinforcement	709	991	43%	+40%	+43%	-3%
Steel Wire Solutions	639	849	37%	+33%	+35%	-3%
Specialty Businesses	185	227	10%	+23%	+24%	-1%
BBRG	229	236	10%	+3%	+5%	-1%
Group	9	3	-	-	-	-
Total	1 770	2 306	100%	+30%	+33%	-2%

Combined third party sales ⁷	H1 2020	H1 2021	Share	Variance ⁶	Organic	FX
Rubber Reinforcement	760	1 072	39%	+41%	+45%	-4%
Steel Wire Solutions	892	1 247	45%	+40%	+46%	-7%
Specialty Businesses	185	227	8%	+23%	+24%	-1%
BBRG	229	236	8%	+3%	+5%	-1%
Total	2 065	2 782	100%	+35%	+39%	-5%

Consolidated sales



Combined sales



2021 quarter-on-quarter progress – in millions of €

Consolidated third party sales	1 st Q	2 nd Q	Q2:Q1	Q2 y-o-y ⁸
Rubber Reinforcement	497	494	-	+69%
Steel Wire Solutions	411	438	+7%	+49%
Specialty Businesses	103	124	+20%	+43%
BBRG	115	120	+4%	+6%
Group	1	2	-	-
Total	1 128	1 178	+4%	+48%

Combined third party sales ⁷	1 st Q	2 nd Q	Q2:Q1	Q2 y-o-y ⁸
Rubber Reinforcement	533	539	+1%	+75%
Steel Wire Solutions	586	660	+13%	+64%
Specialty Businesses	103	124	+20%	+43%
BBRG	115	120	+4%	+6%
Group	1	-1	-	-
Total	1 339	1 443	+8%	+58%

⁶ Comparisons are made relative to the first half of 2020, unless otherwise indicated.

⁷ Combined sales are sales of fully consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

⁸ Q2 year-on-year sales: 2nd quarter 2021 versus 2nd quarter 2020.

Segment reports

Rubber Reinforcement: strong organic sales growth and robust uEBIT margin of 13.8%

Key figures (in millions of €)	Underlying			Reported		
	H1 2020	H2 2020	H1 2021	H1 2020	H2 2020	H1 2021
Consolidated third party sales	709	905	991	709	905	991
Consolidated sales	725	920	1 010	725	920	1 010
Operating result (EBIT)	28	116	139	27	109	140
EBIT margin on sales	3.9%	12.6%	13.8%	3.7%	11.9%	13.8%
Depreciation, amortization and impairment losses	52	52	47	52	52	47
EBITDA	81	168	186	79	161	187
EBITDA margin on sales	11.1%	18.3%	18.4%	10.9%	17.6%	18.5%
Combined third party sales	760	983	1 072	760	983	1 072
Segment assets	1 359	1 404	1 537	1 359	1 404	1 537
Segment liabilities	194	310	361	194	310	361
Capital employed	1 165	1 094	1 176	1 165	1 094	1 176
ROCE - FY2020 references		12.4%	24.5%		11.7%	24.6%

Consolidated sales

Bekaert's Rubber Reinforcement business achieved strong organic sales growth (+42.8%) compared to the first half of 2020, which was significantly affected by the impact of the Covid-19 pandemic. The organic growth stemmed from volume rebound (+30.4%) and positive price-mix effects (+12.4%) including the impact of passed-on raw material prices. Top-line growth was partly tempered by adverse currency movements (-3.0%), resulting in € 991 million third party sales for the first half (+39.9%).

Sales were strong in EMEA and India throughout the first half with volume growth above pre-Covid-19 levels. In North America, demand progressively improved in the second quarter. Sales in China and Indonesia were at a high level until June, when demand started to tail off due to lower export sales by tire makers resulting from container shortage.

Overall demand is expected to remain solid in most markets in the second half of 2021, but we do take into account some seasonality impact as well as softening business conditions for China and Indonesia.

Financial performance

The business unit saw benefits continue to flow through from earlier measures implemented to lower the cost structure and improve the business mix, as already reflected in the strong profit performance of the second half of 2020.

The segment reported an underlying EBIT of € 139 million for the first half of 2021 or 13.8% margin on sales. The one-off elements were € +1 million positive (reversal of provisions), leading to a reported EBIT of € 140 million.

The underlying EBITDA margin was 18.4%, up 7.3 ppt from the first half of 2020.

Capital expenditure (PP&E) amounted to € 12 million and mainly related to investments in EMEA and Asia.

Combined sales and joint venture performance

The Rubber Reinforcement joint venture in Brazil reported +74.5% sales growth at constant exchange rates. The devaluation of the Brazilian real had a significant adverse effect (-16.8%), resulting in top-line growth of +57.7%. Including joint ventures, the business unit's combined sales increased by +41.1% to € 1 072 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'.

Steel Wire Solutions: sales rebound above pre-Covid levels and robust uEBIT margin of 13.4%

Key figures (in millions of €)	Underlying			Reported		
	H1 2020	H2 2020	H1 2021	H1 2020	H2 2020	H1 2021
Consolidated third party sales	639	694	849	639	694	849
Consolidated sales	655	708	867	655	708	867
Operating result (EBIT)	40	56	116	39	49	118
EBIT margin on sales	6.0%	8.0%	13.4%	5.9%	6.9%	13.6%
Depreciation, amortization and impairment losses	27	26	21	25	27	17
EBITDA	67	82	138	64	76	135
EBITDA margin on sales	10.2%	11.6%	15.9%	9.8%	10.8%	15.6%
Combined third party sales	892	989	1 247	892	989	1 247
Segment assets	849	805	976	849	805	976
Segment liabilities	282	308	397	282	308	397
Capital employed	566	497	580	566	497	580
ROCE - FY2020 references		17.6%	43.2%		16.1%	43.7%

Sales

Steel Wire Solutions delivered robust organic sales growth in the first half (+35.3% compared to H1 last year). This growth stemmed from favorable price-mix effects (+18.4%) including the impact of passed-on raw material prices and from strong volume growth (+16.9%), particularly in Latin America, EMEA and China. Adverse currency movements accounted for -2.5%, resulting in a top-line growth of +32.8% to € 849 million, well above pre-Covid-19 levels.

Demand is expected to remain solid in most markets in the second half of 2021. We do take into account the usual seasonality effects in EMEA and remain cautious about supply chain and other challenges posed by the pandemic. The merger in Colombia that integrates the Almasa business within Proalco SAS (owned by Bekaert Ideal Holding) is projected to add € 11 million in revenue in the second half of the year.

Financial performance

Steel Wire Solutions delivered a very strong underlying EBIT of € 116 million and a margin on sales of 13.4%, far above previous reporting periods. This was the result of high volumes, an improved business mix, cost control, pricing discipline, and a positive inventory valuation effect from raw material price increases.

Reported EBIT amounted to € 118 million after adding minor one-off elements (€ +1.5 million).

Underlying EBITDA further strengthened to a solid 15.9% margin on sales.

Capital expenditure (PP&E) amounted to € 11 million and included investments in all regions.

Combined sales and joint venture performance

The Steel Wire Solutions joint venture in Brazil reported +73.7% sales growth at constant exchange rates but the strong devaluation of the Brazilian real (-16.8%) reduced the top-line growth to +56.9%. Including joint ventures, the business unit's combined sales increased by +39.8% to € 1 247 million.

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: solid sales growth and strong underlying EBIT of 17.3%

Key figures (in millions of €)	Underlying			Reported		
	H1 2020	H2 2020	H1 2021	H1 2020	H2 2020	H1 2021
Consolidated third party sales	185	205	227	185	205	227
Consolidated sales	188	208	233	188	208	233
Operating result (EBIT)	24	21	40	23	14	40
EBIT margin on sales	12.9%	10.1%	17.3%	12.0%	6.6%	17.1%
Depreciation, amortization and impairment losses	7	9	7	7	11	7
EBITDA	31	30	48	30	25	47
EBITDA margin on sales	16.6%	14.6%	20.4%	15.7%	12.0%	20.0%
Segment assets	317	288	329	317	288	329
Segment liabilities	69	71	89	69	71	89
Capital employed	248	217	240	248	217	240
ROCE – FY2020 references		20.0%	35.4%		16.0%	34.9%

Sales

The business unit Specialty Businesses reported a sales increase of +23.1% to € 227 million, driven by solid organic growth (+24.1%) above pre-Covid-19 levels and limited adverse currency effects (-1.0%). Building Products reported strong volume growth and a good product mix. Combustion Technologies saw increased demand for environmentally-friendly burners, particularly in EMEA. Fiber Technologies achieved strong growth in Asia and in high-end filtration, microcable, and conductive fiber markets in general. Demand for heat-resistant textiles for the glass bending industry was affected by the prevailing global shortage of microchips in automotive OEM.

The business unit projects continued good demand in the second half of 2021, while taking into account the usual seasonality effects.

Financial performance

Specialty Businesses delivered an underlying EBIT result of € 40 million, +67% above the same period last year and reaching an underlying EBIT margin on sales of 17.3% (versus 12.9% last year). The solid margin improvement primarily resulted from the high production and sales volumes, positive mix effects from an increased share of high-end applications, and the result of footprint actions taken in 2020, including expansions in India and Czech Republic (Building Products), Romania (Combustion Technologies), and exiting the loss-generating diamond sawing wire business in China in December last year.

The one-off elements were limited (€ -0.5 million).

The underlying EBITDA margin reached 20.4%, far above the level in previous reporting periods.

Capital expenditure (PP&E) amounted to almost € 8 million and mainly included investments in Building Products (Czech Republic and US) and to a lesser extent in Fiber and Combustion Technologies.

Bridon-Bekaert Ropes Group: solid revenue and underlying EBIT margin of 9.8%

Key figures (in millions of €)	Underlying			Reported		
	H1 2020	H2 2020	H1 2021	H1 2020	H2 2020	H1 2021
Consolidated third party sales	229	196	236	229	196	236
Consolidated sales	230	197	237	230	197	237
Operating result (EBIT)	24	10	23	24	0	19
EBIT margin on sales	10.3%	5.1%	9.8%	10.3%	0.0%	8.0%
Depreciation, amortization and impairment losses	16	15	16	16	22	14
EBITDA	39	25	39	39	22	33
EBITDA margin on sales	17.2%	12.7%	16.5%	17.2%	11.2%	13.9%
Segment assets	546	506	541	546	506	541
Segment liabilities	84	83	112	84	83	112
Capital employed	462	423	429	462	423	429
ROCE – FY2020 references		7.4%	10.9%		5.2%	9.0%

Sales

Bridon-Bekaert Ropes Group (BBRG) recorded an organic sales growth of +4.5% compared to the first half of 2020, almost all of which was driven by higher volumes, particularly in the Advanced Cords business. Top-line growth was +3.1% as a result of adverse currency movements (-1.4%) and reached € 236 million.

Demand from mining, crane and industrial, and fishing and marine ropes markets was strong and is projected to remain solid in the second half of 2021 as evidenced in the order books. Advanced cords reported strong sales in elevator and automotive applications, which more than offset subdued demand in timing belt markets.

Financial performance

The business unit delivered an underlying EBIT of € 23.2 million at a margin on sales of 9.8%, approximating the strong H1 result of last year. Underlying EBITDA reached a strong margin of 16.5%, slightly below the margin of the same period last year.

Reported EBIT was € 19 million and included € -4 million in one-offs, mainly related to the plant closure in Pointe-Claire, Canada. These one-off elements consisted of gain on the sale of the property (€ +11 million) and severance costs as well as asset write-downs and provisions (€ -15 million). The benefits from the consolidation of all ropes activities for North America in the US are expected to start to flow through from the second half of 2021 onwards and will reach their full potential in the coming years.

BBRG invested € 10.5 million in PP&E, mainly in UK, US and in Advanced Cords Belgium.

Investment update and other information

Investments in property, plant and equipment amounted to € 40 million in the first half of 2021, € +2.5 million above the investments in the same period of 2020.

Net debt amounted to € 519 million, down from € 604 million at the close of 2020 and from € 955 million on 30 June 2020. This resulted in net debt on underlying EBITDA of 0.69, significantly down from 2.46 on 30 June 2020 and 1.26 on 31 December 2020.

The average working capital on sales was 13.0%, significantly down from 20.1% in the first half of 2020 and 16.4% for the full fiscal year 2020. Total working capital was € 667 million on 30 June 2021, down € -53 million from 30 June 2020 but up € +132 million from year-end 2020. Inventories increased by € 212 million from year-end 2020: the organic increase of € +192 million was driven equally by higher volumes and the upward inventory valuation from higher raw materials prices. Currency movements added € +15 million and reversed inventory write-offs € +6 million. Trade accounts receivable increased by € +92 million from year-end 2020 due to higher sales and currency movements. Factoring increased by € +78 million from year-end 2020 to € 231 million. Accounts payable increased by € +171 million, in line with the increased purchase of raw materials.

Between 1 January 2021 and 30 June 2021, a total of 437 108 stock options were exercised under Stock Option Plan 2010-2014, Stock Option Plan 2015-2017 and Stock Option Plan 2 and 437 108 own shares were used for that purpose. Bekaert sold 9 112 own shares to members of the Bekaert Group Executive in the framework of the Bekaert Personal Shareholding Requirement Plan and granted 10 940 own shares to non-executive Directors of Bekaert as remuneration for the performance of duties. As a result, Bekaert owned 3 352 374 treasury shares on 30 June 2021.

Financial review

Financial results

Bekaert achieved an operating result (EBIT-underlying) of € 285 million (versus € 92 million in the first half of 2020). This resulted in a margin on sales of 12.4% (5.2% in H1 2020). The one-off items amounted to € +2 million (€ -5 million in H1 2020) and were the result of the gain on the disposal of the land and building of the Canadian BBRG plant (€ +11 million), offset by various restructuring and other one-off costs and provisions (€ -9 million). Including one-off items, EBIT was € 288 million, representing an EBIT margin on sales of 12.5% (versus € 87 million or 4.9% in H1 2020). Underlying EBITDA was € 376 million (16.3% margin) compared with € 194 million (11.0%) and EBITDA reached € 372 million, or a margin on sales of 16.1% (versus 10.6%).

The underlying overhead expenses decreased as a percentage on sales by 80 basis points to 8.5% (9.3% for H1 2020), but increased by € +31 million in absolute numbers due to higher provisions for short-term and long-term incentive programs, consultancy fees for specific projects and the overall business activity rebound versus last year, when temporary unemployment was in place for many overhead functions.

Underlying other operating revenues and expenses increased from € 4 million last year to € 9 million in 2021 due to an increase in royalties received and gains from a real estate sale in Peru. Reported other operating revenues and expenses (€ +21 million) were significantly higher than the same period last year (€ +4 million) due to the gain on the sale of real estate in Canada and Malaysia.

Interest income and expenses amounted to € -23 million, down from € -28 million in the first half of 2020 and a result of lower gross debt and a lower amount of interest adjustments on derivative financial instruments compared to the same period in 2020. Other financial income and expenses amounted to € 4 million (€ -15 million in H1 2020) and included € +6 million valuation gain on the VPPA contract in the US.

Income taxes increased from € -23 million to € -71 million. The overall effective tax rate dropped from 53% to 26%, resulting from tax saving measures and the utilization of deferred tax assets.

The share in the result of joint ventures and associated companies was € +34 million (versus € +13 million last year), reflecting the strong performance of the joint ventures in Brazil.

The result for the period thus totaled € +231 million, compared with € +34 million in the same period of 2020. The result attributable to non-controlling interests was € +23 million (versus € +0.4 million in H1 2020) 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 € +208 million versus € +33 million in the same period last year. Earnings per share amounted to € +3.66, significantly up from € +0.59 in H1 2020.

Balance sheet

As at 30 June 2021, equity represented 41.6% of total assets, up from 35.8% at year-end 2020. The gearing ratio (net debt to equity) was 28.6%, significantly down from 39.4% at year-end 2020 due to strong deleveraging.

Net debt on underlying EBITDA was 0.69, significantly down from 2.46 on 30 June 2020 and 1.26 on 31 December 2020.

Cash flow statement

Cash flows from operating activities amounted to € +181 million, higher than the € +111 million in the first half of 2020 as a result of higher profitability, partly offset by the working capital increase and higher income taxes.

Cash flows attributable to investing activities amounted to € -16 million (versus € -47 million in H1 2020) due to the proceeds from the real estate sales in Peru, Malaysia and Canada. The cash-out from tangible and intangible asset investments remained stable.

Cash flows from financing activities totaled € -468 million, compared with € +213 million in the first half of 2020. H1 2020 included a drawdown on committed credit facilities and the refinancing of some local loans. H1 2021 included the repayment of the convertible bond and other loans (€ -402 million), and dividend payments (€ -60 million), whereas in 2020 the dividend payment was postponed to H2 due to uncertainty related to the pandemic.

NV Bekaert SA (statutory accounts)

The Belgium-based entity's sales amounted to € 193 million, compared with € 141 million in the first half of 2020. The operating result including non-recurring items was € 38 million, compared with € 5 million in the first half of 2020. The financial result including non-recurring items was € 28 million (versus € -37 million in the first half of 2020), mainly due to higher dividends received and the write offs on financial fixed assets in 2020. This led to a result for the period of € 66 million compared with € -31 million loss in the first half of 2020.

Financial Calendar

2021 half year results	30 July	2021
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 2021	19 November	2021

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 2021 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.

Taufiq Boussaid Chief Financial Officer
Oswald Schmid Chief Executive Officer

Disclaimer

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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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Interim financial statements

Note 1: Consolidated income statement

(in thousands of €)	H1 2020	H2 2020	H1 2021
Sales	1 769 909	2 002 465	2 306 150
Cost of sales	-1 520 599	-1 693 457	-1 847 309
Gross profit	249 310	309 007	458 841
Selling expenses	-80 729	-86 412	-87 439
Administrative expenses	-59 594	-73 932	-76 159
Research and development expenses	-25 514	-26 846	-28 620
Other operating revenues	10 810	73 849	32 211
Other operating expenses	-7 266	-26 156	-11 263
Operating result (EBIT)	87 017	169 510	287 570
of which			
EBIT - Underlying	91 537	180 708	285 375
One-off items	-4 520	-11 197	2 195
Interest income	1 366	2 020	1 773
Interest expense	-29 298	-30 256	-24 601
Other financial income and expenses	-15 174	-14 991	3 657
Result before taxes	43 911	126 283	268 399
Income taxes	-23 319	-33 194	-70 984
Result after taxes (consolidated companies)	20 592	93 090	197 415
Share in the results of joint ventures and associates	13 204	21 151	33 684
RESULT FOR THE PERIOD	33 796	114 240	231 099
Attributable to			
<i>equity holders of Bekaert</i>	33 354	101 333	208 059
<i>non-controlling interests</i>	442	12 908	23 040
EARNINGS PER SHARE (in € per share)			
Result for the period attributable to equity holders of Bekaert			
Basic	0.59		3.66
Diluted	0.59		3.63

Note 2: Reported and Underlying

(in thousands of €)	H1 2020	H1 2020	H1 2020	H1 2021	H1 2021	H1 2021
	Reported	of which underlying	of which one-offs	Reported	of which underlying	of which one-offs
Sales	1 769 909	1 769 909	-	2 306 150	2 306 150	-
Cost of sales	-1 520 599	-1 517 539	-3 059	-1 847 309	-1 833 297	-14 012
Gross profit	249 310	252 370	-3 059	458 841	472 853	-14 012
Selling expenses	-80 729	-80 888	160	-87 439	-88 358	919
Administrative expenses	-59 594	-58 618	-976	-76 159	-78 130	1 971
Research and development expenses	-25 514	-25 208	-306	-28 620	-29 493	873
Other operating revenues	10 810	10 640	170	32 211	15 429	16 781
Other operating expenses	-7 266	-6 758	-508	-11 263	-6 925	-4 338
Operating result (EBIT)	87 017	91 537	-4 520	287 570	285 375	2 195

Note 3: One-off items

One-off items H1 2021 (in thousands of €)	Cost of Sales	Selling expenses	Administrative expenses	R&D	Other operating revenues	Other operating expenses	Total
Restructuring programs by segment							
Rubber Reinforcement ⁹	291	402	-25	-	-	-	668
Steel Wire Solutions ¹⁰	-849	-43	-63	-	5 043	-2 540	1 548
Specialty Businesses ¹¹	245	103	-49	5	193	-909	-412
Bridon-Bekaert Ropes Group (BBRG) ¹²	-12 496	34	12	-	11 083	-475	-1 842
Group ¹³	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 ¹⁴	-	-150	-	-	-	-	-150
Total business disposals	-	-150	-	-	-	-	-150
Environmental provisions/ (reversals of provisions)							
Bridon-Bekaert Ropes Group (BBRG) ¹²	-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 2020 (in thousands of €)	Cost of Sales	Selling expenses	Administrative expenses	R&D	Other operating revenues	Other operating expenses	Total
Restructuring programs by segment							
Rubber Reinforcement ⁹	-1 410	-	-	-	-	-52	-1 461
Steel Wire Solutions ¹⁰	-88	125	-847	-	123	-39	-726
Specialty Businesses ¹¹	-1 523	-7	-11	-	19	-196	-1 718
Bridon-Bekaert Ropes Group (BBRG)	6	41	-81	-	56	-	22
Group	-45	-	139	-306	-	-222	-433
Intersegment	-	-	-	-	-27	-	-27
Total restructuring programs	-3 059	160	-801	-306	170	-508	-4 344
Other events and transactions							
Steel Wire Solutions	-	-	-79	-	-	-	-79
Bridon-Bekaert Ropes Group (BBRG)	-	-	-43	-	-	-	-43
Group	-	-	-54	-	-	-	-54
Total other events and transactions	-	-	-176	-	-	-	-176
Total	-3 059	160	-976	-306	170	-508	-4 520

⁹ Related mainly to reversal of provisions in Figline plant (Italy) and Belgium (2021) and to the closure of Figline plant (Italy), Indirect Workforce Program (Indonesia) (2020).

¹⁰ Related mainly to restructuring revenues and expenses in North America, reversal of provisions in Belgium and revenues in Malaysia (2021) and lay-off expenses in Latin America, restructuring expenses and reversal impairment losses in North America (2020).

¹¹ Related mainly to the restructuring in North America and Sawing Wire (2021) and the Dramix plant closure in Belgium (2020).

¹² Related mainly to the restructuring in Canada (2021).

¹³ Related mainly to the restructuring in Belgium (2021).

¹⁴ Contractual liability indemnification related to previous divestments (2021).

Note 4: Reconciliation of segment reporting

Key Figures per Segment¹⁵: Underlying

(in millions of €)	RR	SWS	SB	BBRG	GROUP ¹⁶	RECONC ¹⁷	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 ¹⁸	12	11	8	11	0	-2	40

Key Figures per Segment¹⁵: Reported

(in millions of €)	RR	SWS	SB	BBRG	GROUP ¹⁶	RECONC ¹⁷	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 ¹⁸	12	11	8	11	0	-2	40

¹⁵ RR = Rubber Reinforcement; SWS = Steel Wire Solutions; SB = Specialty Businesses; BBRG = Bridon-Bekaert Ropes Group

¹⁶ Group and business support

¹⁷ Reconciliation column: intersegment eliminations

¹⁸ Gross increase of PP&E

Key Figures per Segment¹⁹: Underlying

(in millions of €)	RR	SWS	SB	BBRG	GROUP ²⁰	RECONC ²¹	H1 2020
Consolidated third party sales	709	639	185	229	9	-	1 770
Consolidated sales	725	655	188	230	33	-61	1 770
Operating result (EBIT)	28	40	24	24	-28	3	92
EBIT margin on sales	3.9%	6.0%	12.9%	10.3%	-	-	5.2%
Depreciation, amortization, impairment losses	52	27	7	16	6	-5	103
EBITDA	81	67	31	39	-22	-2	194
EBITDA margin on sales	11.1%	10.2%	16.6%	17.2%	-	-	11.0%
Segment assets	1 359	849	317	546	60	-129	3 001
Segment liabilities	194	282	69	84	70	-37	663
Capital employed	1 165	566	248	462	-10	-92	2 338
ROCE	4.7%	13.7%	20.1%	10.0%	-	-	7.7%
Capital expenditure - PP&E ²²	17	7	11	3	0	-1	37

Key Figures per Segment¹⁹: Reported

(in millions of €)	RR	SWS	SB	BBRG	GROUP ²⁰	RECONC ²¹	H1 2020
Consolidated third party sales	709	639	185	229	9	-	1 770
Consolidated sales	725	655	188	230	33	-61	1 770
Operating result (EBIT)	27	39	23	24	-28	3	87
EBIT margin on sales	3.7%	5.9%	12.0%	10.3%	-	-	4.9%
Depreciation, amortization, impairment losses	52	25	7	16	6	-5	101
EBITDA	79	64	30	39	-23	-2	188
EBITDA margin on sales	10.9%	9.8%	15.7%	17.2%	-	-	10.6%
Segment assets	1 359	849	317	546	60	-129	3 001
Segment liabilities	194	282	69	84	70	-37	663
Capital employed	1 165	566	248	462	-10	-92	2 338
ROCE	4.5%	13.4%	18.7%	10.0%	-	-	7.3%
Capital expenditure - PP&E ²²	17	7	11	3	0	-1	37

¹⁹ RR = Rubber Reinforcement; SWS = Steel Wire Solutions; SB = Specialty Businesses; BBRG = Bridon-Bekaert Ropes Group

²⁰ Group and business support

²¹ Reconciliation column: intersegment eliminations

²² Gross increase of PP&E

Note 5: Consolidated statement of comprehensive income

(in thousands of €)	H1 2020	H1 2021
Result for the period	33 796	231 099
Other comprehensive income (OCI)		
<i>Other comprehensive income reclassifiable to income statement in subsequent periods</i>		
Exchange differences arising during the year	-82 585	59 673
Reclassification adjustments relating to entity disposals or step acquisitions	-	100
OCI reclassifiable to income statement in subsequent periods, after tax	-82 585	59 773
<i>Other comprehensive income non-reclassifiable to income statement in subsequent periods:</i>		
Remeasurement gains and losses on defined-benefit plans	-8 111	29 818
Net fair value gain (+)/loss (-) on investments in equity instruments designated as at fair value through OCI	-41	1 345
Deferred taxes relating to non-reclassifiable OCI	-2 535	-1 097
OCI non-reclassifiable to income statement in subsequent Periods, after tax	-10 687	30 067
Other comprehensive income for the period	-93 272	89 840
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-59 476	320 939
Attributable to		
<i>equity holders of Bekaert</i>	-55 563	294 114
<i>non-controlling interests</i>	-3 913	26 825

Note 6: Consolidated balance sheet

(in thousands of €)	31-Dec-20	30-Jun-21
Non-current assets	1 822 503	1 854 600
Intangible assets	54 664	56 883
Goodwill	149 398	149 908
Property, plant and equipment	1 191 781	1 182 317
RoU Property, plant and equipment	132 607	131 916
Investments in joint ventures and associates	123 981	161 142
Other non-current assets	45 830	53 944
Deferred tax assets	124 243	118 491
Current assets	2 465 597	2 510 426
Inventories	683 477	895 781
Bills of exchange received	54 039	41 762
Trade receivables	587 619	692 208
Other receivables	101 330	132 869
Short-term deposits	50 077	50 080
Cash and cash equivalents	940 416	649 037
Other current assets	41 898	47 758
Assets classified as held for sale	6 740	931
Total	4 288 100	4 365 026
Equity	1 535 055	1 817 068
Share capital	177 812	177 812
Share premium	37 884	37 884
Retained earnings	1 614 781	1 776 573
Other Group reserves	-382 597	-286 725
Equity attributable to equity holders of Bekaert	1 447 880	1 705 544
Non-controlling interests	87 175	111 524
Non-current liabilities	1 163 759	1 134 242
Employee benefit obligations	130 948	96 938
Provisions	25 166	26 644
Interest-bearing debt	968 076	964 470
Other non-current liabilities	1 231	945
Deferred tax liabilities	38 337	45 245
Current liabilities	1 589 286	1 413 716
Interest-bearing debt	641 655	269 883
Trade payables	668 422	839 323
Employee benefit obligations	149 793	149 634
Provisions	11 421	5 919
Income taxes payable	53 543	71 746
Other current liabilities	64 451	77 211
Liabilities associated with assets classified as held for sale	-	-
Total	4 288 100	4 365 026

Note 7: Consolidated statement of changes in equity

Attributable to equity holders of Bekaert

(in thousands of €)	Share capital	Share premium	Retained earnings	Treasury shares	Cumulative translation adjustments	Other reserves	Total	Non-controlling interests	Total equity
Balance as at 1 January 2020	177 793	37 751	1 492 022	-107 463	-113 964	-51 029	1 435 110	96 430	1 531 540
Result for the period	-	-	33 354	-	-	-	33 354	442	33 796
Other comprehensive income	-	-	-	-	-78 658	-10 259	-88 917	-4 355	-93 272
Effect of NCI purchase	-	-	-502	-	-	-	-502	-8 468	-8 970
Equity-settled share-based payment plans	-	-	6 109	-	-	-	6 109	-	6 109
Treasury shares transactions	-	-	-201	551	-	-	350	-	350
Dividends	-	-	-19 787	-	-	-	-19 787	-1 291	-21 079
Balance as at 30 June 2020	177 793	37 751	1 510 995	-106 912	-192 622	-61 288	1 365 717	82 758	1 448 475
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	-171 082	-19 311	1 705 544	111 524	1 817 068

Note 8: Consolidated cash flow statement

(in thousands of €)	H1 2020	H1 2021
Operating result (EBIT)	87 017	287 570
Non-cash items included in operating result	114 346	97 842
Investing items included in operating result	-136	-13 327
Amounts used on provisions and employee benefit obligations	-26 674	-23 444
Income taxes paid	-25 327	-43 348
Gross cash flows from operating activities	149 225	305 293
Change in operating working capital	-32 836	-107 691
Other operating cash flows	-5 674	-16 823
Cash flows from operating activities	110 715	180 779
New business combinations	-767	-
Other portfolio investments	-	-39
Proceeds from disposal of investments	-	-85
Dividends received	3 275	9 846
Purchase of intangible assets	-781	-4 546
Purchase of property, plant and equipment	-49 290	-45 887
Proceeds from disposals of fixed assets	545	24 234
Cash flows from investing activities	-47 018	-16 476
Interest received	1 345	1 986
Interest paid	-18 103	-13 790
Gross dividends paid	301	-59 896
Proceeds from long-term interest-bearing debt	12 762	7 204
Repayment of long-term interest-bearing debt	-78 086	-402 271
Cash flows from / to (-) short-term interest-bearing debt	305 301	-10 484
Treasury shares transactions	350	11 654
Sales and purchases of NCI	-8 970	-
Other financing cash flows	-2 025	-1 934
Cash flows from financing activities	212 875	-467 530
Net increase or decrease (-) in cash and cash equivalents	276 572	-303 227
Cash and cash equivalents at the beginning of the period	566 176	940 416
Effect of exchange rate fluctuations	-9 055	11 848
Cash and cash equivalents at the end of the period	833 692	649 037

Note 9: Additional key figures

(in € per share)	H1 2020	H1 2021
Number of existing shares at 30 June	60 408 441	60 414 841
Book value	22.61	28.23
Share price at 30 June	17.45	37.58
Weighted average number of shares		
Basic	56 543 997	56 813 437
Diluted	56 594 082	57 322 432
Result for the period attributable to equity holders of Bekaert		
Basic	0.59	3.66
Diluted	0.59	3.63

(in thousands of € - ratios)	H1 2020	H1 2021
EBITDA	187 797	371 614
EBITDA - Underlying	194 256	376 232
Depreciation and amortization and impairment losses	100 780	84 044
Capital employed	2 338 479	2 187 609
Operating working capital	720 248	666 585
Net debt	954 941	519 228
EBIT on sales	4.9%	12.5%
EBIT - Underlying on sales	5.2%	12.4%
EBITDA on sales	10.6%	16.1%
EBITDA - Underlying on sales	11.0%	16.3%
Equity on total assets	33.3%	41.6%
Gearing (net debt on equity)	65.9%	28.6%
Net debt on EBITDA	2.5	0.7
Net debt on EBITDA - Underlying	2.5	0.7

NV Bekaert SA - Statutory Profit and Loss Statement

(in thousands of €)	H1 2020	H1 2021
Sales	141 144	192 858
Operating result before non-recurring items	5 023	37 717
Non-recurring operational items	259	-150
Operating result after non-recurring items	5 283	37 566
Financial result before non-recurring items	-36 951	28 774
Non-recurring financial items	-348	-809
Financial result after non-recurring items	-37 299	27 965
Profit before income taxes	-32 017	65 532
Income taxes	1 156	985
Result for the period	-30 860	66 516

Note 10: Additional disclosures on disaggregation of revenues

The Group recognizes revenue from the following sources: delivery of products and, to a limited extent, 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 2020 in thousands of €	Rubber Reinforcement	Steel Wire Solutions	Specialty Businesses	BBRG	Group	Consolidated
Industry						
Tire & Automotive	668 988	61 141	16 058	-	-	746 187
Energy & Utilities	-	96 693	20 181	43 925	-	160 799
Construction	-	173 675	127 246	33 563	-	334 485
Consumer Goods	-	48 559	-	-	-	48 559
Agriculture	-	128 145	-	-	-	128 145
Equipment	39 642	40 496	-	59 816	8 761 *	148 715
Basic Materials	-	90 542	17 137	69 275	-	176 954
Other	-	-	4 055	22 010	-	26 065
Total	708 630	639 252	184 678	228 588	8 761	1 769 909

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

* Sales engineering

Note 11: Additional disclosures on fair value of financial instruments

In accordance with IFRS²³, specific interim disclosures are required regarding the fair value of each class of financial assets and financial liabilities and the way their fair value was measured.

The following tables list the different classes of financial assets and financial liabilities with their carrying amounts in the balance sheet and their respective fair value and analyzed by their measurement category under IFRS 9.

Cash and cash equivalents, short-term deposits, trade and other receivables, bills of exchange received, loans and receivables primarily have short terms to maturity; hence, their carrying amounts at the reporting date approximate the fair values. For the same reason, the carrying amounts of trade and other payables also approximate their fair values. Furthermore, the Group has no exposure to collateralized debt obligations (CDOs).

Abbreviations used are explained below:

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

²³ 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-20		30-Jun-21	
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	10 365	10 365	12 236	12 236
- Equity investments	FVTOC/Eq	13 372	13 372	14 771	14 771
- Derivatives					
- Held for trading	FVTPL/Mnd	3 762	3 762	9 644	9 644
Current financial assets					
- Financial receivables and cash guarantees	AC	7 707	7 707	6 150	6 150
- Cash and cash equivalents	AC	940 416	940 416	649 037	649 037
- Short term deposits	AC	50 077	50 077	50 080	50 080
- Trade receivables	AC	587 619	587 619	692 208	692 208
- Bills of exchange received	AC	54 039	54 039	41 762	41 762
- Other current assets					
- Other receivables	AC	17 830	17 830	29 722	29 722
- Derivatives					
- Held for trading	FVTPL/Mnd	5 250	5 250	1 641	1 641
Liabilities					
Non-current interest-bearing debt					
- Leases liabilities	AC	60 760	60 760	58 574	58 574
- Cash guarantees received	AC	171	171	174	174
- Credit institutions	AC	187 511	187 511	185 955	185 955
- Schuldschein loans	AC	319 635	319 635	319 768	319 768
- Bonds	AC	400 000	401 693	400 000	396 811
Current interest-bearing debt					
- Leases liabilities	AC	19 746	19 746	20 167	20 167
- Credit institutions	AC	246 817	246 817	249 716	249 716
- Bonds	AC	375 092	377 929	-	-
Other non-current liabilities					
- Other derivatives	HfT	1 081	1 081	795	795
- Other payables	AC	150	150	150	150
Trade payables	AC	668 422	668 422	839 323	839 323
Other current liabilities					
- Conversion option	HfT	34	34	-	-
- Other payables	AC	25 621	25 621	36 283	36 283
- Derivatives					
- Held for trading	HfT	1 851	1 851	876	876
Aggregated by category in accordance with IFRS 9					
Financial assets	AC	1 668 053	1 668 053	1 481 194	1 481 194
	FVTOC/Eq	13 372	13 372	14 771	14 771
	FVTPL/Mnd	9 012	9 012	11 285	11 285
Financial liabilities	AC	2 303 925	2 308 454	2 110 109	2 106 920
	HfT	2 967	2 967	1 670	1 670
	FVTPL	-	-	-	-

Financial instruments by fair value measurement hierarchy

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

- *'Level 1'* fair value measurement: the fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices in active markets for identical assets and liabilities. This mainly relates to financial assets at fair value through other comprehensive income such as the investment in Shougang Concord Century Holdings Ltd.
- *'Level 2'* fair value measurement: the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. This mainly relates to derivative financial instruments. Forward exchange contracts are measured using quoted forward-exchange rates and yield curves derived from quoted interest rates matching the maturities. Interest-rate swaps are measured at the present value of future cash flows estimated and discounted using the applicable yield curves derived from quoted interest rates. The fair value measurement of cross-currency interest-rate swaps is based on discounted estimated cash flows using quoted forward exchange rates, quoted interest rates and applicable yield curves derived therefrom.
- *'Level 3'* fair value measurement: the fair values of the remaining financial assets and financial liabilities are derived from valuation techniques which include inputs that are not based on observable market data. The 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 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% increase by	1 767 082
	-10% decrease by	-1 767 082
Production sensitivity	+5% increase by	1 009 761
	-5% decrease by	-1 009 761

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:

2020

in thousands of €	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured as at fair value through profit or loss				
<i>Derivative financial assets</i>	-	5 834	3 178	9 012
Equity instruments designated as at fair value through OCI				
<i>Equity investments</i>	5 833	7 538	-	13 372
Total assets	5 833	13 372	3 178	22 384
Financial liabilities held for trading				
<i>Conversion option</i>	-	-	34	34
<i>Other derivative financial liabilities</i>	-	2 932	-	2 932
Total liabilities	-	2 932	34	2 967

H1 2021

in thousands of €	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured as at fair value through profit or loss				
<i>Derivative financial assets</i>	-	1 944	9 340	11 285
Equity instruments designated as at fair value through OCI				
<i>Equity investments</i>	6 057	8 714	-	14 771
Total assets	6 057	10 658	9 340	26 055
Financial liabilities held for trading				
<i>Conversion option</i>	-	-	-	-
<i>Other derivative financial liabilities</i>	-	1 670	-	1 670
Total liabilities	-	1 670	-	1 670

Note 12: Other disclosures

Treasury shares

Between 1 January 2021 and 30 June 2021, a total of 437 108 stock options were exercised under Stock Option Plan 2010-2014, Stock Option Plan 2015-2017 and Stock Option Plan 2 and 437 108 own shares were used for that purpose. Bekaert sold 9 112 own shares to members of the Bekaert Group Executive in the framework of the Bekaert Personal Shareholding Requirement Plan and granted 10 940 own shares to non-executive Directors of Bekaert as remuneration for the performance of duties. As a result, Bekaert owned 3 352 374 treasury shares on 30 June 2021.

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, 2020, 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 2020 annual consolidated financial statements. For an overview of the IFRS standards, amendments and interpretations that have become effective in 2021, we refer to the Statement of Compliance (section 2.1) of the financial review in the [2020 Annual Report](#).

Subsequent events

The integration of the merged Almasa business with Proalco SAS (Colombia) is projected to add € 11 million in revenue in the second half of the year.

End of July a plot of land situated in Zwevegem (Belgium) was divested to the private limited company incorporated under Belgian law "L.H.Z.". The proceeds from this transaction were € 5.9 million and the consolidated gain (EBIT-underlying) amounted to € 5.8 million.

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 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.
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.

APM reconciliation table

in millions of EUR	H1 2020	FY 2020	H1 2021
Net debt			
Non-current interest-bearing debt	784	968	964
Current interest-bearing debt	1 070	642	270
Total financial debt	1 854	1 610	1 234
Non-current financial receivables and cash guarantees	-7	-7	-10
Current loans	-8	-8	-6
Short-term deposits	-50	-50	-50
Cash and cash equivalents	-834	-940	-649
Net debt	955	604	519
Capital employed			
Intangible assets	54	55	57
Goodwill	149	149	150
Property, plant and equipment	1 271	1 192	1 182
RoU Property plant and equipment	144	133	132
Working capital (operating)	720	535	667
Capital employed	2 338	2 063	2 188
Weighted average capital employed	1 187	2 235	1 063
Working capital (operating)			
Inventories	757	683	896
Trade receivables	562	588	692
Bills of exchange received	49	54	42
Advances paid	15	19	24
Trade payables	-540	-668	-839
Advances received	-12	-16	-17
Remuneration and social security payables	-103	-116	-125
Employment-related taxes	-8	-9	-6
Working capital (operating)	720	535	667
EBIT Underlying to EBIT	Note 2 - 3 press release		
EBITDA			
EBIT	87	257	288
Amortization intangible assets	5	10	5
Depreciation property, plant & equipment	83	161	76
Depreciation RoU property, plant & equipment	12	24	12
Write-downs/(reversals of write-downs) on inventories and receivables	2	7	-6
Impairment losses/ (reversals of depreciation and impairment losses) on fixed assets	-1	14	-2
EBITDA	188	473	372

in millions of EUR	H1 2020	FY 2020	H1 2021
EBITDA - Underlying			
EBIT - Underlying	92	272	285
Amortization intangible assets	5	10	5
Depreciation property, plant & equipment	83	161	76
Depreciation RoU property, plant & equipment	12	24	12
Write-downs/(reversals of write-downs) on inventories and receivables	2	7	-1
Impairment losses/ (reversals of impairment losses) on fixed assets	0	5	0
EBITDA - Underlying	194	479	376
ROCE			
EBIT	87	257	288
Weighted average capital employed	1 187	2 235	1 063
ROCE	7.3%	11.5%	27.1%
EBIT interest coverage			
EBIT	87	257	288
(Interest income)	-1	-3	-2
Interest expense	29	60	25
(interest element of discounted provisions)	-1	-3	-1
Net interest expense	27	53	22
EBIT interest coverage	3.2	4.8	13.0
ROE (return on equity)			
Result for the period	34	148	231
Average equity	1 490	1 533	1 676
ROE	4.5%	9.7%	27.6%
Capital ratio (Financial autonomy)			
Equity	1 448	1 535	1 817
Total assets	4 348	4 288	4 365
Financial autonomy	33.3%	35.8%	41.6%
Gearing			
Net debt	955	604	519
Equity	1 448	1 535	1 817
Gearing (net debt on equity)	65.9%	39.4%	28.6%
Net debt on EBITDA			
Net debt	955	604	519
EBITDA	188	473	372
Net debt on EBITDA (annualized)	2.5	1.3	0.7

in millions of EUR	H1 2020	FY 2020	H1 2021
Net debt on EBITDA - Underlying			
Net debt	955	604	519
EBITDA-Underlying	194	479	376
Net debt on EBITDA-underlying (annualized)	2.5	1.3	0.7
Current Ratio			
Current Assets	2 409	2 466	2 510
Current Liabilities	1 908	1 589	1 414
Current Ratio	1.3	1.6	1.8
Operating free cash flow			
Cash flow from operating activities	111	505	181
Purchase of intangible assets	-1	-3	-5
Purchase of PP&E	-49	-104	-46
Purchase of RoU Land	-	-	-
Proceeds from disposals of fixed assets	1	52	24
Operating free cash flow	61	449	155
Free Cash Flow (FCF)			
Cash flow from operating activities	111	505	181
Purchase of intangible assets	-1	-3	-5
Purchase of PP&E	-49	-104	-46
Purchase of RoU Land	-	-	-
Dividends received	3	25	10
Interests received	1	3	2
Interest paid	-18	-43	-14
Free Cash Flow	47	383	128