Investor Relations
Guy Marks
T +32 56 76 74 73
guy.marks@bekaert.com

Press
Katelijn Bohez
T +32 56 76 66 10
katelijn.bohez@bekaert.com

bekaert.com

Press release
Regulated Information - Inside information
1 March 2023 • 7:00 a.m. CET

2022 Full Year Results

Bekaert delivers strong sales growth and robust financial results in challenging market conditions

Sales up +17% • EBITu[1] of € 459 million (margin 8.1%) • Net debt/EBITDAu[1] of 0.7x • Proposed dividend of € 1.65 per share and continued share buyback

Bekaert achieved strong sales growth responding quickly to the challenges of high raw material and energy cost inflation with product price rises. These swift actions, along with further operational efficiencies, helped to protect profitability despite higher input costs and lower utilization. These results also reflect the successful execution of Bekaert's strategy, where the core businesses have been further strengthened, whilst also repositioning to target new markets with opportunities from energy transition and decarbonization trends.

Financial Highlights[2]

- Consolidated sales of € 5.7 billion (+16.8%) and combined sales[3] of € 6.9 billion (+17.1%), driven by significant pricing discipline to manage increased costs, principally raw materials and energy
- Robust profitability despite a dilutionary effect on margins from the pass through of increased costs, lower volumes and an absence of 2021 tailwinds
  - EBITDAu[1] of € 654 million (-5%), delivering a margin on sales of 11.6% (vs 14.2% in FY2021)
  - EBITu[1] of € 459 million (-10.5%), resulting in a margin of 8.1% (vs 10.6% in FY2021)
- Strong cash conversion, despite lower volumes impacting profitability and payables
  - Average working capital on sales ratio of 13.5%, compared with 12.6% last year
  - Free Cash Flow (FCF) of € +190 million, compared to € +221 million last year
- Net debt of € 487 million (€ 417 million FY2021), resulting in net debt to EBITDAu of 0.7x
- Proposed dividend of € 1.65 per share (+10%) and continued share buyback of up to € 120 million

Operational and strategic highlights

- Fast-paced and significant pricing discipline to offset rapidly rising energy and material costs
  - Sales up 16.8%, despite lower volumes in many areas and organic growth of 11.8%
- As part of our strategic re-positioning, the disposal of Steel Wire Solutions businesses in Chile and Peru, with a total enterprise value of approximately US$ 350 million, resulting in net proceeds for our stake of US$ 136 million
- Ongoing business-mix improvements and organizational efficiencies
  - Consolidation of BBRG Steel Rope activities in the UK; consolidation of global burner activities in Romania
  - Impairment of Lipetsk plant in Russia
- Continued progress on our strategic transformation focusing on growth markets, innovation, and sustainability
  - Scale production for Hydrogen applications
  - Further contract awards for Dramix® from the Toronto Metrolinx Subways and Sydney metro
  - First synthetic offshore mooring contracts and a growing pipeline of floating wind development projects
- Sustainability: Safety improved for the 5th consecutive year; our ambitious CO_2 targets validated by the Science Based Targets initiative (SBTi); and inclusion in the BEL ESG index

[1] EBITu = underlying EBIT and EBITDAu = underlying EBITDA
[2] All comparisons are relative to the financial year 2021, unless otherwise indicated.
[3] Combined sales are sales of fully consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

Committed to return value to our shareholders

The Board of Directors seeks to maintain a prudent approach to capital allocation, balancing investment in future growth, maintenance of a strong balance sheet and shareholders' returns. The successful execution of the strategic plan and robust financial performance have strengthened Bekaert's balance sheet position and overall cash generation through time, and therefore potential returns to shareholders. In 2022, the dividend was increased by 50% and a share buyback program of up to € 120 million was commenced, executed over four equal tranches and completed in February 2023.

Against this robust financial position and the policy set out above, the Group intends to take a balanced approach with the following returns:

- A gross dividend of € 1.65 per share (an increase of 10% vs FY2021), to be proposed by the Board at the Annual General Meeting of Shareholders in May 2023
- To continue the share buyback program up to a total of € 120 million over a period of twelve months

As before, the purpose of the program will be to reduce the issued share capital of the company and shares repurchased will be cancelled.

Outlook

Whilst trading in 2023 has started well across all business units, economic uncertainties remain. The robust performance delivered in 2022 and the company's strong financial position, gives us confidence in our ability to deliver further on our strategic priorities. We therefore continue to confirm our ambition to reach the mid-term targets (2022-2026) of organic sales growth of 3%+ CAGR and an underlying EBIT margin level of 9% to 11% through the cycle.

Notes

The 2021 comparative information has been restated. The restatement was made resulting from IFRS guidelines around changes in accounting policies. The restated elements and effects are summarized in note 8 of this press release.

Conference Call

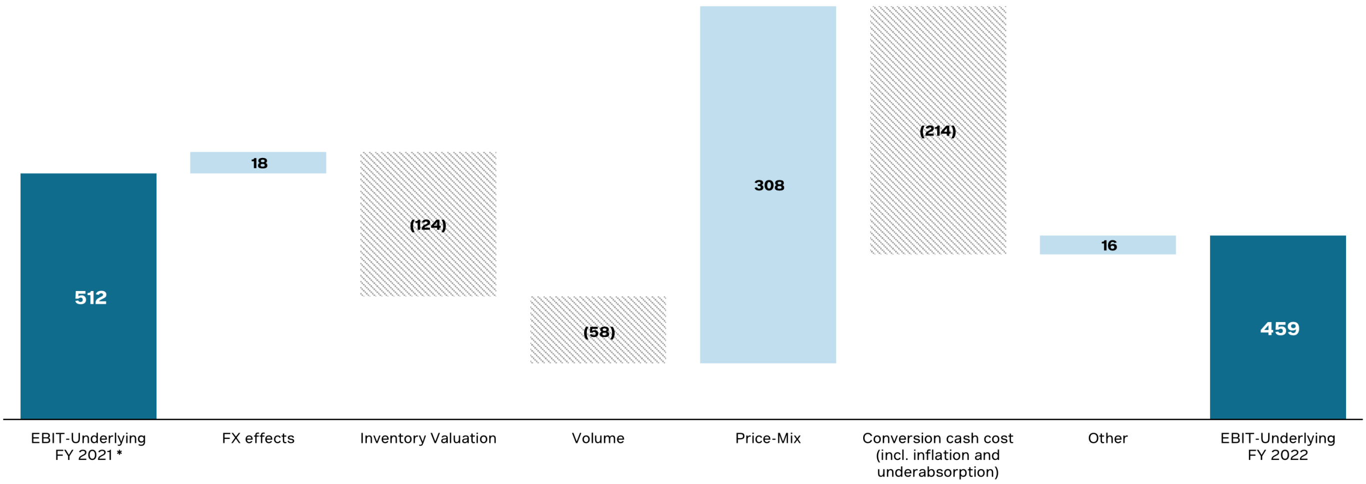
The CEO and the CFO of Bekaert will present the 2022 results to the investment community at 10:00 a.m. CET on Wednesday March 1st. This presentation can be accessed live upon registration via the Bekaert website (bekaert.com/en/investors) and will be available on the website after the event.

Financial Statement - Summary

	Underlying				Reported	
in millions of €	**2021**	**2022**	**H1 2022**	**H2 2022**	**2021**	**2022**
Consolidated sales	4 840	5 652	2 859	2 793	4 840	5 652
Operating result (EBIT)	512	459	283	176	511	366
EBIT margin on sales	10.6%	8.1%	9.9%	6.3%	10.6%	6.5%
Depreciation, amortization and impairment losses	174	195	98	97	164	261
EBITDA	686	654	381	273	675	626
EBITDA margin on sales	14.2%	11.6%	13.3%	9.8%	13.9%	11.1%
ROCE	23.6%	19.5%			23.6%	15.5%
Combined sales	**5 854**	**6 858**	**3 456**	**3 402**	**5 854**	**6 858**

Underlying EBIT Bridge

In millions of €



Bekaert's underlying EBIT was € 459 million in 2022. The positive price and mix impact was driven by further business-mix improvements and strong pricing discipline. This impact more than offset the adverse effects of lower sales volumes and higher conversion cash costs from the under-absorption of fixed overheads. The total inventory revaluation impact for 2022 was small compared to the significant positive inventory valuation benefit in 2021 that was converted into sales in that year.

Sales

Bekaert achieved a +16.8% consolidated sales growth in 2022. The organic growth (+11.8%) stemmed from business mix improvements and passed-on wire rod price changes and other cost inflation (+20.6% aggregated), tempered by lower volumes (-8.8%). Favorable currency movements added +5.0% to the top line, which reached € 5 652 million, € +812 million higher than in 2021.

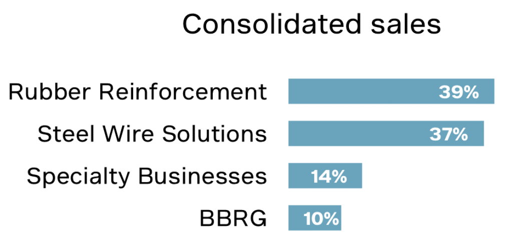
The sales growth of Bekaert's joint ventures in Brazil (+19.3% to € 1 220 million in revenue) was mainly the result of favorable currency effects (+17.2%) due to the strong revaluation of the Brazilian real. Organic growth was +2.1% and stemmed from mix improvements and passed-on costs on lower volumes, similar to the consolidated sales. Including joint ventures, combined[4] sales increased by +17.1%, reaching € 6 858 million (up by € 1 billion from last year).

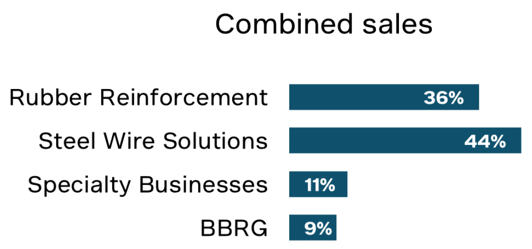
[4] Combined sales are sales of fully consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

Consolidated and combined sales per segment - in millions of €

Consolidated third party sales	2021	2022	Share	Restated Variance[5]	Variance[6]	Organic	FX
Rubber Reinforcement	2 054	2 198	39%	+13%	+7%	+1%	+6%
Steel Wire Solutions	1 819	2 082	37%	+14%	+14%	+10%	+4%
Specialty Businesses	476	766	14%	+30%	+61%	+57%	+4%
BBRG	481	585	10%	+22%	+22%	+16%	+6%
Group	10	21	-	-	-	-	-
Total	**4 840**	**5 652**	**100%**	**+17%**	**+17%**	**+12%**	**+5%**

Combined third party sales[7]	2021	2022	Share	Restated Variance[5]	Variance[6]	Organic	FX
Rubber Reinforcement	2 237	2 465	36%	+16%	+10%	+3%	+7%
Steel Wire Solutions	2 660	3 038	44%	+14%	+14%	+6%	+8%
Specialty Businesses	476	766	11%	+30%	+61%	+57%	+4%
BBRG	481	585	9%	+22%	+22%	+16%	+6%
Group	1	4	-	-	-	-	-
Total	**5 854**	**6 858**	**100%**	**+17%**	**+17%**	**+10%**	**+7%**





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

Consolidated third party sales	1st Q	2nd Q	3rd Q	4th Q	Q4 y-o-y[8]
Rubber Reinforcement	535	575	587	501	-9%
Steel Wire Solutions	530	541	523	487	+1%
Specialty Businesses	189	207	204	167	+37%
BBRG	124	144	159	158	+29%
Group	9	5	4	3	-
Total	**1 386**	**1 473**	**1 477**	**1 316**	**+3%**

Combined third party sales[7]	1st Q	2nd Q	3rd Q	4th Q	Q4 y-o-y[8]
Rubber Reinforcement	598	641	659	567	-6%
Steel Wire Solutions	745	805	778	710	+4%
Specialty Businesses	189	207	204	167	+37%
BBRG	124	144	159	158	+29%
Group	4	-	-	-	-
Total	**1 659**	**1 797**	**1 801**	**1 601**	**+5%**

[5] Pro forma restatement on the year-on-year variance: the hose and conveyor belt (HCB) activities were moved from the business unit Rubber Reinforcement to the business unit Specialty Businesses as from 1 January 2022. The FY 2021 sales in the table above have not been restated. Based on a proforma restatement excluding the HCB effect, the variance in Rubber Reinforcement was approximately +13% in consolidated sales (+16% combined) and the variance in Specialty Businesses was approximately +30%. HCB generated € 115 million in sales for the total of fiscal year 2021.
[6] Comparisons are relative to the financial year 2021, 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] Q4 year-on-year sales: 4nd quarter 2022 versus 4nd quarter 2021.

Segment Reports

Rubber Reinforcement: China remaining subdued, good performance in all other regions

	Underlying				Reported	
Key figures (in millions of €)	**2021**	**2022**	**H1 2022**	**H2 2022**	**2021**	**2022**
Consolidated third party sales	2 054	2 198	1 110	1 087	2 054	2 198
Consolidated sales	2 090	2 229	1 125	1 103	2 090	2 229
Operating result (EBIT)	249	179	101	78	247	111
EBIT margin on sales	11.9%	8.0%	8.9%	7.1%	11.8%	5.0%
Depreciation, amortization and impairment losses	97	91	46	45	97	150
EBITDA	345	270	147	123	344	261
EBITDA margin on sales	16.5%	12.1%	13.0%	11.1%	16.4%	11.7%
Combined third party sales	2 237	2 465	1 239	1 226	2 237	2 465
Segment assets	1 643	1 495	1 780	1 495	1 643	1 495
Segment liabilities	436	376	445	376	436	376
Capital employed	1 207	1 119	1 335	1 119	1 207	1 119
ROCE	21.6%	15.6%			21.5%	9.7%

Consolidated sales

Bekaert's Rubber Reinforcement business reached € 2 198 million in consolidated third-party sales in FY 2022, up +7.0%* from last year. The organic growth amounted to +1.2% and was delivered on the back of positive price-mix effects (+14.2%) including the impact from passed-on raw material prices and other cost inflation, offset by lower volumes (-13%), with currency adding +5.8% to the top line.

** From 1 January 2022, HCB (hose and conveyor belt) activities were moved to the Specialty Businesses business unit. Adjusting for this change, the revenue increase for the business unit in 2022 was approximately +13% and the volume decrease was approximately -7%.*

Sales remained robust in EMEA, with a good pricing response to rising cost inflation, whilst North America is not yet back to pre-COVID levels. India continued to show very strong demand. In China, demand remained weak despite the easing of lockdown regulations in H2 and has resulted in pressure on both volumes and prices.

Looking ahead, we anticipate China to remain subdued at the start of the year, improving through the second half of 2023. India is expected to continue to grow strongly. In Europe and North America the market remains cautious given the weak economic outlook and risk of further tire imports as freight costs decrease.

Financial performance

The business unit delivered in 2022 an underlying EBIT of € 179 million or 8.0% margin on sales, down 3.9 ppt from last year, with the margin percentage impacted by the pass-through of cost inflation at zero margin. Whilst the business unit was quick to respond to price rises to protect margins, the volume declines, particularly in China, impacted the margin performance. The underlying EBITDA margin was 12.1%, compared with 16.5% last year and underlying ROCE was resilient at 15.6%. Capital expenditure (PP&E) amounted to € 75 million and included investments mainly in EMEA and Vietnam.

The one-off elements were significantly higher at € -68 million, including the full impairment of the fixed assets of the Lipetsk facility in Russia as well as restructuring costs in the US and EMEA, leading to a reported EBIT of € 111 million. More information on the impairment is set out in the Strategic and Investment Updates section.

Combined sales and joint venture performance

The Rubber Reinforcement joint venture in Brazil achieved € 269 million in revenue in 2022, up +46.9%, driven in part by currency effects which added +17.2%. Including joint ventures, the business unit's combined sales increased by 10.2% to € 2 465 million (approximately +16% when comparing to restated figures of 2021, excluding HCB sales). The margin performance of the joint venture remained robust. 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: Energy and Utilities remain robust, other markets especially Latin America have been challenging

	Underlying				Reported	
Key figures (in millions of €)	**2021**	**2022**	**H1 2022**	**H2 2022**	**2021**	**2022**
Consolidated third party sales	1 819	2 082	1 072	1 010	1 819	2 082
Consolidated sales	1 857	2 138	1 102	1 035	1 857	2 138
Operating result (EBIT)	209	148	106	42	213	147
EBIT margin on sales	11.3%	6.9%	9.6%	4.0%	11.5%	6.9%
Depreciation, amortization and impairment losses	42	50	24	25	37	49
EBITDA	251	198	131	67	250	196
EBITDA margin on sales	13.5%	9.3%	11.8%	6.5%	13.5%	9.2%
Combined third party sales	2 660	3 038	1 551	1 487	2 660	3 038
Segment assets	1 141	1 115	1 307	1 115	1 141	1 115
Segment liabilities	518	387	563	387	518	387
Capital employed	623	727	744	727	623	727
ROCE	37.5%	21.9%			38.1%	21.7%

Consolidated Sales

Steel Wire Solutions delivered strong organic sales growth performance in 2022 (+10.2% vs FY 2021), driven by pricing efforts (+23.5%) including the impact of passed-on raw material costs, despite significant volume declines (-13.3%), particularly in H2, across all geographies with the exception of North America. Supportive currency movements accounted for +4.2%, resulting in a top-line growth of +14.5% to € 2 082 million.

Demand from energy and utility markets was strong throughout the period, especially in North America. Construction markets in Latin America and the global agriculture markets in particular remained very challenging for most of the year as economic conditions and consumer confidence remained weak.

Markets are expected to remain quite challenging globally in 2023, except for North America where the governmental stimuli (in particular the US Federal funding of RDOF (Rural Digital Opportunity Fund) and IIJA (Infrastructure Investment and Jobs Act)) are driving healthy demand for energy & utilities applications.

Financial performance

The lower volumes and challenging operating environment led the division to deliver underlying EBIT of € 148 million or 6.9% margin on sales, down 4.4 ppt from last year, yet in absolute terms EBITu was up € 52 million compared to 2020 when volumes were 5% higher, reflecting operational improvements since 2020. The margin percentage was diluted in 2022 by the pass-through of cost inflation at zero margin.

The underlying EBITDA margin was 9.3% and underlying ROCE remained robust at 21.9%. Capital expenditure (PP&E) amounted to € 46 million and included investments across all continents and specifically at our plant in Van Buren (US), to further meet strong demand from energy and utility customers.

Combined sales and joint venture performance

The Steel Wire Solutions joint venture in Brazil reported revenues of € 950 million, +13.3% against 2021. At constant exchange rates, organic sales growth was -3.9%, whilst the revaluation of the Brazilian real added 17.2%. Including joint ventures, the combined sales increased by +14.2% to € 3 038 million. Whilst lower than FY 2021, the margin performance of the joint venture remained 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: Another year of strong growth and margin enhancement

	Underlying				Reported	
Key figures (in millions of €)	**2021**	**2022**	**H1 2022**	**H2 2022**	**2021**	**2022**
Consolidated third party sales	476	766	396	371	476	766
Consolidated sales	488	788	408	380	488	788
Operating result (EBIT)	72	132	74	58	71	131
EBIT margin on sales	14.7%	16.7%	18.1%	15.2%	14.6%	16.6%
Depreciation, amortization and impairment losses	10	22	10	12	9	22
EBITDA	81	154	84	70	80	153
EBITDA margin on sales	16.7%	19.5%	20.6%	18.4%	16.3%	19.4%
Segment assets	351	470	510	470	351	470
Segment liabilities	120	143	164	143	120	143
Capital employed	231	327	346	327	231	327
ROCE	32.1%	44.7%			31.7%	44.4%

Sales

Specialty Businesses reported another strong year of growth with an increase in sales in 2022 of +61.1% to € 766 million, driven by strong organic growth (57.4%) and positive currency effects (+3.7%). The growth is derived from strong commercial execution in fast growing markets and also includes the integration of the hose and conveyor belt (HCB*) activities.

**The year-on-year growth indicators are significantly influenced by the move of the HCB activities from Rubber Reinforcement to Specialty Businesses as from 1 January 2022. Pro forma revenue growth of Specialty Businesses excluding the HCB effect was approximately +30%, of which 26% was organic.*

All four sub-segments reported robust, double-digit sales growth from strong market demand combined with pricing discipline. Building products reported significant growth in all main regions, as the Dramix® steel fibers for concrete reinforcement support safer, smarter and greener construction solutions. Fiber Technologies achieved further growth in high-end filtration, semiconductor and hydrogen applications, as well as in ultra fine wires for the solar energy sector. Combustion Technologies saw increased demand for environmentally friendly burners and heat exchangers. HCB reported sales growth in both hose and conveyor belt activities, particularly those serving OEM and mining end markets.

The business unit projects continued strong sales in 2023 and is focused on seizing the opportunities arising from energy transition and decarbonization in general, which offers future growth potential for Dramix®, Fiber Technologies' offering to hydrogen electrolysis systems, and energy-efficient combustion technologies. The hose and conveyor belt activities are expected to remain robust given current order books. The business unit is seeing some short-term order delays as customers assess the economic outlook and may see an increase in cheaper Chinese exports as shipping costs fall.

Financial performance

Specialty Businesses delivered an excellent underlying EBIT result of € 132 million, up +83.3% and a further improvement in the underlying EBIT margin on sales to 16.7% (up from 14.7% in 2021). The profit growth further demonstrates the group's strategy pursuing markets with faster rates of growth and high-end applications supporting higher margins. The underlying EBITDA margin was 19.5% (vs 16.7% in FY 2021) and the underlying ROCE was 44.7% (vs 32.1% in FY 2021).

Capital expenditure (PP&E) amounted to almost € 24 million in all sub-segments and specifically to investment in capacity for Hydrogen applications that will accelerate into 2023 and 2024. These investments will enhance our presence in these fast growing and higher margin markets and are backed by an increasing number of long-term supply agreements with customers.

Bridon-Bekaert Ropes Group: Continued execution of strategic turnaround, EBITu margin now exceeding 10%

	Underlying				Reported	
Key figures (in millions of €)	**2021**	**2022**	**H1 2022**	**H2 2022**	**2021**	**2022**
Consolidated third party sales	481	585	267	317	481	585
Consolidated sales	483	589	270	319	483	589
Operating result (EBIT)	45	60	35	25	36	39
EBIT margin on sales	9.3%	10.3%	13.1%	7.8%	7.5%	6.6%
Depreciation, amortization and impairment losses	31	34	17	16	28	45
EBITDA	76	94	53	41	64	84
EBITDA margin on sales	15.8%	16.0%	19.6%	13.0%	13.3%	14.3%
Segment assets	579	629	655	629	579	629
Segment liabilities	136	138	145	138	136	138
Capital employed	443	491	510	491	443	491
ROCE	10.4%	12.9%			8.4%	8.3%

Sales

Bridon-Bekaert Ropes Group (BBRG) recorded +21.6% revenue growth in 2022 to € 585 million and was driven by strong organic growth of +16.0% to the top line and currency of +5.5%. This organic growth resulted from strong demand in key end markets of Mining and Oil and Gas and for our Armofor® (Thermoplastic Reinforced pipe) product, and dynamic pricing driving a strong price-mix effect of +20.2%, more than offsetting volume declines (-4.1%).

Sales in the Ropes sub-segment was strong, driven by strong demand in the US, where the ongoing capacity extensions will result in higher volumes in the coming quarters, as well as Latin America and Australasia. In EMEA, volumes remained subdued particularly impacted by the cessation of trading activities with customers in Russia. The A-Cords sub-segment delivered record sales driven by excellent sales of Armofor®, strong growth in Automotive in China, and good sales of Heating Cords.

Overall, the global order book remains at a high level and the business unit expects continued strong demand in A-Cords for Armofor® and will invest in further production capacity for this product as the prospects for Bio-Gas and Hydrogen transportation are promising. Ropes won a first solution contract for synthetic mooring lines for deepwater offshore Asia. In parallel, Bridon-Bekaert continued to strengthen its position as key mooring supplier to floating offshore wind, with the addition of demonstrator projects in Spain and France. At the same time, the steel rope business is increasing its share in targeted steel rope markets.

Financial performance

BBRG has continued to successfully execute its profit restoration plan, as well as dynamic pricing in 2022. As a consequence, the business unit delivered an underlying EBIT of € 60 million at a margin on sales of 10.3% (up again compared with 9.3% in FY 2021). Underlying EBITDA reached a strong margin of 16.0%. The sale of idle land in Doncaster (UK) in H1 contributed € +11.4 million to underlying EBIT and EBITDA.

There were € -21 million of one-offs in the year, principally in relation to closure of the Gelsenkirchen factory in Germany and the consolidation of EMEA Ropes in the UK. Therefore, reported EBIT was € 39 million. Underlying ROCE continued to improve, up +2.5 ppt to 12.9%.

BBRG invested close to € 34 million in PP&E, mainly in the Ropes expansion program in the US and in the Advanced Cords plants.

Strategic and investment updates

Bekaert has concluded partnerships in 2022 that are improving market access and our technology positions in high growth sectors. These included:

- a partnership with Pajarito Powder (US) to accelerate the development of spearheading innovations in the market of green hydrogen production
- a partnership with TFI Marine (Ireland) to accelerate the go-to-market of digital-enabled mooring solutions for floating offshore wind farms

The Group has also signed Virtual Power Purchase Agreements in the US and India and is installing a solar park in Ubisa, Spain, to help reduce and offset its carbon greenhouse emissions.

Bekaert has also continued to invest in the organic growth of the company:

- € 171 million in property, plant and equipment, up +11% compared to last year (€ 153 million), thereby allowing for future growth opportunities in our core segments and beyond. The largest investment programs in 2022 were done in Vietnam for Rubber Reinforcement and in the US for the energy and utilities markets served by our BBRG and Steel Wire Solutions divisions, with additional significant expansion investments in hydrogen, and advanced cords applications
- € 70 million in Research and Innovation activities (before deduction of grants and R&D incentives)
- € 15 million in intangible investments mainly related to investments in digital transformation projects

Since the outbreak of conflict in the Ukraine, we have significantly scaled back business activities in and with Russia. The financials of the Lipetsk plant in Russia are included in the consolidated financial statements of 2022. However, the ongoing conflict is a clear impairment indicator, and as such the Group has performed an impairment test at year-end under value in use. Based on the outcome of the impairment test, the Group has taken the decision to fully impair the fixed assets. We are therefore taking in 2022 a non-cash exceptional charge of € 55 million in the result. At 31 December 2022, there remained consolidated current assets of € 26 million and consolidated liabilities of € 3 million in relation to activities in the Lipetsk plant. Lipetsk also has an intercompany debt position towards partners within the Group of € 35 million as well as net intercompany liabilities of € 12 million.

As set out in a separate press release, Bekaert has announced its intention to sell its stake in the Steel Wire Solutions businesses in Chile and Peru to its current partners, with a total enterprise value of approximately US$ 350 million, and resulting in net proceeds for our stake of US$ 136 million. The sale is in-line with Bekaert's strategy, which has been to improve its business portfolio by reducing the Group's exposure to lower growth, more commoditized and volatile markets, while increasing its presence in fast-growing markets.

Share buyback and treasury shares

On 13 February 2023, Bekaert completed its previously announced program to buy back up to € 120 million of its own shares. Overall, the company repurchased 3 488 344 ordinary shares for an aggregate consideration of € 117.3 million. The purpose of the share buyback is to reduce the issued share capital of the company and all shares repurchased have now been cancelled. 1 449 409 treasury shares were cancelled in 29 June 2022 and the balance, 2 038 935 shares, were cancelled in 24 February 2023.

The Group intends to continue the share buyback program with up to four further tranches of up to a total of € 120 million over a period of twelve months. As before, the purpose of the program will be to reduce the issued share capital of the company and shares repurchased will be cancelled. Bekaert's reference shareholder, Stichting Administratiekantoor Bekaert (STAK) and the parties acting in concert with the STAK, have informed the company that they continue to commit to take appropriate measures to ensure that by the end of the program their voting rights in Bekaert's share capital will not exceed the level at the start of the program in March 2022 (i.e. 36.13%).

Between 1 January 2022 and 31 December 2022, a total of 130 300 shares were transferred under the 2010-2014 and 2015-2017 Stock Option Plans. Bekaert sold 13 757 shares to members of the Bekaert Group Executive in the framework of the Bekaert Personal Shareholding Requirement Plan and transferred another 2 445 shares under the share-matching plan. A total of 12 080 shares were granted to the Chairman and other non-executive Directors as part of their remuneration for the performance of their duties. A total of 256 760 shares were disposed of following the vesting of 256 760 performance share units under the Bekaert Performance Share Plan.

As at 31 December 2022, the balance of treasury shares held by Bekaert was 4 380 475 (7.42% of the total share capital) and as at 28 February 2023, the balance of treasury shares held by Bekaert was 2 702 554 (4.74%).

Financial review

Financial results

Bekaert achieved an operating result (EBITu) of € 459 million (versus € 512 million last year). This resulted in an EBITu margin on sales of 8.1% (10.6% in 2021). In 2022 there were significant increases to the costs of the Group's raw materials, principally wire rod, and to its energy costs. All business units responded well to these challenges with pass through of increases in costs. However these price rises were typically only offsetting the impact of this inflation and were therefore at zero profit margin. These effects diluted the overall margin of the group and can be seen in all margin percentages (and other metrics on sales) including underlying EBIT margin.

The one-off items amounted to € -93 million (€ -2 million in 2021) and included the € -55 million impairment of the fixed assets of the Russian operations in Lipetsk and the € -21 million restructuring cost of the closure of the Gelsenkirchen factory in Germany and the related consolidation of EMEA Ropes in the UK. Other one-off items related to restructuring related costs in Rubber Reinforcement (EMEA and North America), in Steel Wire Solutions (Latin America) and on a group level. Including one-off items, reported EBIT was € 366 million, representing an EBIT margin on sales of 6.5% (versus € 511 million or 10.6% in 2021). Underlying EBITDA was € 654 million (11.6% margin) compared with € 686 million (14.2%) and reported EBITDA reached € 626 million, or a margin on sales of 11.1% (versus 13.9%).

The underlying overhead expenses decreased as a percentage on sales by -100 bps to 7.5%, compared to 8.5% in 2021, but increased by € 12 million in absolute numbers. The increase was almost entirely driven by negative FX impacts. The extra costs in selling expenses related to higher salary, travel and IT costs which were compensated by lower administrative expenses.

Underlying other operating revenues and expenses increased from € +21 million in 2021 to € +26 million in 2022 due to the gain on the sale of land in Doncaster (UK) in the BBRG segment (€ +11.4 million).

Interest income and expenses amounted to € -38 million, down from € -41 million in 2021 due to the elimination of interest from amortized cost measurement that applied to the convertible bond until June 2021, when it matured and was repaid. Other financial income and expenses was € -11 million (€ +4 million in 2021). The decrease stemmed from a reduced valuation of the virtual Power Purchase Agreements and increased bank charges.

Income taxes decreased from € -134 million last year to € -81 million. The overall effective tax rate dropped from 28% to 26%. The key driver is stronger profitability in legal entities that were historically loss making, resulting in the utilization of previously unrecognized tax attributes.

The share in the result of joint ventures and associated companies was € +54 million (versus € +108 million last year, of which € 34 million related to a one-time recovery of tax credits from the past), reflecting a solid performance of the joint ventures in Brazil.

The result for the period thus totaled € +289 million, compared with € +448 million in 2021. The result attributable to non-controlling interests was € +20 million (versus € +44 million in 2021) due to less profit generation in entities with minority shareholders, particularly in Chile and Peru. After non-controlling interests, the result for the period attributable to equity holders of Bekaert was € +269 million versus € +404 million last year. Earnings per share amounted to € +4.78, down from € +7.09 last year.

Balance Sheet

The average working capital on sales in 2022 was 13.5%, and although higher than 2021's figure, significantly lower than the historical average for the group. Working capital increased by € +172 million since December 2021 but decreased significantly versus June 2022. The organic increase amounted to € +168 million and was primarily due to lower accounts payable. Inventories remained broadly stable while accounts receivables reduced with € 27 million due to the impact of higher sales on the running factoring programs (off-balance sheet factoring increased from € 225 million in 2021 to € 268 million in 2022).

Cash on hand was € 728 million at the end of the period, compared with € 677 million at the close of 2021. The increase in cash was a result of a robust EBITDA generation and significant improvements in working capital in the last quarter of the year, while there were increasing cash outs for growth investments and shareholder returns in the form of an increased dividend and the share buyback.

Net debt amounted to € 487 million, € 70 million up from € 417 million at the close of 2021 while down € 186 million from the level of H1 2022, driven by an improved working capital. This resulted in net debt on underlying EBITDA of 0.74 versus 0.61 at the end of 2021.

On 31 December 2022, equity represented 46.2% of total assets, up from 43.4% at year-end 2021. The gearing ratio (net debt to equity) was 21.8% compared to 19.9% at the close of the year 2021, up slightly with a higher net debt driven by working capital and cash out for the share buyback. The ratio is still significantly down versus the 39.4% at the end of 2020.

Cash Flow Statement

Cash flows from operating activities amounted to € 340 million, compared with € 380 million in 2021. The reported EBITDA in 2022 was resilient at € 626 million versus a very strong comparable of € 675 million last year. Higher cash out on income taxes and working capital was compensated partly by lower cash out against provisions and other operating cash flows.

The Free Cash Flow (FCF) amounted to € 190 million versus € 221 million in 2021. FCF is calculated from the Cash Flow Statement as Net Cash Flow from Operations minus Capex (purchase of Property, Plant and Equipment and Intangible Assets) minus net interest plus dividends received. While there was less EBITDA and cash outflow from taxes and working capital was higher, there were positive effects to the FCF from higher dividends received and other operating cash flows.

Cash flows attributable to investing activities amounted to € -125 million (versus € -92 million in 2021) due to higher capital expenditures.

Cash flows from financing activities totaled € -174 million, compared with € -567 million last year. 2021 included the repayment of the convertible bond and other loans (€ -440 million). 2022 included higher dividend payments (€ -105 million versus € -64 million last year) and the cash costs of the share buyback (€ -97 million).

NV Bekaert SA (statutory accounts)

The Belgium-based entity's sales amounted to € +549 million, compared with € +415 million in 2021. The operating result including non-recurring items was € +95 million, compared with € +58 million in 2021. The financial result including non-recurring items was € +390 million (versus € +67 million in 2021), mainly due to higher dividends received. This led to a result for the period of € +488 million compared with € +139 million for 2021.

Financial Calendar

Full Year Results 2022 The CEO and the CFO of Bekaert will present the 2022 results to the investment community at 10:00 a.m. CET. This conference can be accessed live upon registration via the Bekaert website (bekaert.com/en/investors)	1 March 2023
2022 Integrated Annual Report available on bekaert.com	31 March 2023
First quarter trading update 2023	10 May 2023
Annual General Meeting of Shareholders	10 May 2023
Dividend ex-date	11 May 2023
Dividend record date	12 May 2023
Dividend payable	15 May 2023
Half Year Results 2023	28 July 2023
Third quarter trading update 2023	17 November 2023

Notes

The statutory auditor, EY Bedrijfsrevisoren BV, represented by Marnix Van Dooren and Francis Boelens, has confirmed that the audit, which is substantially complete, has to date not revealed any material misstatement in the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity or the consolidated statement of cash flow as included in this press release.

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 2022 have been prepared in accordance with the International Financial Reporting Standards, and give a true and fair view of the assets and liabilities, financial position and 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's ambition is to be the leading partner for shaping the way we live and move, and to always do this in a way that is safe, smart, and sustainable. As a global market and technology leader in material science of steel wire transformation and coating technologies, Bekaert (bekaert.com) also applies its expertise beyond steel to create new solutions with innovative materials and services for markets including new mobility, low-carbon construction, and green energy. Founded in 1880, with its headquarters in Belgium, Bekaert (Euronext Brussels, BEKB) is a global company whose 27 000 employees worldwide together generated almost € 7 billion in combined revenue in 2022.

Investor Relations

Guy Marks
T +32 56 76 74 73
E-mail: guy.marks@bekaert.com

Press

Katelijn Bohez
T: +32 56 76 66 10
E-mail: katelijn.bohez@bekaert.com

bekaert.com

Note 1: Consolidated income statement

(in thousands of €)	2021	2022
Sales	4 839 659	5 651 790
Cost of sales	-3 953 752	-4 879 310
Gross profit	**885 907**	**772 479**
Selling expenses	-186 239	-205 938
Administrative expenses	-165 204	-160 472
Research and development expenses	-59 537	-62 315
Other operating revenues	64 556	47 848
Other operating expenses	-28 894	-25 848
Operating result (EBIT)	**510 589**	**365 754**
of which		
EBIT - Underlying	**512 121**	**458 563**
One-off items	**-1 531**	**-92 810**
Interest income	3 260	5 166
Interest expense	-44 480	-43 437
Other financial income and expenses	4 430	-11 325
Result before taxes	**473 799**	**316 157**
Income taxes	-133 714	-81 097
Result after taxes (consolidated companies)	**340 085**	**235 059**
Share in the results of joint ventures and associates	107 619	54 257
RESULT FOR THE PERIOD	**447 705**	**289 316**
Attributable to		
equity holders of Bekaert	*404 062*	*268 859*
non-controlling interests	*43 643*	*20 457*
Earnings per share (in € per share)		
Result for the period attributable to equity holders of Bekaert		
Basic	7.09	4.78
Diluted	7.01	4.74

Note 2: Reported and Underlying

(in thousands of €)	2021 Reported	2021 of which underlying	2021 of which one-offs	2022 Reported	2022 of which underlying	2022 of which one-offs
Sales	4 839 659	4 839 659	–	5 651 790	5 651 790	–
Cost of sales	-3 953 752	-3 936 874	-16 878	-4 879 310	-4 795 329	-83 981
Gross profit	**885 907**	**902 785**	**-16 878**	**772 479**	**856 460**	**-83 981**
Selling expenses	-186 239	-186 017	-222	-205 938	-204 858	-1 080
Administrative expenses	-165 204	-166 574	1 370	-160 472	-157 414	-3 059
Research and development expenses	-59 537	-59 440	-97	-62 315	-62 139	-176
Other operating revenues	64 556	37 745	26 812	47 848	45 204	2 643
Other operating expenses	-28 894	-16 377	-12 517	-25 848	-18 691	-7 157
Operating result (EBIT)	**510 589**	**512 121**	**-1 531**	**365 754**	**458 563**	**-92 810**
Interest income	3 260			5 166		
Interest expense	-44 480			-43 437		
Other financial income and expenses	4 430			-11 325		
Result before taxes	**473 799**			**316 157**		
Income taxes	-133 714			-81 097		
Result after taxes (consolidated companies)	**340 085**			**235 059**		
Share in the results of joint ventures and associates	107 619			54 257		
RESULT FOR THE PERIOD	**447 705**			**289 316**		
Attributable to						
equity holders of Bekaert	404 062			268 859		
non-controlling interests	43 643			20 457		

Note 3: Reconciliation of segment reporting

Key Figures per Segment[9]: Underlying

(in millions of €)	RR *	SWS	SB *	BBRG	GROUP[10]	RECONC[11]	2021
Consolidated third party sales	2 054	1 819	476	481	10	–	4 840
Consolidated sales	2 090	1 857	488	483	94	-173	4 840
Operating result (EBIT)	249	209	72	45	-65	2	512
EBIT margin on sales	11.9%	11.3%	14.7%	9.3%	–	–	10.6%
Depreciation, amortization, impairment losses	97	42	10	31	5	-10	174
EBITDA	345	251	81	76	-60	-8	686
EBITDA margin on sales	16.5%	13.5%	16.7%	15.8%	–	–	14.2%
Segment assets	1 643	1 141	351	579	-40	-147	3 527
Segment liabilities	436	518	120	136	120	-74	1 256
Capital employed	1 207	623	231	443	-160	-72	2 271
ROCE	21.6%	37.5%	32.1%	10.4%	–	–	23.6%
Capital expenditure - PP&E[12]	58	43	18	40	2	-8	153

Key Figures per Segment[9]: Reported

(in millions of €)	RR *	SWS	SB *	BBRG	GROUP[10]	RECONC[11]	2021
Consolidated third party sales	2 054	1 819	476	481	10	–	4 840
Consolidated sales	2 090	1 857	488	483	94	-173	4 840
Operating result (EBIT)	247	213	71	36	-59	2	511
EBIT margin on sales	11.8%	11.5%	14.6%	7.5%	–	–	10.6%
Depreciation, amortization, impairment losses	97	37	9	28	4	-10	164
EBITDA	344	250	80	64	-55	-8	675
EBITDA margin on sales	16.4%	13.5%	16.3%	13.3%	–	–	13.9%
Segment assets	1 643	1 141	351	579	-40	-147	3 527
Segment liabilities	436	518	120	136	120	-74	1 256
Capital employed	1 207	623	231	443	-160	-72	2 271
ROCE	21.5%	38.1%	31.7%	8.4%	–	–	23.6%
Capital expenditure - PP&E[12]	58	43	18	40	2	-8	153

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

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

Key Figures per Segment[13]: Underlying

(in millions of €)	RR	SWS	SB	BBRG	GROUP[14]	RECONC[15]	2022
Consolidated third party sales	2 198	2 082	766	585	21	–	5 652
Consolidated sales	2 229	2 138	788	589	119	-210	5 652
Operating result (EBIT)	179	148	132	60	-62	1	459
EBIT margin on sales	8.0%	6.9%	16.7%	10.3%	–	–	8.1%
Depreciation, amortization, impairment losses	91	50	22	34	8	-10	195
EBITDA	270	198	154	94	-53	-9	654
EBITDA margin on sales	12.1%	9.3%	19.5%	16.0%	–	–	11.6%
Segment assets	1 495	1 115	470	629	-55	-142	3 512
Segment liabilities	376	387	143	138	110	-75	1 078
Capital employed	1 119	727	327	491	-165	-67	2 433
ROCE	15.6%	21.9%	44.7%	12.9%	–	–	19.5%
Capital expenditure - PP&E[16]	75	46	24	34	3	-11	171

Key Figures per Segment[13]: Reported

(in millions of €)	RR	SWS	SB	BBRG	GROUP[14]	RECONC[15]	2022
Consolidated third party sales	2 198	2 082	766	585	21	–	5 652
Consolidated sales	2 229	2 138	788	589	119	-210	5 652
Operating result (EBIT)	111	147	131	39	-67	6	366
EBIT margin on sales	5.0%	6.9%	16.6%	6.6%	–	–	6.5%
Depreciation, amortization, impairment losses	150	49	22	45	8	-14	261
EBITDA	261	196	153	84	-59	-9	626
EBITDA margin on sales	11.7%	9.2%	19.4%	14.3%	–	–	11.1%
Segment assets	1 495	1 115	470	629	-55	-142	3 512
Segment liabilities	376	387	143	138	110	-75	1 078
Capital employed	1 119	727	327	491	-165	-67	2 433
ROCE	9.7%	21.7%	44.4%	8.3%	–	–	15.5%
Capital expenditure - PP&E[16]	75	46	24	34	3	-11	171

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

Note 4: Consolidated statement of comprehensive income

(in thousands of €)	2021	2022
Result for the period	**447 705**	**289 316**
Other comprehensive income (OCI)		
Other comprehensive income reclassifiable to income statement in subsequent periods		
Exchange differences arising during the year	91 217	49 443
Reclassification adjustments relating to entity disposals or step acquisitions	-2 987	-555
OCI reclassifiable to income statement in subsequent periods, after tax	**88 229**	**48 888**
Other comprehensive income non-reclassifiable to income statement in subsequent periods:		
Remeasurement gains and losses on defined-benefit plans	47 351	3 393
Net fair value gain (+)/loss (-) on investments in equity instruments designated as at fair value through OCI	5 882	-2 367
Share of non-reclassifiable OCI of joint ventures and associates	3	27
Deferred taxes relating to non-reclassifiable OCI	-3 500	-4 874
OCI non-reclassifiable to income statement in subsequent periods, after tax	**49 736**	**-3 821**
Other comprehensive income for the period	**137 965**	**45 067**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**585 670**	**334 383**
Attributable to		
equity holders of Bekaert	*542 801*	*308 741*
non-controlling interests	*42 869*	*25 642*

Note 5: Consolidated balance sheet

(in thousands of €)	2021	2022
Non-current assets	**1 967 721**	**1 975 079**
Intangible assets	57 326	62 149
Goodwill	150 674	152 567
Property, plant and equipment	1 253 857	1 238 041
RoU Property, plant and equipment	132 073	130 750
Investments in joint ventures and associates	188 661	221 886
Other non-current assets	65 886	65 314
Deferred tax assets	119 244	104 372
Current assets	**2 871 567**	**2 854 234**
Inventories	1 121 219	1 143 096
Bills of exchange received	41 274	39 764
Trade receivables	750 666	730 786
Other receivables	157 005	151 426
Short-term deposits	80 058	4 766
Cash and cash equivalents	677 270	728 095
Other current assets	42 272	55 541
Assets classified as held for sale	1 803	760
Total	**4 839 288**	**4 829 313**

Equity	**2 097 663**	**2 229 556**
Share capital	177 923	173 737
Share premium	38 850	39 519
Retained earnings	1 981 876	2 115 216
Other Group reserves	-231 957	-235 766
Equity attributable to equity holders of Bekaert	**1 966 692**	**2 092 706**
Non-controlling interests	**130 971**	**136 850**
Non-current liabilities	**1 105 766**	**875 537**
Employee benefit obligations	75 971	68 037
Provisions	23 311	27 925
Interest-bearing debt	953 581	735 408
Other non-current liabilities	844	150
Deferred tax liabilities	52 059	44 018
Current liabilities	**1 635 859**	**1 724 220**
Interest-bearing debt	237 742	500 588
Trade payables	1 062 185	921 113
Employee benefit obligations	177 159	142 068
Provisions	4 392	6 154
Income taxes payable	86 131	66 180
Other current liabilities	68 249	88 118
Liabilities associated with assets classified as held for sale	–	–
Total	**4 839 288**	**4 829 313**

Note 6: Consolidated statement of changes in equity

(in thousands of €)	2021	2022
Opening balance	**1 535 055**	**2 097 663**
Total comprehensive income for the period	585 670	334 383
Capital contribution by non-controlling interests	3 975	–
Effect of acquisitions and disposals	2 650	–
Creation of new shares	1 077	748
Treasury shares transactions	17 419	-90 199
Dividends to shareholders of Bekaert	-56 795	-86 463
Dividends to non-controlling interests	-6 649	-19 763
Other	15 261	-6 813
Closing balance	**2 097 663**	**2 229 556**

Note 7: Consolidated cash flow statement

(in thousands of €)	2021	2022
Operating result (EBIT)	510 589	365 754
Non-cash items included in operating result	188 605	296 053
Investing items included in operating result	-23 234	-11 381
Amounts used on provisions and employee benefit obligations	-50 340	-27 947
Income taxes paid	-92 737	-117 289
Gross cash flows from operating activities	**532 884**	**505 189**
Change in operating working capital	-119 773	-178 697
Other operating cash flows	-32 620	13 800
Cash flows from operating activities	**380 491**	**340 292**
New business combinations	–	-2 384
Other portfolio investments	-863	-8 613
Proceeds from disposals of investments	-66	94
Dividends received	24 858	67 944
Purchase of intangible assets *	-8 739	-14 937
Purchase of property, plant and equipment *	-143 753	-170 195
Purchase of RoU Land	–	-6
Proceeds from disposals of fixed assets	36 752	3 141
Cash flows from investing activities	**-91 810**	**-124 956**
Interest received	3 474	4 848
Interest paid	-35 170	-37 428
Gross dividends paid	-63 556	-104 959
Proceeds from long-term interest-bearing debt	23 649	12 050
Repayment of long-term interest-bearing debt	-439 823	-87 627
Cash flows from / to (-) short-term interest-bearing debt	-43 328	67 349
Treasury shares transactions	17 419	-97 104
Other financing cash flows	-29 747	68 473
Cash flows from financing activities	**-567 082**	**-174 398**
Net increase or decrease (-) in cash and cash equivalents	**-278 401**	**40 937**
Cash and cash equivalents at the beginning of the period	**940 416**	**677 270**
Effect of exchange rate fluctuations	15 255	9 888
Cash and cash equivalents at the end of the period	**677 270**	**728 095**

* Difference vs total capex related to payable balances

Note 8: Restatement effects

The 2021 comparative information has been restated due to:

(a). Attributing benefits to periods of service under IAS 19 ‘Employee Benefits’

In May 2021, the IFRS Interpretations Committee finalized an agenda decision about the periods of service to which an entity attributes benefit for a particular defined benefit plan. Under the terms of the plan, employees are entitled to a lump sum benefit payment when they reach a specified retirement age provided they are employed by the entity when they reach that retirement age; and the amount of the retirement benefit to which an employee is entitled depends on the length of employee service with the entity before the retirement age and is capped at a specified number of consecutive years of service.

IAS 19 requires an entity to attribute benefit to periods of service under the plan's benefit formula from the date when employee service first leads to benefits under the plan until the date when further employee service will lead to no material amount of further benefits under the plan. An entity is required to attribute benefit to periods in which the obligation to provide post-employment benefits arise. The obligation arises as employees render services in return for post-employment benefits an entity expects to pay in future reporting periods. The agenda decision specifies that employee service before the vesting date gives rise to a constructive obligation because, at the end of each successive reporting period, the amount of future service an employee will have to render before becoming entitled to the benefit is reduced.

The defined benefit liabilities at year end 2021 have been restated for Indonesia to reflect the impact of the May 2021 IFRIC agenda decision on the attribution of benefits to periods of service. This change affected both the defined-benefit obligation (€ 1.7 million decrease) and benefit expense level.

(b). Reclassification of implementation and customization costs linked to cloud computing arrangements

In April 2021, the IFRS Interpretation Committee published an agenda decision on the clarification of accounting for the costs of configuring or customizing the supplier's application software in a SaaS arrangement that is determined to be a service contract.

The Group previously capitalized costs incurred in configuring or customizing a supplier's application software in a cloud-based computing arrangement as intangible assets as the Group considered that it would benefit from those costs over the life of the asset.

Due to the nature of this agenda decision and the level of spend incurred in relation to the Groups' Digital Transformation, the Group has reviewed its accounting policy to align with the IFRIC guidance issued in relation to Software-as-a-service (SaaS) costs previously capitalized. The Group will only recognize costs as intangible assets if the configuration or customization activities create an intangible asset that the Group controls and the intangible asset meets the recognition criteria. Costs that do not result in intangible asses are expensed as incurred. Due to the complexity of the assessment and the number of IT projects the analysis related to the impact of the IFRIC decision was only concluded upon in the course of 2022.The revision to the accounting policy has been accounted for retrospectively resulting in a prior year restatement. The restatement affects the balance sheet in NV Bekaert, where € 4.1 million is reclassified from intangible assets into IT costs in the income statement.

For the purpose of this annual report, the reclassifications and restatement effects are not presented on the face of the other financial statements. They are summarized below in a concise format and referenced to one of the above restatement elements (a or b) where appropriate.

Consolidated income statement (in thousands of €)	**2021**	**H1 2022**
Administrative expenses (b)	-4 113	–
Other operating revenues (a)	1 617	–
Operating result (EBIT)	**-2 497**	**–**
EBIT - Underlying	**-2 497**	**–**
Result before taxes	-2 497	–
Income taxes (a+b)	-418	-6
Result after taxes (consolidated companies)	**-2 915**	**-6**
RESULT FOR THE PERIOD	**-2 915**	**-6**
Attributable to		
the Group	-2 915	-6
non-controlling interests	–	–

Earnings per share (in € per share)	**2021**	**H1 2022**
Result for the period attributable to the Group		
Basic	-0.05	–
Diluted	-0.05	–

Consolidated statement of comprehensive income (in thousands of €)	**2021**	**H1 2022**
Result for the period (a+b)	-2 915	-6
Other comprehensive income reclassifiable to income statement in subsequent periods		
Exchange differences arising during the year (a)	56	119
OCI reclassifiable to income statement in subsequent periods, after tax	**56**	**119**
Other comprehensive income for the period	**56**	**119**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-2 859**	**113**
Attributable to		
the Group	-2 859	113
non-controlling interests	–	–

Assets (in thousands of €)	2021	H1 2022
Non-current assets		
Intangible assets (b)	-4 113	-4 113
Deferred tax assets (a+b)	-355	-387
Total	**-4 468**	**-4 500**

Equity and liabilities (in thousands of €)	2021	H1 2022
Retained earnings (a+b)	-2 915	-2 921
Other Group reserves (a)	56	175
Equity attributable to the Group	**-2 859**	**-2 746**
Non Current liabilities	**-1 609**	**-1 754**
Employee benefit obligations (a)	-1 688	-1 841
Deferred tax liabilities (a+b)	79	87
Total	**-4 468**	**-4 500**

Consolidated cash flow statement (in thousands of €)	2021	H1 2022
Operating activities		
Operating result (EBIT) (a+b)	-2 497	–
Non-cash items included in operating result (a)	**-1 617**	**–**
Gross cash flows from operating activities	-4 113	–

Consolidated statement of changes in equity (in thousands of €)	2021	H1 2022
Opening statement (a+b)	**–**	**-2 859**
Total comprehensive income for the period (a+b)	-2 859	113
Closing balance	**-2 859**	**-2 746**

Note 9: Additional key figures

(in € per share)	2021	2022
Number of existing shares at 31 December	60 452 261	59 029 252
Book value	32.53	35.45
Share price at 31 December	39.14	36.28
Weighted average number of shares		
Basic	57 000 709	56 194 711
Diluted	57 620 824	56 662 942
Result for the period attributable to equity holders of Bekaert		
Basic	7.09	4.78
Diluted	7.01	4.74

(in thousands of € - ratios)	2021	2022
EBITDA	674 845	626 483
EBITDA - Underlying	686 109	653 867
Capital expenditure	162 041	185 540
Depreciation and amortization and impairment losses	164 256	260 729
Capital employed	2 271 449	2 433 380
Operating working capital	677 519	849 872
Net debt	417 329	487 118
EBIT on sales	10.6%	6.5%
EBIT - Underlying on sales	10.6%	8.1%
EBITDA on sales	13.9%	11.1%
EBITDA - Underlying on sales	14.2%	11.6%
Equity on total assets	43.3%	46.2%
Gearing (net debt on equity)	19.9%	21.8%
Net debt on EBITDA	0.6	0.8
Net debt on EBITDA - Underlying	0.6	0.7

NV Bekaert SA - Statutory Profit and Loss Statement

(in thousands of €)	2021	2022
Sales	415 161	549 321
Operating result before non-recurring items	58 418	95 724
Non-recurring operational items	-145	-546
Operating result after non-recurring items	58 273	95 178
Financial result before non-recurring items	67 831	392 597
Non-recurring financial items	-1 158	-2 523
Financial result after non-recurring items	66 673	390 074
Profit before income taxes	124 945	485 252
Income taxes	13 997	2 346
Result for the period	138 943	487 598

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

Metric	Definition	Reason for use
Capital employed (CE)	Working capital + net intangible assets + net goodwill + net property, plant and equipment + net RoU Property, plant and equipment. The weighted average CE is weighted by the number of periods that an entity has contributed to the consolidated result.	Capital employed consists of the main balance sheet items that operating management can actively and effectively control to optimize its financial performance, and serves as the denominator of ROCE.
Capital ratio (financial autonomy)	Equity relative to total assets.	This ratio provides a measure of the extent to which the Group is equity-financed.
Current ratio	Current assets to Current liabilities.	This ratio provides a measure for the liquidity of the company. It measures whether a company has enough resources to meet it short-term obligations.
Combined figures	Sum of consolidated companies + 100% of joint ventures and associates after elimination of intercompany transactions (if any). Examples: sales, capital expenditure, number of employees.	In addition to Consolidated figures, which only comprise controlled companies, combined figures provide useful insights of the actual size and performance of the Group including its joint ventures and associates.
EBIT	Operating result (earnings before interest and taxation).	EBIT consists of the main income statement items that operating management can actively and effectively control to optimize its profitability, and a.o. serves as the numerator of ROCE and EBIT interest coverage.
EBIT – underlying (EBITu)	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 assist 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 (EBITDAu)	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 assist 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).

Metric	Definition	Reason for use
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.
Operating Working Capital	Inventories + trade receivables + bills of exchange received + advanced paid - trade payables - advances received - remuneration and social security payables - employment-related taxes.	Working capital includes all current assets and liabilities that operating management can actively and effectively control to optimize its financial performance. It represents the current component of capital employed.
Internal Bekaert Management Reporting	Focusing on the operational performance of the industrial companies of the Group, leaving out financial companies and other non-industrial companies, in a flash approach and as such not including all consolidation entries reflected in the full hard-close consolidation on which the annual report is based.	The pragmatic approach enables a short follow-up process regarding the operational performance of the business throughout the year.

APM reconciliation tables are provided in the Financial Statements of the Integrated Annual Report 2022 which will be released on 31 March 2023.