BEKAERT

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# Press release

**Regulated information – Inside information**

1 March 2019 – 07:00 a.m. CET

**Press - Investors**
Katelijn Bohez
T +32 56 76 66 10

www.bekaert.com

## Full Year Results 2018

# Bekaert reports € 210 million underlying EBIT on higher sales

### Highlights[1]

Bekaert achieved +8.9% organic sales growth in 2018, reaching € 4.3 billion in consolidated revenue for the year. Part of this growth was offset by adverse currency movements (-2.5%) and divestments (-1.3%), resulting in a topline increase of +5.1%. Combined sales exceeded the € 5 billion mark for the first time in history and reflected an increase of +5.5% year-on-year.

The organic consolidated sales growth stemmed from +2.2% volume growth – driven by firm demand in global automotive markets but largely offset by a significant decline in sawing wire sales and a slowdown in industrial steel wire markets – and from the aggregate effect of passed-on wire rod price increases and price-mix, which added +6.6%.

Continued volatility of wire rod prices, trade tensions and policy changes, growing price pressure, higher than anticipated start-up costs related to various major expansion programs, and loss-generating sawing wire activities (€ -9 million) compared with a profitable business last year (€ +21 million), have all been weighing on our margin performance in 2018. In addition, along with the measures we have been implementing to close certain loss-making entities and to turn around the profitability of other weaker performing businesses, we have posted a series of provisions and write-offs in the financial statements of 2018. Some of these adjustments affected underlying EBIT (€ -15 million) while others have been recognized as one-off elements in the reported EBIT (€ -63 million).

Underlying EBIT reached € 210 million, representing a margin on sales of 4.9%. Underlying EBITDA totaled € 426 million, -14% down from last year and reflecting a margin of 9.9%. Reported EBIT was significantly impacted by the one-off adjustments and reached € 147 million at a margin of 3.4%.

We have been successful in implementing actions to reduce the net debt position. Net debt was € 1 153 million at year-end 2018, down € -186 million from 30 June 2018 and unchanged from year-end 2017. Net debt on underlying EBITDA improved from 3.1 (30 June 2018) to 2.7 at the close of the year.

- Consolidated sales of € 4.3 billion (+5.1%) and combined sales of € 5.1 billion (+5.5%)
- Underlying gross profit of € 585 million (13.6% margin) compared with € 704 million (17.2% margin) in 2017
- Underlying EBIT of € 210 million (4.9% margin) compared with € 301 million (7.3% margin)
- EBIT of € 147 million (3.4% margin) compared with € 318 million (7.8% margin)
- Underlying EBITDA of € 426 million (9.9% margin) compared with € 497 million (12.1% margin)
- Underlying ROCE of 8.0% compared with 11.2%
- € 198 million capital expenditure (PP&E) versus € 273 million in 2017
- Net debt of € 1 153 million. Net debt on underlying EBITDA was 2.7, higher than last year (2.3).
- Result for the period attributable to equity holders of Bekaert: € 40 million, down from € 185 million in 2017
- EPS (earnings per share): € 0.70 compared with € 3.26

The Board of Directors will propose to the Annual General Meeting of Shareholders of 8 May 2019, a gross dividend of 70 eurocent. In line with the company's dividend policy, the proposed temporary dividend cut is reflecting the lower earnings and high debt leverage of the company.

[1] All comparisons are made relative to the financial year 2017.

## Outlook

The business conditions in various sectors have begun to trend somewhat lower as a result of tighter markets and postponed investments. We project the increased economic and political uncertainty to induce some growth moderation in most parts of the world in 2019. We are particularly cautious about the uncertainty that may be caused by Brexit in our markets and in the further developments of trade tensions globally.

Our actions addressing the business elements within our control:

- We are resolving the start-up issues in the various expansion programs and will see increased benefits from those investments in the course of 2019. Our results will no longer be affected by the loss generation and one-off closure impacts related to the plants that have been closed in Italy and Costa Rica.
- Due to severe price erosion in sawing wire markets, we do not project a significant contribution of the respective activities in 2019 and have impaired most of the related equipment and intangible assets in the financial statements of 2018.
- Despite the economic slowdown in China, induced by international trade tensions, the current performance of the rubber reinforcement platform seems to be offsetting the effects by reqaining pricing power and market share.
- Bridon-Bekaert Ropes Group is showing underlying business improvement according to the profit restoration plan that has been put in place.
- Together with customers and suppliers, we have taken actions to mitigate the anticipated risks of a no-deal Brexit.
- Despite the transformation programs that have helped us improve our performance over the past years, we did not achieve the incremental cost effects we expected in 2018. Given the market environment and the disappointing results of 2018, we will look closely at improvement actions that will help reduce our cost structure and improve our performance.
- In 2019 we will continue to put in place cash generation actions to reduce the net debt leverage. We project to limit the capital expenditure to between € 130 and 150 million, down from almost € 200 million in 2018.

**Alongside the publication of the 2018 FY results, Bekaert today also announces important organizational and leadership changes to enable us to be more agile and customer-centric and to restore Bekaert's business performance.**

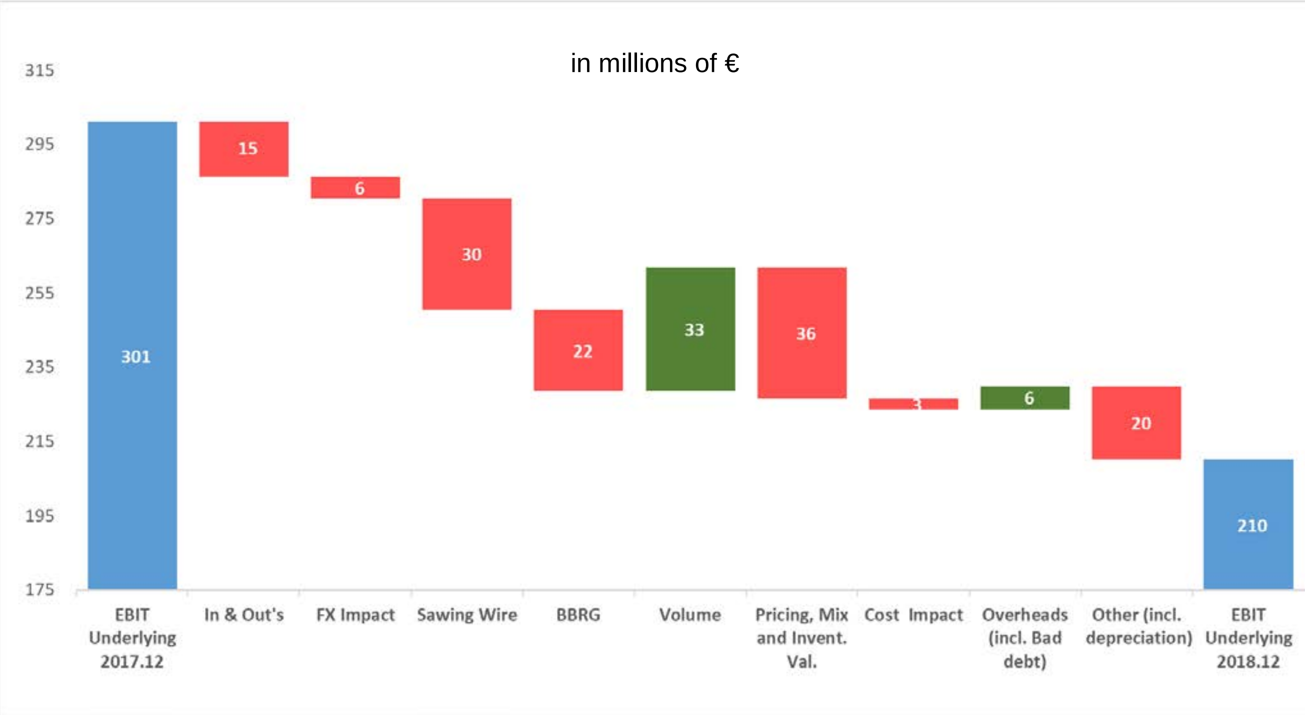
From today's perspective, and provided there will be no exceptional, unforeseeable circumstances like a large-scale recession, we anticipate stable sales in 2019. We are confident that our accelerated transformation drive and the improvement actions we are taking, will help us rebuild the underlying EBIT margin to above 7% over the medium term.

## Financial Statements Summary

| | Underlying | | | | Reported | |
|---|---|---|---|---|---|---|
| **in millions of €** | **2017** | **2018** | **1H 2018** | **2H 2018** | **2017** | **2018** |
| Consolidated sales | 4 098 | 4 305 | 2 157 | 2 148 | 4 098 | 4 305 |
| Operating result (EBIT) | 301 | 210 | 111 | 99 | 318 | 147 |
| EBIT margin on sales | 7.3% | 4.9% | 5.1% | 4.6% | 7.8% | 3.4% |
| Depreciation, amortization and impairment losses | 196 | 216 | 103 | 113 | 192 | 240 |
| EBITDA | 497 | 426 | 214 | 212 | 510 | 387 |
| EBITDA margin on sales | 12.1% | 9.9% | 9.9% | 9.9% | 12.4% | 9.0% |
| ROCE | 11.2% | 8.0% | | | 11.8% | 5.6% |
| Combined sales | 4 808 | 5 074 | 2 537 | 2 537 | 4 808 | 5 074 |

## Underlying EBIT bridge

Bekaert's underlying EBIT was € 210 million, reflecting a margin of 4.9%. The main factors preventing us from turning improved volumes (contributing € +33 million to underlying EBIT) into incremental profitability were the adverse effect of the sawing wire business decline (decrease of € -30 million versus last year), significant one-time BBRG (€ -14 million) clarifying most of the earnings decline of the segment (down € -22 million from last year), and an aggregate € -36 million reflecting the pass-through effectiveness of increased wire rod prices, inventory valuation effects, and price erosion. The incremental cost savings from transformation programs could not offset the overall cost increases from high start-up costs in plants with expansion programs and inflation. The net effect of divestments (€ -15 million) and adverse currency effects (€ -6 million) added to the underlying EBIT decrease year-on-year.



## Sales

Bekaert achieved consolidated sales of € 4.3 billion in 2018, an increase of +5.1% compared with last year. The organic volume growth (+2.2%) and the aggregate effect of passed-on higher wire rod prices and price-mix (+6.6%) accounted for an organic sales growth of +8.9%. This was partially offset by the effect of divestments (-1.3%) and adverse currency movements (-2.5%). Combined sales[2] totaled € 5.1 billion for the year, up +5.5% from 2017 as a result of strong organic sales growth (+10.3%), adverse currency movements (-4.5%) and a limited effect of divestments (-0.2%).

### Consolidated and combined sales by segment - in millions of €

| Consolidated sales | 2017 | 2018 | Share | Variance[3] | Organic | FX | M&A |
|---|---|---|---|---|---|---|---|
| EMEA | 1 273 | 1 335 | 31% | +5% | +6% | - | -1% |
| North America | 552 | 618 | 14% | +12% | +16% | -4% | - |
| Latin America | 673 | 692 | 16% | +3% | +13% | -4% | -6% |
| Asia Pacific | 1 145 | 1 197 | 28% | +5% | +8% | -3% | - |
| BBRG | 455 | 463 | 11% | +2% | +6% | -4% | - |
| **Total** | **4 098** | **4 305** | **100%** | **+5%** | **+9%** | **-3%** | **-1%** |

| Combined sales[2] | 2017 | 2018 | Share | Variance[3] | Organic | FX | M&A |
|---|---|---|---|---|---|---|---|
| EMEA | 1 264 | 1 322 | 26% | +5% | +6% | - | -1% |
| North America | 552 | 618 | 12% | +12% | +16% | -4% | - |
| Latin America | 1 394 | 1 474 | 29% | +6% | +16% | -10% | - |
| Asia Pacific | 1 144 | 1 197 | 24% | +5% | +8% | -3% | - |
| BBRG | 454 | 463 | 9% | +2% | +6% | -4% | - |
| **Total** | **4 808** | **5 074** | **100%** | **+6%** | **+10%** | **-5%** | **-** |

### 2018 quarter-on-quarter progress – in millions of €

| Consolidated sales | 1st Q | 2nd Q | 3rd Q | 4rd Q | Q4 y-o-y[4] |
|---|---|---|---|---|---|
| EMEA | 347 | 346 | 316 | 326 | +3% |
| North America | 144 | 156 | 160 | 158 | +21% |
| Latin America | 168 | 177 | 175 | 172 | +4% |
| Asia Pacific | 283 | 310 | 304 | 301 | +1% |
| BBRG | 110 | 116 | 115 | 122 | +8% |
| **Total** | **1 052** | **1 105** | **1 070** | **1 078** | **+5%** |

| Combined sales[2] | 1st Q | 2nd Q | 3rd Q | 4rd Q | Q4 y-o-y[4] |
|---|---|---|---|---|---|
| EMEA | 347 | 344 | 314 | 316 | - |
| North America | 144 | 156 | 160 | 158 | +21% |
| Latin America | 367 | 359 | 377 | 371 | +4% |
| Asia Pacific | 283 | 310 | 304 | 301 | +1% |
| BBRG | 110 | 116 | 115 | 122 | +8% |
| **Total** | **1 251** | **1 286** | **1 270** | **1 268** | **+5%** |

2 Combined sales are sales of fully consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.
3 Comparisons are made relative to the financial year 2017, unless otherwise indicated.
4 Q4 year-on-year sales: 4th quarter 2018 versus 4th quarter 2017.

## Segment reports

### EMEA

| | Underlying | | | | Reported | |
|---|---|---|---|---|---|---|
| **Key figures (in millions of €)** | **2017** | **2018** | **1H 2018** | **2H 2018** | **2017** | **2018** |
| Consolidated sales | 1 273 | 1 335 | 693 | 642 | 1 273 | 1 335 |
| Operating result (EBIT) | 141 | 114 | 68 | 46 | 144 | 74 |
| EBIT margin on sales | 11.1% | 8.5% | 9.8% | 7.1% | 11.3% | 5.5% |
| Depreciation, amortization and impairment losses | 62 | 69 | 32 | 38 | 58 | 80 |
| EBITDA | 203 | 183 | 100 | 83 | 202 | 153 |
| EBITDA margin on sales | 15.9% | 13.7% | 14.4% | 13.0% | 15.9% | 11.5% |
| Segment assets | 1 018 | 973 | 1 083 | 973 | 1 018 | 973 |
| Segment liabilities | 299 | 333 | 342 | 333 | 299 | 333 |
| Capital employed | 718 | 641 | 741 | 641 | 718 | 641 |
| ROCE | 20.8% | 16.8% | | | 21.2% | 10.9% |

Bekaert's activities in EMEA achieved +4.8% sales growth in 2018, driven by the aggregate effect of passed-on wire rod price increases and price mix (+6.8%), a small organic volume decline (-0.9%) and the divestment effect of the Solaronics business (-0.9%). Demand from automotive and construction markets was strong throughout the year, while demand for industrial, specialty, and stainless products softened in the second half of the year.

The underlying EBIT was € 114 million at a margin of 8.5%. The margin performance was lower due to higher than anticipated start-up costs in plants with major expansion programs in Central Europe, and increased price pressure in various markets, particularly those where we compete with integrated players.

Reported EBIT dropped to 5.5% as a result of the one-off impact of the closure of the Figline plant in Italy (€-40 million) reflecting the operational losses incurred since the announcement of the closure, the impairment losses of the site's assets and the expenses accrued for the closure.

Capital expenditure (PP&E) amounted to € 67 million and included, amongst others, capacity expansions in Romania, Slovakia and Russia.

## NORTH AMERICA

| Key figures (in millions of €) | Underlying 2017 | Underlying 2018 | Underlying 1H 2018 | Underlying 2H 2018 | Reported 2017 | Reported 2018 |
|---|---|---|---|---|---|---|
| Consolidated sales | 552 | 618 | 300 | 318 | 552 | 618 |
| Operating result (EBIT) | 33 | 25 | 14 | 11 | 33 | 25 |
| EBIT margin on sales | 6.0% | 4.0% | 4.6% | 3.5% | 6.0% | 4.0% |
| Depreciation, amortization and impairment losses | 13 | 13 | 7 | 7 | 13 | 13 |
| EBITDA | 47 | 38 | 21 | 18 | 47 | 38 |
| EBITDA margin on sales | 8.5% | 6.2% | 6.9% | 5.6% | 8.5% | 6.2% |
| Segment assets | 299 | 367 | 337 | 367 | 299 | 367 |
| Segment liabilities | 88 | 116 | 105 | 116 | 88 | 116 |
| Capital employed | 210 | 251 | 232 | 251 | 210 | 251 |
| ROCE | 14.9% | 10.8% | | | 14.9% | 10.7% |

Bekaert's activities in North America achieved +12% sales growth. The organic sales growth accounted for +16.4% and stemmed from improved volumes (+5.7%) and passed-on higher wire rod prices and other price-mix effects (+10.6%). The adverse currency impact for the year tempered to -4.4% due to the appreciation of the US$ in the last quarter.

Automotive demand remained strong throughout the year. Industrial steel wire and agricultural fencing markets were affected by increased price pressure and by the usual seasonality effects of the second half of the year.

Bekaert's rubber reinforcement activities in the US recorded solid growth. The margins were, however, affected by supply chain issues caused by the continuous changes in trade policy, including quota restrictions and tariffs.

In other steel wire markets, the average price of domestic wire rod increased about 30% compared with last year. Passing on the full price impact to our customers was not possible as we compete with import flows and integrated players (downstream integrated steel mills) there. The margins were, moreover, affected by continued weak demand in agricultural markets.

Both the underlying and reported EBIT amounted to € 25 million at a margin of 4%.

Capital expenditure (PP&E) was € 18 million in North America.

## LATIN AMERICA

| | Underlying | | | | Reported | |
|---|---|---|---|---|---|---|
| **Key figures (in millions of €)** | **2017** | **2018** | **1H 2018** | **2H 2018** | **2017** | **2018** |
| Consolidated sales | 673 | 692 | 344 | 348 | 673 | 692 |
| Operating result (EBIT) | 55 | 43 | 23 | 20 | 80 | 35 |
| EBIT margin on sales | 8.2% | 6.2% | 6.6% | 5.9% | 11.9% | 5.1% |
| Depreciation, amortization and impairment losses | 20 | 17 | 9 | 8 | 20 | 19 |
| EBITDA | 74 | 61 | 32 | 28 | 100 | 55 |
| EBITDA margin on sales | 11.1% | 8.7% | 9.3% | 8.2% | 14.8% | 7.9% |
| Combined sales | 1 394 | 1 474 | 726 | 748 | 1 394 | 1 474 |
| Segment assets | 453 | 477 | 492 | 477 | 453 | 477 |
| Segment liabilities | 120 | 144 | 160 | 144 | 120 | 144 |
| Capital employed | 332 | 333 | 332 | 333 | 332 | 333 |
| ROCE | 14.8% | 12.9% | | | 21.6% | 10.6% |

In Latin America, consolidated sales were up +2.7% from last year.

Passed-on higher wire rod prices and other price-mix enhancements contributed +14.3% to the organic revenue growth. An overall weak economic environment in the region drove demand for our products down, resulting in an organic volume loss of -1.8% for the year. Consolidated sales were adversely impacted by the disposal effect (-6.1%) of the Sumaré integration within the JV partnership with ArcelorMittal since 1 July 2017, and by adverse currency movements (-3.7%).

Excluding the effects of currency, royalties from Brazilian joint ventures, and one-time elements, the underlying EBIT of our operations in Latin America slightly improved, compared with last year. Including all elements, underlying EBIT decreased, mainly because of a lower positive net effect of one-time items in 2018 compared with 2017. Last year's records included the effect of the cancellation of the obligations under an onerous supply contract (€ +10 million) and the disposal effect of Sumaré (€ +12 million). The one-time element in 2018 regarded a change in a long-term benefit plan in Ecuador (€ +3.7 million). Royalties from the Brazilian joint ventures were higher in 2018, compared with last year (€ +5.4 million), while currency effects on underlying EBIT were € -1.9 million negative, year-on-year.

Including all elements, underlying EBIT decreased to € 43 million, reflecting a margin of 6.2%. Reported EBIT was significantly lower than last year: in 2017 the gain on the sale of 55.5% of the shares of the Sumaré plant in Brazil was included whereas in 2018 we have incurred one-off expenses related to the closure of the Dramix® plant in Costa Rica.

Bekaert invested almost € 18 million in property, plant and equipment across the region, particularly in Chile.

Bekaert's combined sales increase in Latin America (+5.7%) was from strong organic growth (+15.7%), largely offset by the translation impact of currency movements (-9.9%) which was mainly driven by the depreciation of the Brazilian real compared with last year (-19.4% compared with the average rate of 2017).

## ASIA PACIFIC

| Key figures (in millions of €) | Underlying 2017 | Underlying 2018 | Underlying 1H 2018 | Underlying 2H 2018 | Reported 2017 | Reported 2018 |
|---|---|---|---|---|---|---|
| Consolidated sales | 1 145 | 1 197 | 593 | 605 | 1 145 | 1 197 |
| Operating result (EBIT) | 107 | 86 | 40 | 46 | 104 | 54 |
| EBIT margin on sales | 9.3% | 7.2% | 6.8% | 7.7% | 9.1% | 4.5% |
| Depreciation, amortization and impairment losses | 90 | 97 | 47 | 50 | 89 | 142 |
| EBITDA | 196 | 183 | 87 | 96 | 193 | 196 |
| EBITDA margin on sales | 17.1% | 15.3% | 14.7% | 15.9% | 16.8% | 16.3% |
| Segment assets | 1 209 | 1 175 | 1 286 | 1 175 | 1 209 | 1 175 |
| Segment liabilities | 197 | 217 | 208 | 217 | 197 | 217 |
| Capital employed | 1 012 | 958 | 1 078 | 958 | 1 012 | 958 |
| ROCE | 10.9% | 8.7% | | | 10.7% | 5.5% |

Bekaert delivered +7.7% organic sales growth in Asia Pacific, driven by good volume growth (+5.7%) and a positive aggregate effect of passed-on wire rod price increases and price-mix (+2%). The robust growth of rubber reinforcement activities across the region was partly offset by weaker volumes in other sectors, among which the sawing wire activities in China and the steel wire activities in Malaysia. Adverse currency effects (-3.1%) drove top line growth down to +4.6%.

Underlying EBIT decreased to € 86 million at a margin of 7.2%. The margin decrease was a result of loss-making sawing wire activities (€ -9 million compared with € +21 million last year), the weak performance of our activities in Malaysia, and high start-up costs related to the expansion program in India. The rubber reinforcement business progressively improved the margin performance in the second half of the year, particularly in China and in India. This trend is visible in the segment's underlying EBIT of the second half.

Reported EBIT dropped to € 54 million due to the impairment of tangible and intangible assets related to sawing wire in China and the restructuring costs in Ipoh (Malaysia), partly offset by the gain on the sale of land and buildings following the closing of the plants in Huizhou (China) and Shah Alam (Malaysia).

In anticipation of continued growth perspectives, Bekaert invested € 85 million in PP&E in the region in 2018, including expansion investments in China, India and Indonesia.

## BRIDON-BEKAERT ROPES GROUP

| | Underlying | | | | Reported | |
|---|---|---|---|---|---|---|
| **Key figures (in millions of €)** | **2017** | **2018** | **1H 2018** | **2H 2018** | **2017** | **2018** |
| Consolidated sales | 455 | 463 | 227 | 237 | 455 | 463 |
| Operating result (EBIT) | 15 | -7 | 2 | -9 | 12 | -20 |
| EBIT margin on sales | 3.3% | -1.5% | 0.8% | -3.7% | 2.7% | -4.3% |
| Depreciation, amortization and impairment losses | 26 | 29 | 14 | 15 | 26 | 36 |
| EBITDA | 41 | 22 | 16 | 6 | 38 | 16 |
| EBITDA margin on sales | 9.0% | 4.8% | 7.1% | 2.6% | 8.4% | 3.4% |
| Segment assets | 574 | 561 | 572 | 561 | 574 | 561 |
| Segment liabilities | 108 | 120 | 115 | 120 | 108 | 120 |
| Capital employed | 465 | 440 | 457 | 440 | 465 | 440 |
| ROCE | 3.1% | -1.5% | | | 2.5% | -4.4% |

Bridon-Bekaert Ropes Group (BBRG) achieved 5.5% organic sales growth, part of which was compensated by the adverse currency movements (-3.7%) impacting the topline. The organic growth accelerated in the second half of 2018 (+8.4%) compared with limited growth in the first half of the year (+2.7%) and was mainly driven by a positive price-mix evolution.

Underlying EBIT was € -6.9 million for the year due to significant one-time adjustments without cash impact (including pension plan adjustments and obsolete stock write-offs) totaling € -13.7 million. Excluding these adjustments, underlying EBIT would have reached € 6.8 million (€ +1.8 million in the first half of 2018 and € +5 million in the second half).

Reported EBIT was € -20 million and included the impacts of one-off elements related to the restructuring in Brazil (€ -7 million) and other measures to turn around the business (€ -6 million).

BBRG invested € 19 million in PP&E in 2018, about half of which in support of growing the advanced cords facilities in Belgium and China, and the other half in the ropes manufacturing sites worldwide.

## Investment update and other information

Net debt was € 1 153 million at year-end 2018, unchanged from € 1 151 million last year but significantly down from € 1 339 million as at 30 June 2018. Net debt on underlying EBITDA was 2.7, compared with 2.3 last year and 3.1 as at 30 June 2018. The company implemented a series of actions in the second half of 2018 to bring net debt down by € -186 million. The working capital decreased by € -156 million (versus 30 June 2018), mainly driven by successful cash collection actions, the impact of off-balance sheet factoring (€ 73 million of accounts receivable), and more standardized supplier payment terms. The average working capital on sales decreased to 20.4%.

In October 2018, Bekaert completed the refinancing of the outstanding debt incurred by Bridon-Bekaert Ropes Group (BBRG). This included: (1) the temporary refinancing through a financial covenant-free bridge loan with a group of banks for a maximum maturity of two years, preceding a permanent long-term funding decision; (2) the repayment of € 294 million to the BBRG lenders' syndicate; (3) the release of all related security interests; (4) the elimination of the related ring-fenced debt structure; and (5) significantly lower interest charges on the refinanced BBRG debt. The debt of BBRG had been consolidated in Bekaert's consolidated statements since the establishment of Bridon-Bekaert Ropes Group. As a result of this refinancing, all debt of the Bekaert Group is covenant-free.

Bekaert is investing in all continents to expand and upgrade the production capacity to the levels needed. Investments in property, plant and equipment amounted to € 198 million in 2018 and included major tire cord expansion programs in EMEA and Asia Pacific. Bekaert will start a greenfield investment in Quang Ngai Province in the central coastal area of Vietnam. The construction works will start in the course of the 2nd quarter of 2019. The plant will produce rubber reinforcement products and serve customers worldwide.

In addition to the 3 636 280 treasury shares held as of 31 December 2017, Bekaert purchased 352 000 own shares in the course of 2018. A total of 51 200 stock options were exercised in 2018 under Stock Option Plan 2010-2014 and Stock Option Plan 2. 51 200 treasury shares were used for that purpose. 35 048 treasury shares were transferred in the context of the Personal Shareholding Requirement Plan. As a result, Bekaert held an aggregate 3 902 032 treasury shares as of 31 December 2018.

## Financial Review

### Dividend

The Board of Directors will propose to the Annual General Meeting of Shareholders of 8 May 2019, a gross dividend of 70 eurocent. In line with the company's dividend policy, the proposed temporary dividend cut is reflecting the lower earnings and high debt leverage of the company. The dividend will, upon approval by the General Meeting of Shareholders, become payable as of 13 May 2019.

### Financial results

Bekaert achieved an operating result (EBIT-Underlying) of € 210 million (versus € 301 million in 2017). This equates to a margin on sales of 4.9% (versus 7.3% in 2017). The one-offs amounted to € -63 million (€ +17 million in 2017) and included impairment and lay-off costs related to various restructuring programs and plant closures as well as to other asset impairments and write-offs. Including these one-offs, EBIT was € 147 million, representing an EBIT margin on sales of 3.4% (versus € 318 million or 7.8%). Underlying EBITDA was € 426 million (9.9% margin) compared with € 497 million (12.1%) and EBITDA reached € 387 million, or an EBITDA margin on sales of 9.0% (versus 12.4%).

Overhead expenses (underlying) decreased by € -13 million to 9.1% as a percentage of sales (versus 9.9% in 2017). Selling expenses were stable. The administrative expenses decreased by € -13 million (underlying) due to a lower variable remuneration and favorable currency effects. The reported administrative expenses included € -18 million one-off elements related to the closure of the plant in Figline (Italy), other lay-off expenses and various corrective actions in BBRG. The research and development expenses amounted to € 65 million, about stable from last year. Underlying other operating revenues and expenses (€ +16 million versus € +1 million last year) mainly reflected an increase of royalty payments received from the Brazilian joint ventures and the positive impact from pension plan adjustments in Latin America. Reported other operating revenues and expenses (€ +33 million) included the gain on the sale of land and buildings related to the plants closed in Huizhou (China) and Shah Alam (Malaysia).

Interest income and expenses amounted to € -85 million, slightly lower than last year (€ -87 million). The lower interest expenses from the debt refinancing of BBRG were largely offset by increased interests from a higher average gross debt. Other financial income and expenses amounted to € -26 million (versus € -6 million last year) due to the amortized cost impact of the BBRG debt refinancing (including bank charges and fees on the repayment of the previous loans) and fees related to the buy-out of OTPP. Income taxes decreased from € -69 million to € -58 million due to lower profitability in various tax paying entities. As the combination of loss making entities only provided an immaterial tax offset to the tax expense incurred by the combination of profit making entities, the overall effective tax rate was 161%.

The share in the result of joint ventures and associated companies was € +25 million (versus € +27 million last year) due to the significantly weaker Brazilian real (-19.4% compared with the average rate of 2017).

The result for the period thus totaled € 3 million, compared with € 183 million in 2017. The result attributable to non-controlling interests was € -37 million (versus € -2 million) and mainly reflected the net loss representation of BBRG as non-controlling interest until the end of October of 2018. After non-controlling interests, the result for the period attributable to equity holders of Bekaert was € +40 million, compared with € +185 million last year. Earnings per share amounted to € 0.70, down from € +3.26 in 2017.

## Balance sheet

As at 31 December 2018, shareholders' equity represented 34.1% of total assets, down from 35.6% in 2017. The gearing ratio (net debt to equity) was 76.0% (versus 72.7%).

Net debt was € 1 153 million, down from € 1 339 million as at 30 June 2018 and unchanged from € 1 151 million as at year-end 2017. Net debt on underlying EBITDA was 2.7, compared with 2.3 on 31 December 2017.

## Cash flow statement

Cash from operating activities amounted to € 244 million, unchanged from € 244 million in 2017, as the lower cash generation was offset by a reduction in cash-outs to fund working capital.

Cash flow attributable to investing activities amounted to € -102 million (versus € -209 million): € -185 million related to substantially lower capital expenditure (intangibles and PP&E) while the net impact of acquisitions and divestments dropped from € 38 million to € 3 million. Proceeds from disposal of property from closed plants in China and Malaysia amounted to € 55 million.

Cash flows from financing activities totaled € -157 million (versus € +30 million in 2017). The major cash-ins from gross financial debt in 2018 as well as the repayments are mainly related to the debt restructuring of BBRG and the refinancing of a € 100 million bond.

## NV Bekaert SA (statutory accounts)

The Belgium-based entity's sales amounted to € 375 million, compared with € 410 million in 2017. The operating profit before non-recurring results was € 42 million, compared with € 23 million last year, while non-recurring result as part of the operating result was nil in 2018, compared to € 50 million last year. The financial result was € 270 million (versus € 15 million in 2017) and included € 336 million dividends from Chinese operations. This led to a result for the period of € +315 million compared with € +91 million in 2017.

## Financial Calendar

| | | | |
|---|---|---|---|
| 2018 results | 1 | March | 2019 |

The CEO and the CFO ad interim of Bekaert will present the results to the investment community at 02:00 p.m. CET.
This conference can be accessed live upon registration via the Bekaert website in listen-only mode.

| | | | |
|---|---|---|---|
| 2018 annual report available on www.bekaert.com | 29 | March | 2019 |
| First quarter trading update 2019 | 8 | May | 2019 |
| General Meeting of Shareholders | 8 | May | 2019 |
| Dividend ex-date | 9 | May | 2019 |
| Dividend payable | 13 | May | 2019 |
| 2019 half year results | 26 | July | 2019 |
| Third quarter trading update 2019 | 15 | November | 2019 |

## Changes in the segment reporting

In line with the organizational changes, Bekaert's **segment reporting** will be changed in 2019. The new segmentation will drive transparency into the business dynamics of each reporting unit and replace the previous geographic segmentation, to which Bridon-Bekaert Ropes Group had been added as a separate reporting segment. The Group's business units (BU) are characterized by BU-specific product and market profiles, industry trends, cost drivers, and technology needs tailored to specific industry requirements.

### Statement from the statutory auditor

The statutory auditor has confirmed that the audit procedures on the consolidated financial statements have been substantially completed and have revealed no material adjustments that would have to be made to the accounting information included in this press release. In preparing the consolidated financial statements, the same accounting policies and methods of computation have been used as in the 31 December 2017 annual consolidated financial statements, except for the changes entailed by the coming into effect of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers'. Both of these standards require retrospective restatement, but hold an option to report the restatement effect in the opening balance of the reporting period in which an entity first applies the standard. The Group elected that option and did not restate the comparative information for 2017; please refer to annex 8 'Restatement effects' in this report.

### Statement from the responsible persons

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

- the consolidated financial statements of NV Bekaert SA and its subsidiaries as of 31 December 2018 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 comments and analyses in this press release give a fair view of the development and the results of the business and of the position of the whole of the companies included in the consolidation.

On behalf of the Board of Directors,

Matthew Taylor - Chief Executive Officer
Bert De Graeve - Chairman of the Board of Directors

### Disclaimer



### Company Profile

Bekaert (www.bekaert.com) is a world market and technology leader in steel wire transformation and coating technologies. We pursue to be the preferred supplier for our steel wire products and solutions by continuously delivering superior value to our customers worldwide. Bekaert (Euronext Brussels: BEKB) is a global company with 30 000 employees worldwide, headquarters in Belgium and € 5 billion in combined revenue.

Annex 1: Press release 1 March 2019

## Consolidated income statement

| (in thousands of €) | **2017** | **2018** |
|---|---|---|
| Sales | 4 098 247 | 4 305 269 |
| Cost of sales | -3 396 431 | -3 778 660 |
| **Gross profit** | **701 816** | **526 609** |
| Selling expenses | -180 100 | -179 651 |
| Administrative expenses | -164 411 | -167 346 |
| Research and development expenses | -62 670 | -65 368 |
| Other operating revenues | 48 863 | 72 578 |
| Other operating expenses | -25 436 | -39 942 |
| **Operating result (EBIT)** | **318 062** | **146 880** |
| of which | | |
| **EBIT - Underlying** | **301 095** | **210 140** |
| **One-off items** | **16 967** | **-63 260** |
| Interest income | 3 117 | 3 035 |
| Interest expense | -89 852 | -87 990 |
| Other financial income and expenses | -6 408 | -25 547 |
| **Result before taxes** | **224 919** | **36 378** |
| Income taxes | -69 276 | -58 465 |
| **Result after taxes (consolidated companies)** | **155 643** | **-22 087** |
| Share in the results of joint ventures and associates | 26 857 | 24 875 |
| **RESULT FOR THE PERIOD** | **182 500** | **2 788** |
| Attributable to | | |
| *equity holders of Bekaert* | *184 720* | *39 768* |
| *non-controlling interests* | *-2 220* | *-36 980* |
| **EARNINGS PER SHARE** (in € per share) | | |
| Result for the period attributable to equity holders of Bekaert | | |
| Basic | 3.26 | 0.70 |
| Diluted (*) | 2.74 | 0.51 |

(*) restated for 2017, cf. annex 8

## Reported and Underlying

| (in thousands of €) | 2017<br>Reported | 2017<br>of which underlying | 2017<br>of which one-offs | 2018<br>Reported | 2018<br>of which underlying | 2018<br>of which one-offs |
|---|---|---|---|---|---|---|
| Sales | 4 098 247 | 4 098 247 | | 4 305 269 | 4 305 269 | |
| Cost of sales | -3 396 431 | -3 393 978 | -2 453 | -3 778 660 | -3 720 317 | -58 343 |
| **Gross profit** | **701 816** | **704 269** | **-2 453** | **526 609** | **584 952** | **-58 343** |
| Selling expenses | -180 100 | -179 400 | -700 | -179 651 | -178 254 | -1 397 |
| Administrative expenses | -164 411 | -161 905 | -2 506 | -167 346 | -148 787 | -18 559 |
| Research and development expenses | -62 670 | -62 640 | -30 | -65 368 | -63 559 | -1 809 |
| Other operating revenues | 48 863 | 14 278 | 34 585 | 72 578 | 27 463 | 45 115 |
| Other operating expenses | -25 436 | -13 507 | -11 929 | -39 942 | -11 675 | -28 267 |
| **Operating result (EBIT)** | **318 062** | **301 095** | **16 967** | **146 880** | **210 140** | **-63 260** |
| Interest income | 3 117 | | | 3 035 | | |
| Interest expense | -89 852 | | | -87 990 | | |
| Other financial income and expenses | -6 408 | | | -25 547 | | |
| **Result before taxes** | **224 919** | | | **36 378** | | |
| Income taxes | -69 276 | | | -58 465 | | |
| **Result after taxes (consolidated companies)** | **155 643** | | | **-22 087** | | |
| Share in the results of joint ventures and associates | 26 857 | | | 24 875 | | |
| **RESULT FOR THE PERIOD** | **182 500** | | | **2 788** | | |
| Attributable to | | | | | | |
| *equity holders of Bekaert* | *184 720* | | | *39 768* | | |
| *non-controlling interests* | *-2 220* | | | *-36 980* | | |

Annex 2: Press release 1 March 2019

## Reconciliation of segment reporting

### Key Figures per Segment

| | Underlying | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions of €) | EMEA | N-AM | L-AM | APAC | GROUP[1] | BBRG | RECONC[2] | 2018 |
| Consolidated sales | 1 335 | 618 | 692 | 1 197 | - | 463 | - | 4 305 |
| Operating result (EBIT) | 114 | 25 | 43 | 86 | -59 | -7 | 8 | 210 |
| EBIT margin on sales | 8.5% | 4.0% | 6.2% | 7.2% | - | -1.5% | - | 4.9% |
| Depreciation, amortization, impairment losses | 69 | 13 | 17 | 97 | 8 | 29 | -18 | 216 |
| EBITDA | 183 | 38 | 61 | 183 | -52 | 22 | -10 | 426 |
| EBITDA margin on sales | 13.7% | 6.2% | 8.7% | 15.3% | - | 4.8% | - | 9.9% |
| Segment assets | 973 | 367 | 477 | 1 175 | 189 | 561 | -238 | 3 506 |
| Segment liabilities | 333 | 116 | 144 | 217 | 110 | 120 | -132 | 908 |
| Capital employed | 641 | 251 | 333 | 958 | 79 | 440 | -105 | 2 598 |
| ROCE | 16.8% | 10.8% | 12.9% | 8.7% | - | -1.5% | - | 8.0% |
| Capital expenditure - PP&E[3] | 67 | 18 | 17 | 85 | 9 | 19 | -17 | 198 |

| | Reported | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions of €) | EMEA | N-AM | L-AM | APAC | GROUP[1] | BBRG | RECONC[2] | 2018 |
| Consolidated sales | 1 335 | 618 | 692 | 1 197 | - | 463 | - | 4 305 |
| Operating result (EBIT) | 74 | 25 | 35 | 54 | -69 | -20 | 48 | 147 |
| EBIT margin on sales | 5.5% | 4.0% | 5.1% | 4.5% | - | -4.3% | - | 3.4% |
| Depreciation, amortization, impairment losses | 80 | 13 | 19 | 142 | 8 | 36 | -58 | 240 |
| EBITDA | 153 | 38 | 55 | 196 | -61 | 16 | -10 | 387 |
| EBITDA margin on sales | 11.5% | 6.2% | 7.9% | 16.3% | - | 3.4% | - | 9.0% |
| Segment assets | 973 | 367 | 477 | 1 175 | 189 | 561 | -238 | 3 506 |
| Segment liabilities | 333 | 116 | 144 | 217 | 110 | 120 | -132 | 908 |
| Capital employed | 641 | 251 | 333 | 958 | 79 | 440 | -105 | 2 598 |
| ROCE | 10.9% | 10.7% | 10.6% | 5.5% | - | -4.4% | - | 5.6% |
| Capital expenditure - PP&E[3] | 67 | 18 | 17 | 85 | 9 | 19 | -17 | 198 |

[1] Group and business support
[2] Reconciliations
[3] Gross increase of PP&E

Annex 3: Press release 1 March 2019

## Consolidated statement of comprehensive income

| (in thousands of €) | 2017 | 2018 |
|---|---|---|
| **Result for the period** | **182 500** | **2 788** |
| **Other comprehensive income (OCI)** | | |
| *Other comprehensive income reclassifiable to income statement in subsequent periods* | | |
| Exchange differences | -123 933 | -35 725 |
| Inflation adjustments | 2 032 | 2 535 |
| Cash flow hedges | -247 | 475 |
| Available-for-sale investments | -1 389 | - |
| Deferred taxes relating to reclassifiable OCI | -75 | -76 |
| **OCI reclassifiable to income statement in subsequent periods, after tax** | **-123 612** | **-32 791** |
| *Other comprehensive income non-reclassifiable to income statement in subsequent periods:* | | |
| Remeasurement gains and losses on defined-benefit plans | 15 089 | -1 387 |
| Net fair value gain (+)/loss (-) on investments in equity instruments designated as at fair value through OCI | - | -5 311 |
| Share of non-reclassifiable OCI of joint ventures and associates | 16 | 21 |
| Deferred taxes relating to non-reclassifiable OCI | -1 176 | -3 707 |
| **OCI non-reclassifiable to income statement in subsequent periods, after tax** | **13 929** | **-10 384** |
| **Other comprehensive income for the period** | **-109 683** | **-43 175** |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | **72 817** | **-40 387** |
| Attributable to | | |
| *equity holders of Bekaert* | *87 481* | *-79* |
| *non-controlling interests* | *-14 664* | *-40 308* |

Annex 4: Press release 1 March 2019

## Consolidated balance sheet

| (in thousands of €) | 2017 | 2018 |
|---|---|---|
| **Non-current assets** | **2 124 225** | **2 049 559** |
| Intangible assets | 125 217 | 114 502 |
| Goodwill | 149 895 | 149 255 |
| Property, plant and equipment | 1 501 028 | 1 459 449 |
| Investments in joint ventures and associates | 165 424 | 153 671 |
| Other non-current assets | 41 944 | 34 279 |
| Deferred tax assets | 140 717 | 138 403 |
| **Current assets** | **2 320 506** | **2 399 930** |
| Inventories | 779 581 | 931 808 |
| Bills of exchange received | 55 633 | 57 727 |
| Trade receivables | 836 809 | 772 731 |
| Other receivables | 126 876 | 130 379 |
| Short-term deposits | 50 406 | 50 036 |
| Cash and cash equivalents | 418 779 | 398 273 |
| Other current assets | 44 329 | 58 430 |
| Assets classified as held for sale | 8 093 | 546 |
| **Total** | **4 444 731** | **4 449 489** |

| | | |
|---|---|---|
| **Equity** | **1 583 036** | **1 516 002** |
| Share capital | 177 690 | 177 793 |
| Share premium | 37 278 | 37 751 |
| Retained earnings | 1 529 268 | 1 484 600 |
| Other Group reserves | -256 581 | -303 213 |
| **Equity attributable to equity holders of Bekaert** | **1 487 655** | **1 396 931** |
| **Non-controlling interests** | **95 381** | **119 071** |
| **Non-current liabilities** | **1 448 734** | **906 540** |
| Employee benefit obligations | 150 810 | 141 550 |
| Provisions | 46 074 | 29 031 |
| Interest-bearing debt | 1 180 347 | 686 665 |
| Other non-current liabilities | 27 121 | 11 402 |
| Deferred tax liabilities | 44 382 | 37 892 |
| **Current liabilities** | **1 412 961** | **2 026 947** |
| Interest-bearing debt | 454 401 | 942 041 |
| Trade payables | 665 196 | 778 438 |
| Employee benefit obligations | 130 204 | 118 427 |
| Provisions | 9 181 | 37 194 |
| Income taxes payable | 91 597 | 88 128 |
| Other current liabilities | 62 382 | 62 634 |
| Liabilities associated with assets classified as held for sale | - | 85 |
| **Total** | **4 444 731** | **4 449 489** |

Annex 5: Press release 1 March 2019

## Consolidated statement of changes in equity

| (in thousands of €) | 2017 | 2018 |
|---|---|---|
| **Opening balance** | **1 597 893** | **1 583 036** |
| Restatements (*) | - | -2 585 |
| **Opening balance (restated)** | **1 597 893** | **1 580 451** |
| Total comprehensive income for the period | 72 817 | -40 387 |
| Capital contribution by non-controlling interests | 9 870 | 71 |
| Effect of acquisitions and disposals | -17 020 | 44 914 |
| Creation of new shares | 762 | 576 |
| Treasury shares transactions | 3 978 | -11 281 |
| Dividends to shareholders of Bekaert | -62 441 | -62 153 |
| Dividends to non-controlling interests | -27 949 | -2 881 |
| Other | 5 126 | 6 692 |
| **Closing balance** | **1 583 036** | **1 516 002** |

(*) Cf. annex 8

Annex 6: Press release 1 March 2019

## Consolidated cash flow statement

| (in thousands of €) | 2017 | 2018 |
|---|---|---|
| Operating result (EBIT) | 318 062 | 146 880 |
| Non-cash items included in operating result | 191 588 | 268 272 |
| Investing items included in operating result | -16 194 | -31 261 |
| Amounts used on provisions and employee benefit obligations | -50 098 | -36 371 |
| Income taxes paid | -87 059 | -68 972 |
| **Gross cash flows from operating activities** | **356 299** | **278 548** |
| Change in operating working capital | -109 544 | -28 948 |
| Other operating cash flows | -2 609 | -5 880 |
| **Cash flows from operating activities** | **244 146** | **243 720** |
| Other portfolio investments (*) | -342 | -411 |
| Proceeds from disposals of investments | 37 596 | 2 835 |
| Dividends received | 28 615 | 24 113 |
| Purchase of intangible assets (**) | -3 853 | -3 698 |
| Purchase of property, plant and equipment (**) | -272 666 | -181 302 |
| Proceeds from disposals of fixed assets | 1 404 | 56 088 |
| **Cash flows from investing activities** | **-209 246** | **-102 375** |
| Interest received | 3 284 | 3 204 |
| Interest paid | -60 066 | -63 995 |
| Gross dividends paid | -90 163 | -64 593 |
| Proceeds from long-term interest-bearing debt | 179 274 | 468 356 |
| Repayment of long-term interest-bearing debt | -29 829 | -408 782 |
| Cash flows from / to (-) short-term interest-bearing debt | 69 629 | -62 590 |
| Treasury shares transactions | 3 978 | -11 280 |
| Sales and purchases of NCI (*) | -17 020 | -7 379 |
| Other financing cash flows | -28 916 | -10 234 |
| **Cash flows from financing activities** | **30 171** | **-157 293** |
| **Net increase or decrease (-) in cash and cash equivalents** | **65 071** | **-15 948** |
| **Cash and cash equivalents at the beginning of the period** | **365 546** | **418 779** |
| Effect of exchange rate fluctuations | -20 079 | -4 558 |
| Cash and cash equivalents reclassified as held for sale | 8 241 | - |
| **Cash and cash equivalents at the end of the period** | **418 779** | **398 273** |

(*) restated, cf. annex 8
(**) 2018: difference vs total capex is explained by related payable balances

Annex 7: Press release 1 March 2019

## Additional key figures

| (in € per share) | 2017 | 2018 |
|---|---|---|
| Number of existing shares at 31 December | 60 373 841 | 60 408 441 |
| Book value | 24.64 | 23.12 |
| Share price at 31 December | 36.45 | 21.06 |
| Weighted average number of shares | | |
| Basic | 56 741 126 | 56 453 134 |
| Diluted (*) | 64 716 429 | 64 095 106 |
| Result for the period attributable to equity holders of Bekaert | | |
| Basic | 3.26 | 0.70 |
| Diluted (*) | 2.74 | 0.51 |

*(*) restated for 2017*

| (in thousands of € - ratios) | 2017 | 2018 |
|---|---|---|
| EBITDA | 509 602 | 386 504 |
| EBITDA - Underlying | 496 925 | 426 007 |
| Depreciation and amortization and impairment losses | 191 541 | 239 624 |
| Capital employed | 2 663 725 | 2 597 862 |
| Operating working capital | 887 586 | 874 656 |
| Net debt | 1 150 857 | 1 152 878 |
| EBIT on sales | 7.8% | 3.4% |
| EBIT - Underlying on sales | 7.3% | 4.9% |
| EBITDA on sales | 12.4% | 9.0% |
| EBITDA - Underlying on sales | 12.1% | 9.9% |
| Equity on total assets | 35.6% | 34.1% |
| Gearing (net debt on equity) | 72.7% | 76.0% |
| Net debt on EBITDA | 2.3 | 3.0 |
| Net debt on EBITDA - Underlying | 2.3 | 2.7 |

| **NV Bekaert SA - Statutory Profit and Loss Statement** | **2017** | **2018** |
|---|---|---|
| (in thousands of €) | | |
| Sales | 409 874 | 375 395 |
| Operating result before non-recurring items | 22 853 | 42 298 |
| Non-recurring operational items | 49 587 | -736 |
| Operating result after non-recurring items | 72 440 | 41 562 |
| Financial result before non-recurring items | 19 334 | 386 535 |
| Non-recurring financial items | -4 027 | -116 860 |
| Financial result after non-recurring items | 15 307 | 269 675 |
| Profit before income taxes | 87 748 | 311 237 |
| Income taxes | 3 657 | 3 372 |
| Result for the period | 91 405 | 314 609 |

Annex 8: Press release 1 March 2019

## Restatement effects

Following elements have given rise to restatements and/or reclassifications in these financial statements:

1. The coming into effect of IFRS 9 'Financial instruments' as from 1 January 2018 entailed two restatements. In accordance with the option elected by the Group not to restate comparative information for 2017 in the transition to the new standard, both restatements were accounted for through the 2018 opening balance:
    a. Under the new IFRS 9 guidance on how to account for a modification of financial liabilities that does not lead to derecognition, the difference between the amortized cost of the financial liability at the date of modification and the discounted modified cash flows at the initial effective interest rate should be recognized in profit or loss, while under IAS 39 this difference was amortized over the remaining term of the modified liability. The new guidance was applied to the € 380 million convertible bond issued in 2016, the better part of which served to early settle an existing convertible bond. This resulted in the recognition of an increase in the amortized cost of the convertible bond of € 2.6 million against a decrease in retained earnings as at 1 January 2018. In accordance with the deferred tax policy used for the issuing company, the resulting decrease in deferred tax liabilities was offset by an equivalent net decrease in deferred tax assets.
    b. Equity investments were formerly accounted for as available-for-sale financial assets. Under the new guidance on equity investments, the Group elected to carry its main non-consolidated strategic investments at fair value through OCI (FVTOCI). Consequently, the accumulated impairment losses (€ 10.2 million) on these investments formerly recognized through income statement were reclassified within equity from retained earnings to the revaluation reserve for equity investments carried at FVTOCI as at 1 January 2018. When an equity investment at FVTOCI is disposed, its revaluation reserve is not reclassified to income statement under IFRS 9.

| **Restated items**<br>in thousands of € | **Restatement effects 1 Jan 2018** |
|---|---:|
| **Consolidated balance sheet** | |
| Deferred tax assets (a) | -646 |
| Non-current assets | -646 |
| Total assets | -646 |
| Retained earnings (a) | -2 585 |
| Retained earnings (b) | 10 240 |
| Revaluation reserve for non-consolidated equity investments (b) | -10 240 |
| Equity attributable to equity holders of Bekaert | -2 585 |
| Interest-bearing debt (a) | 2 585 |
| Deferred tax liabilities (a) | -646 |
| Non-current liabilities | 1 939 |
| Total equity and liabilities | -646 |

(a) IFRS 9: effect of the convertible bond issued in 2016

(b) IFRS 9: effect of designating certain equity investments as at FVTOCI

2. Diluted earnings per share for 2017 have been restated for a previously incorrect interpretation of the effect of convertible bonds on the weighted average number of ordinary shares (diluted).

| 2017 | Reported | Restated | Restatement effect |
|---|---|---|---|
| **Weighted average number of ordinary shares (basic)** | **56 741 126** | **56 741 126** | **-** |
| Dilution effect of share-based payment arrangements | 560 669 | 560 669 | - |
| Dilution effect of convertible bond | 9 125 704 | 7 414 634 | -1 711 070 |
| **Weighted average number of ordinary shares (diluted)** | **66 427 499** | **64 716 429** | **-1 711 070** |

| **2017**<br>in thousands of € | Reported | Restated | Restatement effect |
|---|---|---|---|
| Result for the period attributable to ordinary shareholders of Bekaert | 184 720 | 184 720 | - |
| Effect on earnings of convertible bond | -7 249 | -7 249 | - |
| **Diluted earnings** | **177 471** | **177 471** | **-** |
| **Diluted earnings per share (in €)** | **2.672** | **2.742** | **0.070** |

3. In accordance with IAS 7 ‘Statement of cash flows’, cash flows relating to purchases or sales of non-controlling interests should be reported as cash flows from financing activities and not as cash flows from investing activities. This resulted in a € -17.0 million reclassification in the comparative information for 2017. The amount relates to the purchase of the remaining non-controlling interests held by Ansteel in Bekaert (Chongqing) Steel Cord Co.

| **Restated items**<br>in thousands of € | **Restatement effects 2017** |
|---|---|
| **Consolidated cash flow statement** | |
| *Other portfolio investments* | *17 020* |
| Cash flows from investing activities | 17 020 |
| *Sales and purchases of NCI* | *-17 020* |
| Cash flows from financing activities | -17 020 |

Annex 9: Press release 1 March 2019

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