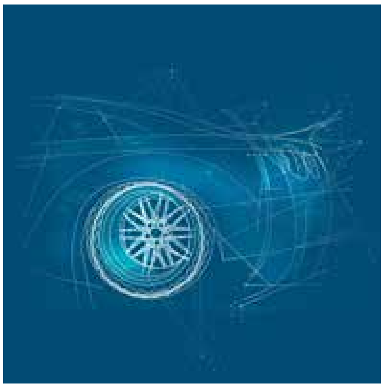
ANNUAL REPORT 2018

BEKAERT

better together

TABLE OF CONTENTS

4 STRATEGY AND LEADERSHIP



24 INDUSTRY OFFERINGS

26 SEGMENT PERFORMANCE

38 REPORT OF THE BOARD OF DIRECTORS

REPORT OF THE BOARD OF DIRECTORS EX ARTICLE 119 OF THE BELGIAN COMPANIES CODE

81 FINANCIAL REVIEW

FINANCIAL REVIEW

STRATEGY AND LEADERSHIP

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER AND THE CHAIRMAN

Dear Reader,

From a financial performance perspective, 2018 was deeply disappointing. The results we posted in 2018 dropped far beyond our goals and reversed our successful margin improvement trend of the past years. The share price has been under continuous stress amid the long series of profit warnings by sector players in our industries and reflects both the weaker Bekaert financial performance in 2018 and rising global economic uncertainty.

Despite softening GDP growth in 2018, induced by trade tensions and other political and economic uncertainties, we achieved 5% consolidated sales growth and our combined sales exceeded the € 5 billion mark for the first time in history. We haven't been able, though, to translate this growth into incremental profit. Underlying EBIT reached € 210 million, representing a margin on sales of 4.9%, and reported EBIT was € 147 million at a margin of 3.4%, far below the levels of previous years.

Some of the negatives of 2018 have been resolved or related to one-time corrections and are not expected to affect our margins in 2019. The performance of Bridon-Bekaert Ropes Group should improve according to the profit restoration plan that has been put in place. We are resolving the start-up issues related to various major expansion programs and our results should no longer be affected by the losses generated in our sawing wire activities or by those incurred in the plants that we have closed in the course of 2018. We regret that our actions to improve our performance included decisions that affected jobs, but they were necessary to help turn the tide from here onwards.

Bekaert has a strong track record of success and we want to return our business performance as quickly as possible to the positive growth path that we set out in our strategy and that we have been achieving until recently.

As we enter 2019, the business conditions in various sectors have begun to trend somewhat lower as a result of tighter markets and postponed investments. Given the market evolutions and the anticipated continued price pressure, we will implement improvement actions that will reduce our cost structure significantly, helping to enhance our competitiveness and improve our financial performance sustainably.

We designed and implemented a new organizational structure in early March 2019. We are making those organizational changes to upgrade our capability and to take out complexity from the organization. This will enable faster decision making, more agility to respond to change, and enhanced ownership to drive performance and customer centricity.

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. We will also continue to put in place cash generation actions to reduce our net debt leverage and we intend to bring net debt on underlying EBITDA below 2.5 by the end of 2019.

Matthew Taylor
CEO

Bert De Graeve
Chairman

2018 has not delivered the results you expected from us, nor the goals we set ourselves. 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 reflects the lower earnings and high debt leverage of the company.

We want to thank our customers, partners and shareholders for their continued trust. And we want to thank our employees for their commitment and drive to take on the new challenges and realize our goals.

After 17 years with Bekaert, of which five years in the Chair of the Board, my term will expire at the close of the Annual General Meeting of Shareholders of 8 May 2019. I would like to take this opportunity to wish the new Chairman, the entire Board of Directors, and Matthew Taylor and his team success in getting the company back on the value-driving growth path where it belongs.

Matthew Taylor
Chief Executive Officer

Bert De Graeve
Chairman of the Board of Directors

BOARD OF DIRECTORS

The main tasks of the Board of Directors are to determine the company's general policy, to approve the strategy and to supervise activities. The Board of Directors is the company's supreme decision-making body in all matters, other than those for which decision-making powers are reserved for the General Meeting of Shareholders by law or by the articles of association. The Board of Directors currently has 15 members. Their professional profiles cover different areas of expertise, such as law, business, industrial operations, banking & investment banking, marketing & sales, HR and consultancy.

Composition of the Board Directors

Bert De Graeve, Chairman
Matthew Taylor, CEO
Celia Baxter [1]
Leon Bekaert
Gregory Dalle

Charles de Liedekerke
Christophe Jacobs van Merlen
Hubert Jacobs van Merlen
Maxime Jadot
Pamela Knapp [1]

Martina Merz [1]
Colin Smith [1]
Emilie van de Walle de Ghelcke
Henri Jean Velge
Mei Ye [1]

[1] Independent Directors

Changes during 2018

On 9 May 2018, the Annual Meeting of Shareholders approved the nomination of Colin Smith for appointment as independent Director on the Board. Mr Smith replaced Alan Begg whose term of office expired and who was not seeking re-election.

The composition of the Board of Directors will change in 2019

The Board of Directors of NV Bekaert SA has announced, on 1 March 2019, the succession plans of its Chairman and Directors of the Board.

» **Jürgen Tinggren** has been nominated as next Chairman. His nomination for appointment as independent Director of the Board is subject to approval by the Annual General Meeting of Shareholders of 8 May 2019 and will, upon approval, take effect at the close of the Meeting.

» **Caroline Storme** has been nominated as member of the Board of Directors. Her nomination, too, is subject to approval by the Annual General meeting of Shareholders of 8 May 2019.

The term of office of the **Chairman of the Board, Bert De Graeve,** will expire at the close of the Annual General Meeting of Shareholders of 8 May 2019. After 5 years in the Chair of the Board, Bert De Graeve seeks no re-election for a new term of 4 years.

The terms of office of the Directors Leon Bekaert, Gregory Dalle, Charles de Liedekerke, Hubert Jacobs van Merlen and Maxime Jadot will also expire at the close of the Annual General Meeting of Shareholders of 8 May 2019.
Gregory Dalle, Charles de Liedekerke and Hubert Jacobs van Merlen are candidates for re-election. Maxime Jadot and Leon Bekaert, both having served 25 years on the Board of Bekaert, seek no re-election. Martina Merz, independent Director of the Board, will resign on 8 May 2019, given her recent appointment as Chair of thyssenkrupp AG in addition to other mandates.

The new composition of the Board will reduce from 15 to 13 members. The responsibilities and composition of the Committees of the Board will be determined and announced when the abovementioned nominations become effective.

BEKAERT GROUP EXECUTIVE

The Bekaert Group Executive assumes the operational responsibility for the company's activities and acts under the supervision of the Board of Directors. The executive management team is chaired by Matthew Taylor, Chief Executive Officer.

The composition of the Bekaert Group Executive has changed in 2018

On 1 March 2018, Jun Liao became a member of the Bekaert Group Executive and was appointed Executive Vice President – Regional Operations North Asia.

On 15 November 2018, Bekaert announced the departure of Beatriz García-Cos Muntañola, Executive Vice President and Chief Financial Officer. Frank Vromant, Executive Vice-President Bekaert Americas, was appointed Chief Financial Officer ad interim with immediate effect, in addition to his executive responsibilities for the Regional Operations Latin America.

After 36 years with Bekaert, and a lifelong career built on business and technology expertise, Geert Van Haver, Chief Technology Officer retired on 31 December 2018. The responsibilities of Geert Van Haver have since then been coordinated internally, with a direct reporting line to the Chief Executive Officer and since 1 March conform the new organizational structure.

At the end of 2018, the Bekaert Group Executive consisted of 8 members:

» Matthew Taylor, CEO
» Rajita D'Souza, Chief HR Officer
» Lieven Larmuseau, Executive Vice President — Rubber Reinforcement
» Jun Liao, Executive Vice President — North Asia
» Curd Vandekerckhove, Executive Vice President — Global Operations
» Stijn Vanneste, Executive Vice President — EMEA, South Asia and South East Asia
» Piet Van Riet, Executive Vice President — Industrial & Specialty Products
» Frank Vromant, Chief Financial Officer and Executive Vice President — Latin America

The composition of the BGE will significantly change in 2019*

As announced on 1 March 2019, the composition of the Bekaert Group Executive will change according to the new organizational structure which consists of four Business Units and four Global Functional Domains. The team, led by Matthew Taylor, CEO, will focus on value growth and higher-level performance.

Business Units:
» The Business Unit **Rubber Reinforcement** (serving industries that use tire cord, bead wire, hose reinforcement wire and conveyor belt reinforcement), will be led ad interim by Lieven Larmuseau, until the appointment of a Divisional CEO Rubber Reinforcement.
» The Business Unit **Steel Wire Solutions** (serving industrial, agricultural, consumer and construction markets with a broad range of steel wire products and solutions), is led by **Stijn Vanneste,** Divisional CEO Steel Wire Solutions.
» The Business Unit **Specialty Businesses** (including building products, fiber technologies, combustion technology and sawing wire) is led by **Jun Liao**, Divisional CEO Specialty Businesses.
» **Bridon-Bekaert Ropes Group** (BBRG, including the ropes and advanced cords businesses) is led by **Brett Simpson**, CEO of BBRG.

The business units will have global P&L accountability for strategy and delivery in their distinct areas and therefore have dedicated production facilities and commercial and technology teams within their respective organization. This will help them develop a customer-centric approach aligned with the specific needs and dynamics of their markets.

Global Functions:
» **Frank Vromant** will continue as CFO ad interim, until the new incumbent joins the company.
» **Rajita D'Souza** remains Chief Human Resources Officer.
» The appointment of an externally recruited Chief Strategy Officer will be announced shortly.
» **Curd Vandekerckhove** has been appointed Chief Operations Officer.

The functions will take a role as strategic business partners, accountable for providing specific expertise and services across the Group, and ensuring the business has the right capability to deliver on short and long term goals.

* More information on the BGE composition is available in the Corporate Governance Chapter.

OUR STRATEGY

Who we are

Bekaert 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) was established in 1880 and is a global company with almost 30 000 employees worldwide, headquarters in Belgium and € 5 billion in combined revenue.

What we do

We seek to be the best in understanding the applications for which our customers use steel wire. Knowing how our steel wire products function within our customers' production processes and products helps us to develop and deliver the solutions that best meet their requirements and, through that, we create value for our customers.

Transforming steel wire and applying unique coating technologies form our core business. Depending on our customers' requirements, we draw wire in different diameters and strengths, even as thin as ultrafine fibers of one micron. We group the wires into cords, ropes and strands, weave or knit them into fabric, or process them into an end product. The coatings we apply reduce friction, improve corrosion resistance, or enhance adhesion with other materials.

How we work

better together sums up the unique cooperation within Bekaert and between Bekaert and its business partners. We create value for our customers by co-creating and delivering a quality portfolio of steel wire solutions and by offering customized services on all continents. We believe in lasting relationships with our customers, suppliers and other stakeholders, and are committed to delivering long-term value to all of them. We are convinced that the trust, integrity and irrepressibility that bring our employees worldwide together as one team also create the fundamentals of successful partnerships wherever we do business.

Our strategy

Continuously driving value creation for our shareholders by cost effectively creating superior value for customers is our strategy. Our vision and core strategies form the foundation of a transformation of our business towards higher level performance.

Our Vision

Consistent with our *better together* aspiration, we relentlessly pursue being the preferred supplier for our steel wire products and solutions by continuously delivering superior value to our customers around the world.

With this Vision statement, Bekaert has explicitly determined its ‘field of play’: it describes what we want to be, where we want to compete and invest, and how we want to differentiate ourselves.

Our Long-term Core Strategies

Our five core strategies form the basis of Bekaert’s priorities and decision-making process towards driving value and growth. These strategies put the company’s vision into practice and reflect the direction and priorities over the longer term:

1. Drive the customer into the heart of our business
2. Value-driven growth
3. Technology leadership and speed
4. Leverage scale, reduce complexity and reach lowest total cost
5. Engage and empower people

To give our core strategies a much more immediate focus with dedicated resources and close progress monitoring, we also define our *Must Win Battles. Must Win Battles* receive a special level of attention from the entire organization and, as a result, enable the deployment of the five core strategies across teams worldwide.

Progress on the core strategies

1) Drive the customer into the heart of our business

Bekaert has always believed in customer collaboration and co-creation as drivers of sustainable partnerships and customer satisfaction. However, we want to do better and become a truly customer-centric organization. This strategy is about gaining insight into what value means to our customers and acting on it. It is about continuously prioritizing our customers in whatever we do, at all levels and wherever in the world.

In 2018, we continued to improve our customer service models. It is one of the tangible impacts of the Bekaert Customer Excellence (BCE) transformation program and helps us to obtain better customer insight and to use more enhanced tools.

NPS

Bekaert completed a Net Promotor Score (NPS) Survey across all businesses and on a global scale. In 2017, the first customer group covered 50% of Bekaert's Top 80% revenue customers. In May 2018, the remaining 50% were asked to participate. It was the first time that Bekaert organized a global, full scope NPS survey.

The combined score from both phases was 49, much higher than the average for international B2B manufacturing companies. The survey gauged the loyalty of customer relationships by measuring the likelihood that customers would recommend Bekaert to other companies, colleagues or business partners. ICMA Group, an independent market research agency, handled the coordination and analysis of the survey.

The Net Promotor Scores for international B2B manufacturing companies usually average 20 to 30. Bekaert was very pleased with the score of 49. Furthermore, the 28% response rate, compared to a typical benchmark of 10 to 15% for online surveys, reflects the high level of commitment of our customers to work closely together as business partners.

The more important results for Bekaert are those for each business activity and region, from which we can learn to better understand and improve customer relations and excellence. A new NPS survey is planned in 2019.

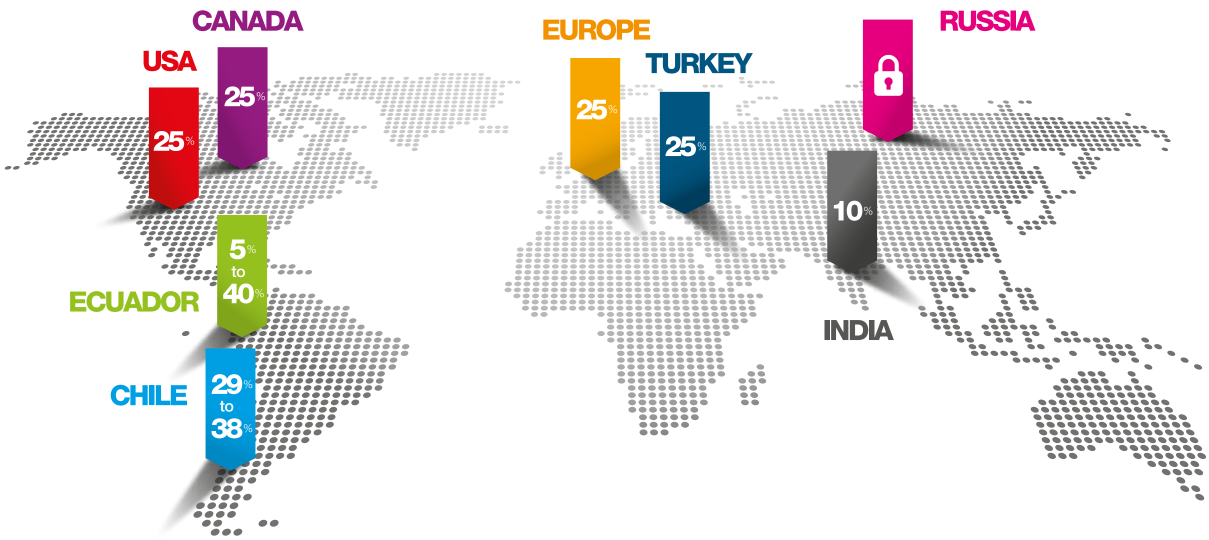
Customer week

Growing customer insight is not only relevant to our marketing & sales or business development teams. Bekaert organizes a Customer Week every year in various locations around the world. Through information sessions, workshops and customer visits, employees from all departments learned about who our customers are and how we can best serve them.

In 2018 we further expanded the concept geographically. Bekaert Wire Indonesia, for instance, organized the event for the first time. Four key customers came to display the products they manufacture with Bekaert steel wire and shared information on what they find important in terms of quality and service. Meeting customers in person and learning more about their processes, products and markets, made the event a true eye-opener to our employees.

Customer-centricity during the quota and tariff turmoil

Continuously changing trade policy and ever higher trade barriers in 2018 have pushed the limits of what we can offer in terms of the best supply solutions for our customers in the US. As a truly global player, Bekaert worked out alternative sourcing options to serve customers in the best way possible. US tire customers in particular, appreciated the flexibility and transparency Bekaert offered in helping to reduce the impact on their business performance and continuity. Our customers also engaged in our efforts to file for exclusions on quotas and tariffs. After a process of about one year, the US Government decided, in early February 2019, to grant quarterly exclusions for steel wire rod types that are not available in the US and for which we are bound to import from suppliers abroad. This doesn't solve the supply chain issues caused by the continuous changes in trade policy, but it offers a wider range of supply options, made possible by the efforts of an irrepressible team with the right customer-centric mindset.



Countries relevant to Bekaert that have installed global or bilateral trade barriers against imports of steel wire rod or half products, impacting price levels and/or sourcing decisions – or with protection measures creating a rather isolated domestic supply chain (Russia).

Organizational changes driving the customer into the heart of our business

The new organizational set-up, as announced on 1 March 2019, will enable our teams to live a more customer-centric and performance-driven culture. With global accountability for strategy and delivery in their distinct areas, the four Bekaert Business Units will develop approaches aligned with the specific needs of their respective customers and with the dynamics and trends within their markets. The revised structure will enable faster decision-making and technology and innovation development, as well as enhanced agility to respond to change, which should benefit our customers.

Bekaert India received two out of the four awards presented by Parker Hannifin India to rubber reinforcement suppliers. Bekaert won the awards 'Outstanding Performance in Continuous Improvement' and 'Outstanding Performance in Delivery'. We also received a certificate of appreciation for 'Excellence in Customer Satisfaction'. In addition, Bekaert India won, for the third consecutive year, the 'Company of the year' award at the TRiLA Awards (Tyre & Rubber Industry Leadership Acknowledgement), in the category 'Reinforcement Products'.

2) Value driven growth

In implementing this strategy, Bekaert is making a clear statement about where we want to grow and how we can provide superior value to differentiate ourselves from the competition.

We have not been successful in turning our organic volume growth into incremental profit in 2018. Various factors have been weighing on our profitability, whilst the actions we undertook to offset their impact were not sufficient.

We did make progress in a number of domains and will see more benefits from the actions we undertook in the years to come:

» In the past two years, we have made significant investments to expand the manufacturing capacity of our rubber reinforcement activities in EMEA and Asia Pacific. The expansion programs generated extra costs related to the hiring and training of personnel and to extensive approval procedures, with tire customers inducing quality test runs for new technologies and raw material sources. The benefits from these expansion investments in Slovakia, Romania, Russia, China and India have therefore been restricted at the profit level. We project more value creation from our investments in 2019.

» A number of loss generating and weaker performing activities have cast a shadow on the margin improvement of others. We have therefore implemented measures, in 2018, to start turning around the profitability of those businesses that have the potential to generate profitable growth, and have closed those entities without margin recovery potential. These actions include measures that will take time to deliver, but which we are convinced will improve our business portfolio. In 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.

» Our actions to further increase the market penetration of more advanced products, which lower the total cost in the value chain and are more value creating for our customers and for our business, gained traction during the course of the second half of the year. This particularly applies to the ever stronger and lighter tire cord constructions that allow tire makers to produce tires with a lower weight, thinner plies, and lower rolling resistance. Ultra-tensile steel cord is less expensive than the conventional steel cord it replaces when the total cost of ownership is taken into consideration because it drastically reduces the steel cord weight and the amount of rubber required for the thinner plies.

» To enable value-driven growth, we have defined several target markets with a long-term value growth potential. We have the intention to expand our presence in these target sectors, both in existing and into new markets, and are considering partnerships that will leverage complementary technologies, combined product solutions, and extended sales channels. The goal is simple: we want to take a leading position in the winning markets of tomorrow.

"

Value-driven growth: our strategy to shape a long-term perspective

Examples of partnership forms

- In developing a new generation hybrid rope for special hoisting solutions, Bridon-Bekaert Ropes Group teamed up with leading producers of high modulus fibers. After successful field trials in mines all over the world, a high-strength, low-weight hybrid rope was launched at IMARC Australia in October 2018.
- IdealAlambrec, Bekaert's subsidiary in Ecuador, has established a 50/50 joint venture with AGF Group of Canada, specialized in reinforcing steel, post-tensioning, and scaffolding & access, to combine and grow the cut and bend and installation rebar business for construction works.
- Bekaert has worked together with two leading finite element software companies to integrate the post-crack behavior of Dramix® steel fiber concrete in their software packages. Designers using the latest SCIA and ADAPT engineering and building software packages, can now integrate Dramix® steel fiber in their structural designs, giving Dramix® steel fibers more exposure as a reference solution in concrete design.
- We team up with customers and suppliers around the globe to develop, implement, upgrade and protect both current and future technologies. Listening closely to our customers and understanding how our products function within their production lines and products is key to developing value-creating solutions. Co-creation is therefore one of the most impactful partnership forms explored by Bekaert and its customers.

- Our customers in several key markets have clear ambitions in terms of improving their sustainability performance and are setting high demands across the value chain, which involves suppliers being transparent and ambitious with regards to their own sustainability performance. Bekaert too, has set clear ambitions and targets in relation to the progress we want to achieve in this domain and has made further steps in improving its own performance, as well as in engaging more suppliers in its endeavors, hereby expanding the scope thereof within our total value chain. In 2018, Bekaert received, for the second year in a row, a gold label from EcoVadis, scoring high (99th percentile) in our industry. Our GRI-based monitoring and reporting also enabled us to score above industry average in CDPs Supply Chain listing. Steadily improving our sustainability performance is one key element in helping us to attain preferred supplier status with our customers.

Bekaert receives Michelin Supplier Award 2018

In November 2018, Michelin honored Bekaert with a Supplier Award, praising our commitment to building a partnership with the Michelin Group that drives greater shared benefits for the future.

This award is the result of years of cooperation, continuous improvements in many areas like quality, on-time delivery, project development, innovation, strategic alignment, and the allocation of dedicated resources. It demonstrates our successful approach of bringing value to Michelin and helping them achieve success.

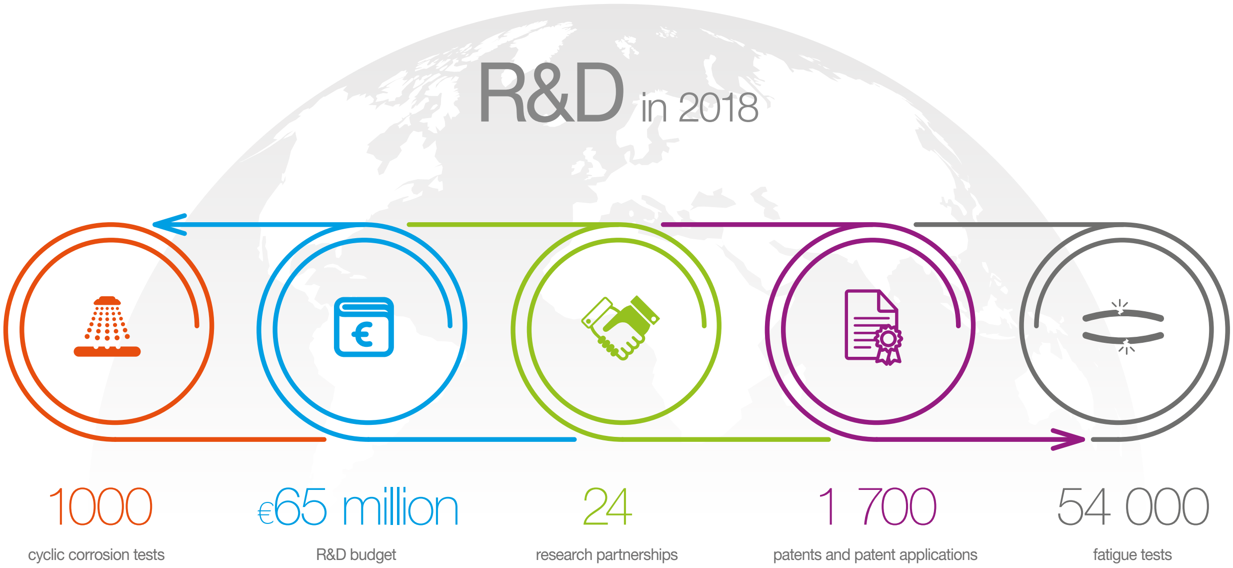
Bekaert showcases steel wire product offering at Wire Düsseldorf - Germany

The Bekaert sales team met with customers and prospects from all over the world during Wire Düsseldorf 2018. Our booth showcased product designs for various sector applications, with special emphasis on the value creating properties of product innovations such as high-tensile strength products for the construction, energy, offshore and automotive industries.

» In 2018, in our endeavor to create more value-driven growth, Bekaert developed a new **Enterprise Performance Management** (EPM) model. EPM is a set of processes and tools that will enable us to create more fact-based transparency with regards to the drivers of value creation and the root causes of performance gaps. In practice, EPM will help us be more ambitious in our target setting, and provide the tools to better understand the impact of planned and implemented improvement scenarios. EPM has been implemented in the planning process for 2019 and the longer-term strategic planning process of the Group.

3) Technology leadership and speed

Our third core strategy is about accelerating Bekaert's technology leadership and speed in alignment with our strategy to drive value-creating growth. Co-creation is one of the leading principles: we help our customers differentiate themselves in their markets.



Acknowledgement

We wish to thank the Flemish government's Flanders Innovation & Entrepreneurship (VLAIO) agency, as well as the Belgian federal government. Their subsidies and incentives for R&D projects involving highly educated scientific staff and researchers in Flanders are essential for maintaining a foothold for R&D activities in Belgium.

Innovation in practice: continuously redeploying our core competencies

In order to sustain and strengthen our technological leadership, we continue to explore new possibilities in steel wire transformation and coating technologies. Through the combination of these competencies, we influence the properties of steel such as strength, ductility, fatigue, shape, adhesion, and corrosion resistance.

Even with almost 140 years of expertise, there is still much to be discovered in our search for the optimal bulk and surface properties of steel wire. By maximizing the synergies between the competencies of our technologists and those of our research and business partners, we can make a real difference and draw infinite possibilities.

Mordica Memorial Award

Senior Technology Manager Walther Van Raemdonck has won the 2019 Mordica Memorial Award organized by the Wire Association International (WAI), which is seen as the wire and cable industry's most prestigious award. The Mordica Memorial Award is presented to an individual to honor their contributions to the wire industry's base through research, development, innovation, or other technical pursuits. The Wire Association International, Inc. is a worldwide technical society for wire and cable industry professionals that collects and shares technical, manufacturing and general business information.

Intellectual Property

The Intellectual Property department of Bekaert takes care of patents, designs, trademarks, domain names and trade secrets for the whole Bekaert Group, including the Bridon-Bekaert Ropes Group and the joint ventures in Brazil, through its teams in Belgium and China. It also advises on IP clauses in various agreements such as joint development agreements and licenses. Reliable IP protection policies have made Bekaert a trusted partner of customers and suppliers around the world.

In 2018, we filed 31 first patent applications. At the end of 2018, the Bekaert Group had a portfolio of more than 1 700 patents and patent applications.

Co-creation and open innovation

Bekaert actively seeks opportunities for cooperation with strategic customers, suppliers and academic research institutes and universities. The academic partnerships particularly focus on physical metallurgy, metallic coatings and modeling. Two partnerships were added in 2018: University of Eindhoven (The Netherlands) and University of Prague (Czech Republic).

Innovation & Venturing

Bekaert's Innovation & Venturing department discovers and transforms ideas into opportunities that bring value to our customers. The team supports the technology department and business platforms in their search for new products and solutions. In 2018, polymer & composite reinforcement and digital business models joined the existing focus areas of superconductivity and additive manufacturing. True to its name, the Innovation & Venturing department uses different operating modes to explore these areas, such as investing in venture capital, organizing innovation campaigns within the company, or participating in trials.

While we have very close ongoing collaboration programs with our key customers, and display technology leadership in various domains, we haven't been as successful as we wanted to be in speeding up the go-to-market process. We are convinced that the new organizational structure, implemented in March 2019, will enable shorter development cycles and drive faster results from new developments.

Technology is a strategic differentiator for Bekaert and plays an important role in both our short- and long-term value proposition.

» In order to drive our near-term technology leadership and speed, Bekaert intends to integrate the business-relevant technological development and testing activities within the respective Business Units. This set-up would bring new technologies into the market faster because the Business Units will work with dedicated teams and will be able to set clear priorities for technology development based on the deep knowledge of their customer segments.
» Ensuring Bekaert drives evolution in its technology leadership for years to come, a central research and innovation center of expertise would remain accountable for activities that span the enterprise. This team's main role is to safeguard consistency in driving Bekaert's cross-unit core technology competencies, as well as to drive innovation in relevant solutions that we do not currently have in our business unit portfolios.

Equipped for Excellence

Bekaert's in-house engineering department plays a key role in the optimization and standardization of our production processes and machinery. In addition to designing, manufacturing and integrating available engineering solutions, this department installs and services the critical equipment in our production plants worldwide. It co-operates with other Bekaert departments, such as technology and manufacturing excellence, and with external partners.

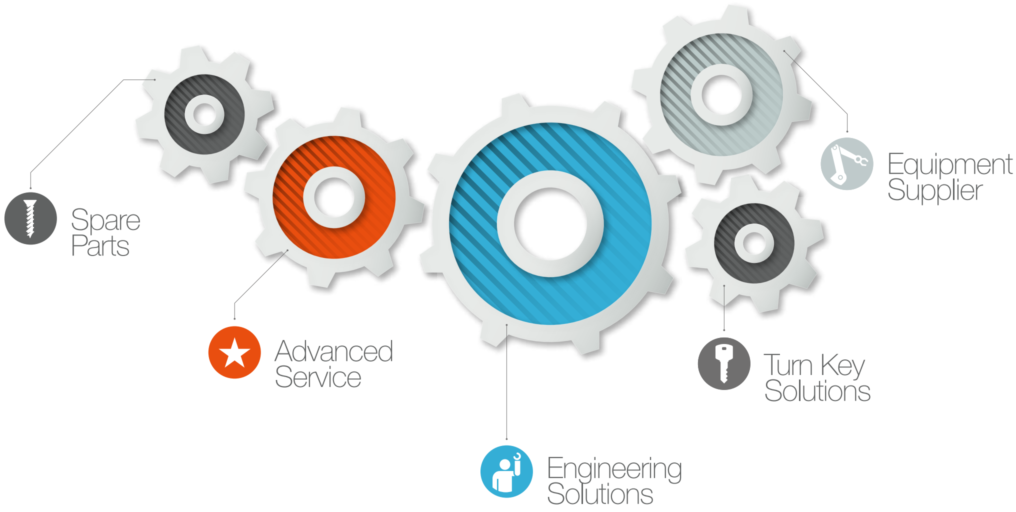
Newly designed equipment always combines innovative solutions for performance improvements in various areas, including product quality, production excellence and flexibility, and cost efficiency. Other key elements in new machine design are safety, ergonomics and energy efficiency.

The Bekaert engineering teams are located in Belgium, China, India, Slovakia, USA and Brazil. The Belgian and Chinese teams focus on the conceptual design of new equipment. The teams in China, India, Slovakia, USA and Brazil provide on-site services to the Bekaert plants worldwide.

Digital business models

Bekaert looks at start-up companies that offer unique solutions for challenges faced by our customers. In 2018, Bridon-Bekaert Ropes Group invested in VisionTek Engineering Srl., specialized in rope performance monitoring based on 3D measurements of ropes. By collecting and analyzing the data of installed ropes, customers will receive on-site and online recommendations related to the preventive maintenance of the rope. The aim is that they will no longer need to replace the ropes according to pre-set times, but based on a complete rope integrity and asset management model.

Bekaert Engineering Field of Play



Bekaert's engineering team is constantly looking for internal and external opportunities for total cost reduction. It also looks for disruptive innovative engineering solutions for new products and processes. Furthermore, Bekaert Engineering ensures assembly, installation and maintenance services, and coordinates global spare parts management.

4) Leverage scale, reduce complexity and reach lowest total cost

This core strategy is designed to leverage our scale to greater effect, by reducing complexity and focusing on our opportunities and strengths with more standardization at best-in-class levels. We also want to ensure that in the process of providing the best value-creating solutions to our customers, we organize ourselves in a very cost-effective way and provide a total cost reduction through effective process and product innovations.

The Bekaert Manufacturing System (BMS) helps us to make progress on this strategy. BMS is a program designed to ensure manufacturing excellence in all our processes and locations worldwide. BMS brings together the collective effort of all Bekaert plants to drive the lowest total cost offering to our customers.

BMS was launched at the end of 2014 and has now been implemented in nearly all plants worldwide. Enabled by the BMS methodology and tools, our plants have identified and implemented projects to increase safety, quality and efficiency, and to reduce cost.

Bekaert's joint ventures with ArcelorMittal in Brazil and the plants belonging to the Bridon-Bekaert Ropes Group are included in the BMS implementation roadmap to enable similar benefits in their operations.

Bekintex team members recognize value of BMS way of working

One of the final locations to implement BMS was Bekintex (Wetteren, Belgium), the facility that converts thin steel fibers into yarns and fabric. All employees were invited to a kick-off event during which the basics and benefits of the BMS methodology were explained. Operators and supervisors already noticed the value of the new way of working: “It’s easier to follow up the quality and productivity thanks to the new information tools because we all get the correct information at the same time. Teams also work *better together* because each member is more involved.”

BMS as a catalyst for continuous performance improvement

The project progress and objectives defined within BMS have now also been integrated into the yearly planning cycle of the plants, so that the continued focus and improvement remain ensured.

In 2017, to keep the transformation impact of past BMS implementations sustainable, Bekaert established the *Bekaert Manufacturing Academy*. This program enables us to keep building our capabilities and to improve and share our standards and best practices, so that we keep evolving our way of working. In 2018, the Academy’s focus was on increasing plant productivity, standardization and adoption of 5S and on the preparation of an international group of Bekaert trainers responsible for bringing best practices to the shop floor.

Tina Tang leads international BMS workshops

Throughout 2018, operations managers from all over the world – including the US, Brazil, Slovakia, India and China – travelled to Belgium to attend workshops on BMS. Tina Tang, global program leader of the Bekaert Manufacturing Academy, led several of these workshops.

As a Chinese national regularly commuting to Belgium and other locations, Tina is an example of Bekaert’s international career path potential. After starting as a process engineer in Belgium, she moved on to other technical and quality-related functions around the world, before becoming HR Learning & Development Manager and Global Bekaert Manufacturing System Leader based out of China. Tina’s international career has also been noticed by the magazine Engineeringnet, which included Tina’s and other expats’ stories in an article dedicated to Bekaert’s international leadership strategy.

In 2018, BMS launched a new set of tools that particularly focus on quality, called ABC (Always Committed, Best Quality, Customer Delight). In addition to our continued focus on quality processes, such as effective quality controls and programs to reduce rejects and scrap, ABC targets quality improvements that will directly and visibly benefit our customers. The explicit focus on the customer brings manufacturing excellence (BMS) and customer excellence (BCE) together on the shop floor. With ABC we want to achieve a breakthrough in quality performance, durable problem solving and elimination, and a true customer-centric mindset throughout our operations worldwide.

ABC
Always committed
Best quality
Customer delight

In 2018, as the next step in our BMS journey, we developed a digital framework to improve shop floor excellence. Based on this framework and a pilot project, plants will be equipped from 2019 onwards with new digital tools to improve our safety, quality, cost and delivery performance.

5) Engage and empower people

The engagement and empowerment of people have been key success factors all along our transformation journey. We empower our teams with responsibility, authority and accountability, and count on the engagement of every Bekaert employee to drive a higher-level of performance.

Along with the development and implementation of Bekaert's new Enterprise Performance Management (EPM) model, Bekaert has developed a **People Performance Management** (PPM) program. PPM replaces the company's Personal Development Review of the past and is our new way of looking at people performance and how we can better achieve our goals in the future. As such, PPM is part of a larger effort to become a much more performance-driven organization.

Enablers for the new people performance management practice are: a clear alignment of team and individual goals with business priorities; frequent performance steering and coaching; fair recognition in line with the achieved performance; and better supporting tools that allow employees to keep track of their performance and 'feedforward' actions throughout the year. The program, the tools and the training materials were developed and announced in 2018, in preparation of the launch at the start of 2019.

After the extended organization-wide employee survey of 2017, Bekaert conducted a follow-up survey to gauge the current employee engagement levels. The 2018 results show that sustainable engagement has further improved at Bekaert. Our employees particularly appreciated the efforts made to implement the actions defined after the initial survey. In 2019, too, there will be a company-wide employee survey.

Team Venezuale: the most engaged worldwide

Teams around the world stepped up their efforts to engage employees following 2017's employee survey. Among the many initiatives, Bekaert in Venezuela introduced a recognition program and award event for the team to reward value-adding projects developed and implemented at Vicson.

The results not only spoke to the head, but also to the heart. Despite the dire political situation and economic and humanitarian crisis in Venezuela, the pride and engagement of our Vicson team was clearly visible in the 2018 pulse survey results. The exceptionally high engagement score (98%) shows that employees feel respected and listened to. Moreover, they highlight the sense of personal accomplishment they gain from working at Bekaert. In fact, all questions in the survey received top scores, marking our team in Venezuela as most engaged of all Bekaert locations worldwide!

Prodalam and Inchalam win Chilean industry awards

The Training Management Group (OTIC) of Chile's Association of Metallurgic and Metalworking Industries (ASIMET) has awarded two of Bekaert's Chilean entities: Prodalam with the 'Commitment to Employees award' and Inchalam with the 'Commitment to Training' award.

Prodalam was given the award for the training initiatives that took place during 2018. They include the creation of training curriculums for each job family and the alliance with one of the most recognized providers of online training in the country. This ensured that all 648 employees distributed along the 4 300 kilometres of Chile have the same opportunity of receiving high quality education to improve their performance and grow within the local organization and within Bekaert.

Inchalam received the award for its commitment to continuous development through training skills and competencies, completing a total of 22 929 hours of effective training during 2018. This made Inchalam a great reference in relation to people management practices in the region.

In addition to the Commitment with Employees and Training awards, Inchalam won the Best Innovation Management trophy, rewarding the company for its continuous search for excellence through innovation management and the participation of its members in initiatives of transformation in innovation.

As a Corporate Socially Responsible company, engagement is the keyword when it comes to Sustainability. A summary of our 2018-2019 sustainability report is included in the Report of the Board of Directors. Our sustainability efforts and activities are focused in such a way that balanced consideration is given to the interests of all respective stakeholders, including employees, customers, shareholders, partners, local governments and communities. To underscore our engagement and commitment to drive progress in this field, we have defined an ambition and a set of clear short- and long-term targets for each of the key pillars of sustainability.

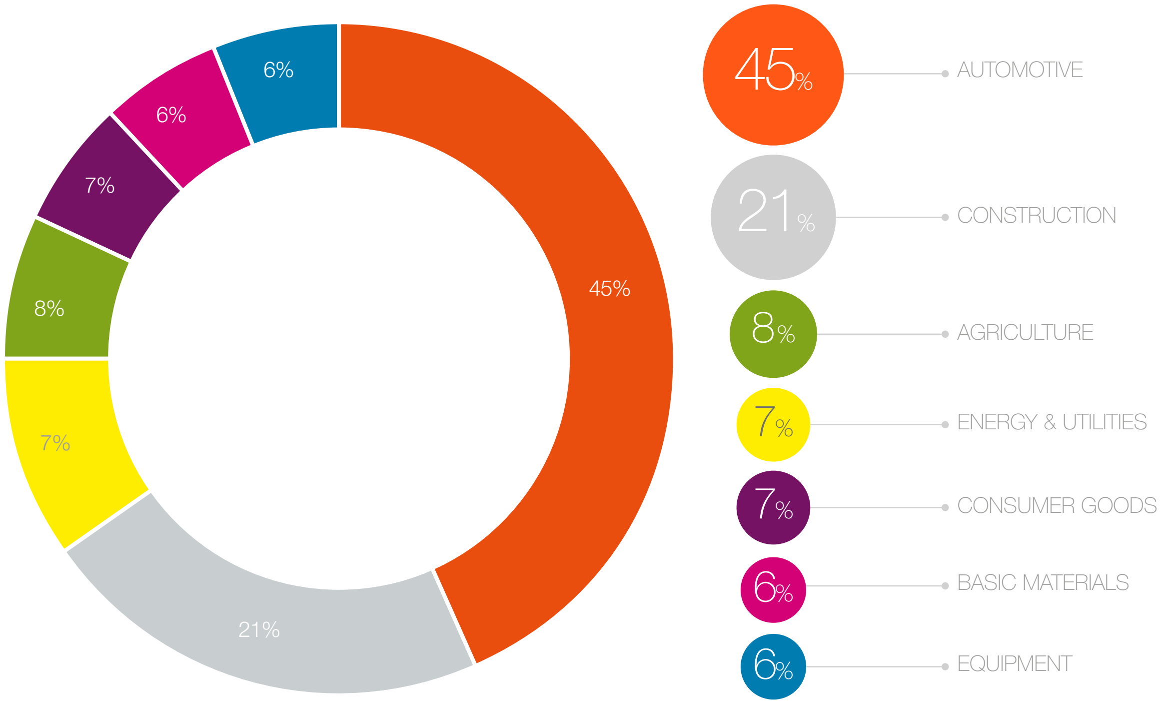
better together, the movie

At Bekaert, we believe in working together to achieve better performance. Our teams show the way! All actors in the *better together* video are Bekaert colleagues. This video, which was produced in 2018, involves team members of eight nationalities from our manufacturing locations in Chile, Slovakia, China and Belgium.

INDUSTRY
OFFERINGS

Bekaert has a strong presence in diverse sectors. This makes us less sensitive to sector-specific trends and it also benefits our customers, because solutions we develop for customers in one sector often form the basis of innovations in others.

Bekaert serves customers across a multitude of sectors with a unique portfolio of drawn steel wire products, coated to optimally suit the application needs. Bekaert steel wire is used in cars and trucks, in elevators and mines, in tunnels and bridges, at home and in the office, and in machines and offshore. If it drives, ascends, hoists, filters, reinforces, fences or fastens, there is a good chance Bekaert is inside.



More information on bekaert.com

SEGMENT
PERFORMANCE

EMEA

Economic Environment in 2018

After enjoying a period of strong economic growth, economic activity in Europe slowed in the second half of 2018. Lingering concerns about the impact of Brexit and the slow nature of the process, disruptions to car production due to changes in emission test norms, social unrest in various countries and global trade policy uncertainty were the main causes of this. For the whole of 2018, this resulted in GDP growth of 1.8% in the Euro Area, significantly lower than last year's 2.4%. Growth in Central and Eastern Europe remained strong, but nonetheless decreased compared to 2017.

Following four years of sales growth, the car industry faced a downturn in 2018, mainly due to the introduction of a new testing procedure, WLTP, and postponed or cancelled investments amid Brexit uncertainty. In contrast, the construction markets posted healthy growth throughout the year, both in the residential and non-residential markets in Western Europe and due to civil infrastructure projects in Central Europe.

Bekaert has a presence in both the Western European and Central & Eastern European markets. In Europe, we offer a quality portfolio of steel wire products for sectors that are in search of innovative, high-end products and solutions.

Our Activity performance

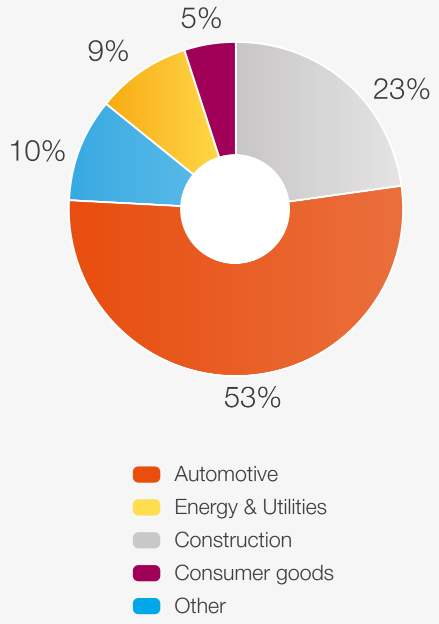
Bekaert's activities in EMEA achieved almost 5% sales growth in 2018, driven by the aggregate effect of passed-on wire rod price increases and price mix (+6.8%), a small organic volume decline (-0.9%) and the divestment effect of the Solaronics business (-0.9%). Demand from the automotive and construction markets was strong throughout the year, while demand for industrial, specialty, and stainless products softened in the second half of the year.

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 several 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), thereby 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 other things, capacity expansions in Romania, Slovakia and Russia.

EMEA 2018
Combined sales by industry



Combined sales	€ 1 322 million
Capital expenditures (PP&E)	€ 67 million
Total assets	€ 973 million
Employees	7 895

Getting prepared for Brexit

One of the first and tangible effects of an eventual Brexit will be the logistical and administrative impact at the borders.

In 2018, we investigated the potential impact of a *No Deal* Brexit on our business and customer service relations. The scope of inbound and outbound transport flows between the EU and UK is relatively limited for us (less than 4% of consolidated sales). Nevertheless, we have worked closely together with customers and suppliers to determine and take various proactive measures for contingencies, including consignment stocks, the timely application for customs licenses and the certificate of Authorized Economic Operator, and the consideration of alternative transport routes in case of long delays at the currently most used border crossing points.

Drying business becomes part of Argynnis Group AB

Bekaert reached an agreement with Argynnis Group AB of Sweden regarding the sale of all shares in Solaronics SA. The transaction covers the production facility in Armentières (France) and an international sales & services network. An in-depth analysis showed that the further growth potential of the drying business of Bekaert Combustion Technologies would be best secured by entrusting its future potential to an organization that combines the competences of two complementary industry players.

People management in Slovakia

Slovakia has witnessed significant economic growth over recent years, driven by intensive investments by automotive companies in the west and central region of the country. As a result, the unemployment rate in the Trnava/Nitra region (where both Bekaert plants are located) has dropped below 2%.

Bekaert, too, invested in capacity expansions and in recruiting and training new colleagues. The HR team focused intensively on finding the right people in an extremely tight labor market, while not losing sight of retaining and further engaging our current workforce. Thanks to these efforts, Bekaert performed better than many other companies in the region who struggled with people turnover rates of more than 25%.

It has been very difficult, though, to fully benefit from our hiring and training efforts, as the people turnover rates are still particularly high during the first year of employment. In the summer of 2018, the HR team decided to take a new approach to find more stable solutions.

Alongside local recruitment, Bekaert now works with specialized agencies to hire from abroad. Over the last months, we have hired and trained more than 100 Serbian and more than 20 Ukrainian employees to complement our Slovak work force and we are actively taking care of creating a cultural blend that benefits the spirit in the plants. So far, the integration efforts have been successful and the people retention rate has become more stable than before.

Our recruitment and engagement actions continue as they are critical in leveraging the benefits of our investments and training activities so we can achieve our goals and continued growth ambitions.

NORTH AMERICA

Economic Environment in 2018

The US economy grew about +3% in 2018, reflecting the positive impact of tax reforms and continued strong demand. The unemployment rate fell to its lowest level since 1969. New protectionist policies that have raised tariffs and disrupted the established manufacturing supply chains started to progressively impact consumer prices and investment decisions during the course of the year.

While the US car market showed little more than flat growth in 2018, domestic tire production rebounded firmly. The replacement market for car tires, for instance, increased by more than 3%. The massive damage to the power infrastructure due to the many wildfires, hurricanes, and floods in the US in 2018, led to more activity and demand in energy related markets. Demand from the agricultural markets, on the other hand, has been weak for the second consecutive year.

Our Activity performance

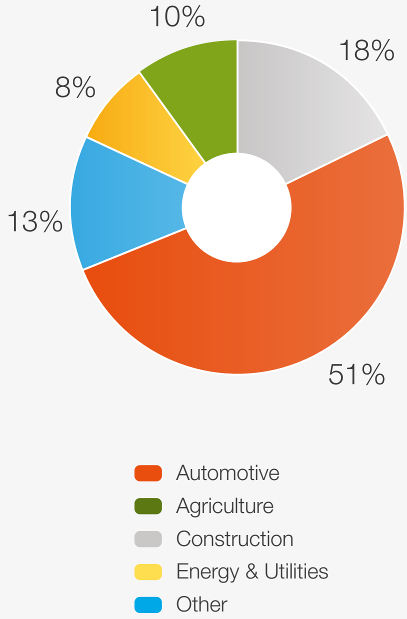
In 2018, Bekaert's activities in North America achieved +12% sales growth. The organic sales growth accounted for +16.4% and stemmed from improved volumes (+5.7%) and passed-on higher wire rod prices and other price-mix effects (+10.6%). The adverse currency impact for the year tempered to -4.4% due to the appreciation of the US$ in the last quarter of 2018.

Automotive demand remained strong throughout the year. The industrial steel wire and agricultural fencing markets were affected by increased price pressure and by the usual seasonal effects in 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. The rubber reinforcement activities in the US use imported wire rod because the qualities needed to produce the related products are not available in the country. After reaching the volume quota limit on imports from Brazil at the end of July, the cost of imported wire rod increased by 50% as from August onwards. This cost increase reflected the aggregate impact of import duties and anti-dumping tariffs as well as wire rod price evolutions and additional logistics costs related to the imports from other continents. Efforts were made to pass on the steep wire rod price increases to our customers and to create a more balanced offering of domestically produced and imported tire cord from our manufacturing plants abroad.

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.

North America 2018
Combined sales by industry



Combined sales	€ 618 million
Capital expenditures (PP&E)	€ 18 million
Total assets	€ 367 million
Employees	1 411

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.

Bekaert Shelbyville adds glued Dramix® fibers to the mix

In response to US policy encouraging federal agencies to buy American-made products, Bekaert has started producing glued Dramix® steel fibers for concrete reinforcement in Shelbyville (Kentucky, US).

Customer quality improvement program kicks off in the US

The ABC Quality module of the Bekaert Manufacturing System (BMS) program focuses on quality efforts and the role everybody can play in ensuring and providing the highest level of quality and service to our customers. ABC (Always Committed, Best Quality, Customer Delight) wants to achieve a breakthrough in quality performance, durable problem solving and elimination, and a true customer-centric mindset throughout our operations worldwide.

The kick-off of ABC in the US took place in the Van Buren plant in Arkansas and was soon followed by an intensive session with the enthusiastic team of the Orrville plant in Ohio. ABC requires the engagement and commitment of all plant team members and is being deployed worldwide with the help of experienced change agents, effective tools, and highly interactive training sessions.

LATIN AMERICA

Economic Environment in 2018

Latin America's bumpy economic recovery has continued to deliver limited growth in 2018, overall. Weaker global trade, an intensive election cycle across the continent, tighter global financial conditions, the continued impact of widespread corruption cases on infrastructure spending, and volatile commodity prices caused the recovery to flounder. Argentina's economy deteriorated significantly in August amid a renewed currency crisis and deepening recession. In Brazil, the economic sentiment continued its upward trend, but the recovery is still fragile.

In Latin America, Bekaert manufactures an extensive product portfolio to serve construction, mining, agriculture and a wide range of industrial and consumer markets across the region. Bekaert has wholly owned and majority owned subsidiaries in Ecuador, Colombia, Costa Rica, Venezuela, Peru, and Chile, and runs joint ventures in Brazil in a 45/55 partnership with ArcelorMittal.

Bekaert's activities in Latin America go back to 1950. Today, they represent almost 30% of combined sales.

Our Activity performance

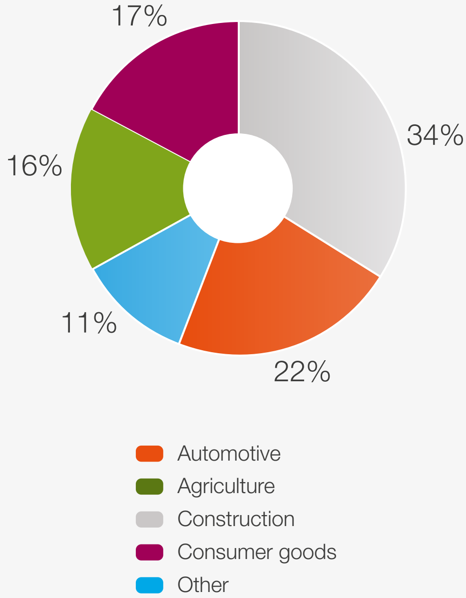
In Latin America, consolidated sales were up +2.7% from last year.

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 currency effects, 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. This is mainly due to the 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 in the Sumaré plant in Brazil was included whereas in 2018 we incurred one-off expenses related to the closure of the Dramix® plant in Costa Rica.

Latin America 2018
Combined sales by industry



Combined sales	€ 1 474 million
Consolidated sales	€ 692 million
Capital expenditures	(*) € 18 million
Total assets	(*) € 477 million
Employees	6 595

(*) Consolidated entries

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).

Poised to seize opportunities in Perus

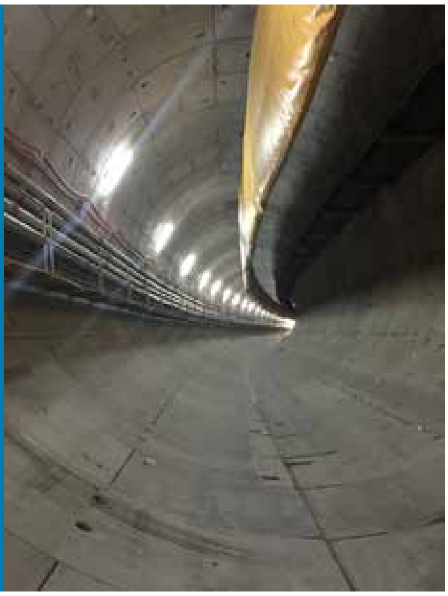
The largest corruption investigation in Latin America's history — revolving partly around bribes paid by the Brazilian construction giant Odebrecht to secure government contracts — has, over the past few years, spread across the region. After Brazil, no other country has felt the stinging impact of the scandal more than Peru. All major construction projects in the country have been put on hold for years because several decision makers in the highest ranks of the country's political class have been implicated.

Prodac, Bekaert's steel wire plant in Peru, has been working hard to offset the negative impact of decreased volumes in construction markets. It is doing so, not only by rightsizing its operations to the new reality, but also by developing and implementing concrete lines of actions to grow positions in existing and target markets. With the help of BCE (Bekaert Customer Excellence) knowledge and tools, Prodac's satellites Prodimin (mining markets) and Prodicom (wholesale activity) have each set out a distinct market approach to grow their business potential. A number of public infrastructure projects have been reactivated recently in the country, and Prodac is seizing the opportunities that those create. These include, among others, the construction works related to the preparations for the Pan American Games in Lima in 2019, the construction of the new international airport in Lima, and the Pisco port expansion.

Metro project in Ecuador

In July 2019, the first metro line in Quito will be put into operation. Construction of the metro line began in January 2016 and was long delayed due to archaeological remains found in the neighborhood of the historic center, a UNESCO World Heritage Site. The line extends over a distance of 22 kilometers and will connect Quitumbe (south Quito) with El Labrador (north Quito).

Ideal Alambrec, Bekaert's entity in Ecuador, supplied Dramix® steel fibers for concrete reinforcement in cooperation with Bekaert-Maccaferri Underground Solutions, and provided technical sales support to the contractors.



ASIA PACIFIC

Economic Environment in 2018

China's economy grew at the slowest rate since 1990, coming in at 6.6%. Trade tensions with the US weighed on export opportunities and industrial output growth. The tire market in China grew about 2% in 2018 but tailed off towards the end of the year.

India confirmed its strong growth potential with an estimated GDP growth of 7.3%, compared to 6.7% in 2017, nearly closing the gap on the UK to become the world's fifth-biggest economy.

Indonesia's economy, the largest in Southeast Asia, continued to grow at a stable rate by reaching an estimated 5%. Investments in Indonesia, however, slowed down somewhat during the course of the year.

Bekaert is present in Asia with manufacturing sites and development centers in China, India, Indonesia, Malaysia and Japan. Bekaert will start a greenfield investment in Quang Ngai Province in the central coastal area of Vietnam. The construction works will start during the course of the second quarter of 2019. The plant will produce rubber reinforcement products and serve customers worldwide.

Our Activity performance

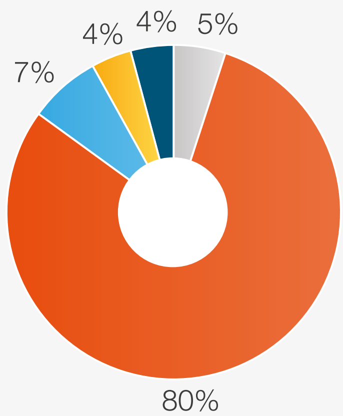
Bekaert delivered +7.7% organic sales growth in Asia Pacific, driven by good volume growth (+5.7%) and the positive aggregate effect of passed-on wire rod price increases and price-mix (+2%). The robust growth of rubber reinforcement activities across the region was partly offset by weaker volumes in 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 the 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 for 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), which were partly offset by gains from the sale of land and buildings following the closures 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.

Asia Pacific 2018
Combined sales by industry



Combined sales	€ 1 197 million
Capital expenditures (PP&E)	€ 85 million
Total assets	€ 1 175 million
Employees	10 912

The 2018 edition of the Global Tire Tech Forum organized by the China Tire Industry Association (CRIA) was held in Hefei City, Anhui Province. More than 260 international and Chinese representatives from all players in the tire supply chain participated in the event.

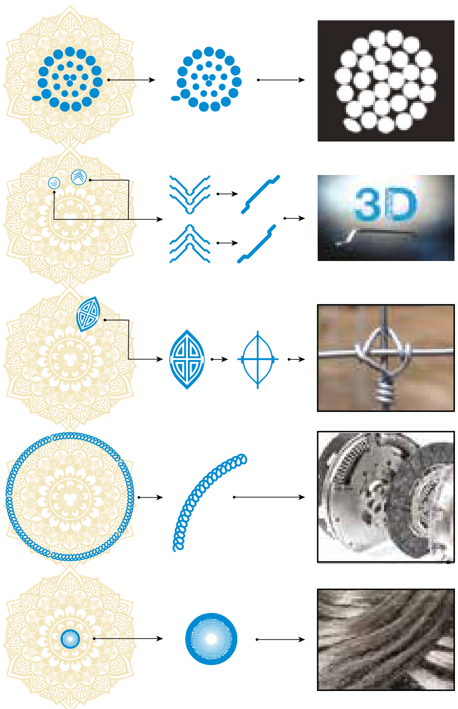
Bekaert was invited to give a key note speech on super tensile/ultra tensile steel cord developments supporting the reduction of tire weight and rolling resistance. The event was a perfect opportunity to meet up with industry peers and customers interested in value creating solutions for the tire industry.

Bert De Graeve meets Chinese Premier Li Keqiang in Brussels

In October 2018, Bert De Graeve, Chairman of Bekaert, and a select group of business and political leaders met Chinese Premier Li Keqiang during the Asia-Europe meeting in Brussels (Belgium).

Gearing up for growth in India

India has become the world's fourth largest automobile market and continues to grow at a fast pace: the Indian tire industry expanded by 6% compared with 2017, mainly driven by increased radialization (up 10% in commercial vehicle markets). As the only domestic steel cord producer in the country, Bekaert anticipated the current and future growth and therefore invested significantly in the course of 2017-2018.



We invested in both half-product capacity (previously sourced from Bekaert China) and end-product capacity to accommodate the increasing demand from tire customers in the country. Having a fully integrated production process enhances business continuity in times of trade uncertainties between countries. It also puts us in a position to offer speed and flexibility in supporting the evolving needs of the customers.

Our team in India had to deal with new challenges such as consistent quality and supply reliability of local wire rod because the Indian steel mills were not used to producing the grades or volumes needed. It took some time to ensure stability in the supply process. The team is currently working very closely with the suppliers to co-create a supply excellence model that will benefit the entire supply chain.

We are growing in other sectors as well, with more Dramix® capacity to serve local and export construction markets, and newly added products to the portfolio to serve the agricultural markets in India.

BRIDON-BEKAERT ROPES GROUP

Economic Environment in 2018

2018 saw continued challenging market dynamics in BBRG's core ropes sectors. While the oil price showed signs of recovery in 2018, the main oil extraction companies remained in balance sheet repair mode, which impacted both the volume and margin opportunity. Mining markets showed an upward trajectory, though still limited, with a small number of greenfield and brownfield developments. Industrial markets saw low single-digit growth in an increasingly challenging competitive environment.

The advanced cords business, serving various sectors including the automotive, construction, and equipment markets, continued to benefit from solid demand and market positions.

Our Activity performance

Bridon-Bekaert Ropes Group (BBRG) achieved 5.5% organic sales growth, part of which was compensated by the impact of adverse currency movements (-3.7%) on the topline. Organic growth accelerated in the second half of 2018 (+8.4%) compared with the 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).

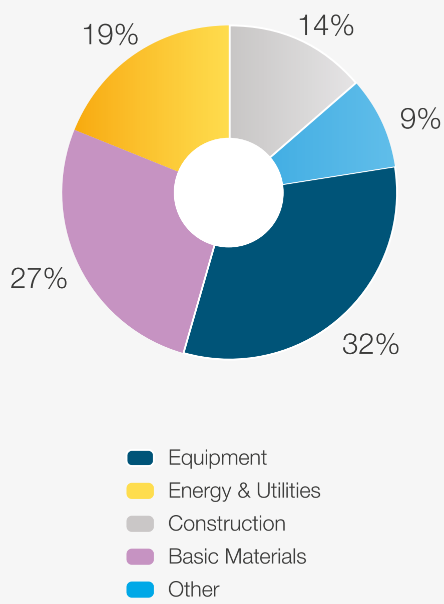
Reported EBIT was € -20 million and included the impacts of one-off elements related to the restructuring in Brazil (€ -7 million) and other measures to turn around the business (€ -6 million).

In 2018, BBRG invested € 19 million in PP&E, 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.

Brett Simpson, Chief Executive Officer of Bridon-Bekaert Ropes Group, joined the company in September 2018 to take over the helm and lead the business forward. Brett Simpson, Australian, has significant business experience and expertise in leading and improving international businesses.

In October 2018 Bekaert completed the refinancing of the outstanding debt incurred by Bridon-Bekaert Ropes Group (BBRG) and the transaction related to the acquisition of the 33% equity share previously held by Ontario Teachers' in BBRG. Taking full control of BBRG will allow the business to accelerate the turnaround efforts and achieve its full potential.

Bridon-Bekaert Ropes Group 2018
Combined sales by industry



Combined sales	€ 463 million
Capital expenditures (PP&E)	€ 19 million
Total assets	€ 561 million
Employees	2 593

Bridon-Bekaert and Applied Fiber bring terminated synthetic rope solutions to market

Bridon-Bekaert Ropes Group (BBRG) and Applied Fiber have agreed in 2018 to combine their expertise to develop and bring to market advanced solutions that improve efficiency and safety in heavy industrial operations. Applied Fiber is a global leader for terminated synthetic fiber tension systems. By providing terminated fiber rope solutions for high impact and performance-driven applications, BBRG complements its existing steel, synthetic and hybrid rope solutions.

BBRG launches A-Cords at World Elevator Expo in Shanghai (China)

BBRG successfully introduced its premium brand A-Cords during the World Elevator Expo in Shanghai (China). To show the effectiveness of its products, all showcases were suspended with Flexisteel® cords. The exhibit illustrated BBRG range of expertise, going from traditional elevator ropes, over high tensile steel wire Flexisteel® for roomless elevators, to fine cords for belts. A virtual 360° tour brought the customers into the heart of our manufacturing and technology facilities.

In line with the organizational changes implemented on 1 March 2019, 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.

The new reporting segments will be:

- **Rubber Reinforcement**
  This Business Unit serves industries that use tire cord, bead wire, hose reinforcement wire and conveyor belt reinforcement.

- **Steel Wire Solutions**
  This Business Unit serves industrial, agricultural, consumer and construction markets with a broad range of steel wire products and solutions.

- **Specialty Businesses**
  This Business Unit includes building products, fiber technologies, combustion technology and sawing wire.

- **Bridon-Bekaert Ropes Group (BBRG)**
  BBRG includes the ropes and advanced cords businesses.

REPORT OF THE BOARD

KEY FIGURES

Combined key figures

in millions of €	2017	2018	Delta
Sales	4 808	5 074	+5.5%
Capital expenditure (PP&E)	298	226	-24.2%
Employees as at 31 December	29 313	29 406	+0.3%

Consolidated financial statements

in millions of €	2017	2018	Delta
Income statement			
Sales	4 098	4 305	5.1%
EBIT	318	147	-53.8%
EBIT-underlying	301	210	-30.2%
Interests and other financial results	-93	-111	18.6%
Income taxes	-69	-58	-15.6%
Group share joint ventures	27	25	-7.4%
Result for the period	183	3	-98.5%
attributable to equity holders of Bekaert	185	40	-78.5%
attributable to non-controlling interests	-2	-37	-
EBITDA-underlying	497	426	-14.3%
Depreciation PP&E	192	197	2.9%
Amortization and impairment	-	42	-
Balance sheet			
Equity	1 583	1 516	-4.2%
Non-current assets	2 124	2 050	-3.5%
Capital expenditure (PP&E)	273	198	-27.3%
Balance sheet total	4 445	4 449	0.1%
Net debt	1 151	1 153	0.2%
Capital employed	2 664	2 598	-2.5%
Working capital	888	875	-1.5%
Employees as at 31 December	25 784	25 915	0.5%

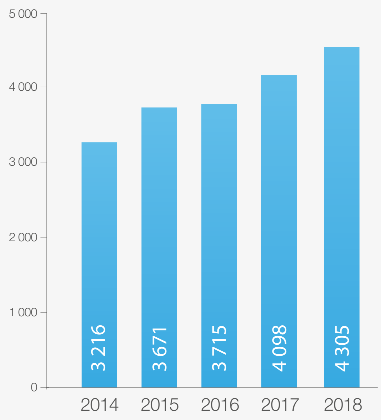
Ratios

	2017	2018
EBITDA on sales	12.4%	9.0%
Underlying EBITDA on sales	12.1%	9.9%
EBIT on sales	7.8%	3.4%
Underlying EBIT on sales	7.3%	4.9%
EBIT interest coverage	4.0	1.8
ROCE underlying	11.2%	8.0%
ROE	11.5%	0.2%
Financial autonomy	35.6%	34.1%
Gearing (net debt on equity)	72.7%	76.0%
Net debt on EBITDA	2.3	3.0

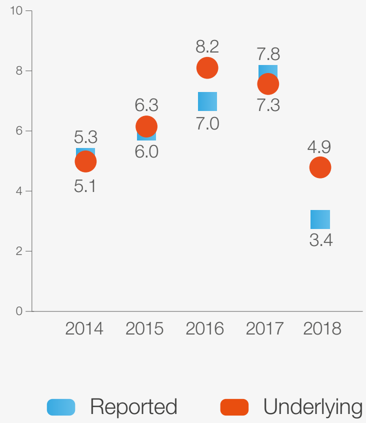
Joint ventures and associates

in millions of €	2017	2018	Delta
Sales	710	769	8.3%
Operating result	66	84	26.3%
Net result	71	66	-7.3%
Capital expenditure (PP&E)	26	28	8.7%
Depreciation	20	18	-8.3%
Employees as at 31 December	3 529	3 491	-1.1%
Group's share net result	27	25	-7.4%
Group's share equity	165	154	-7.1%

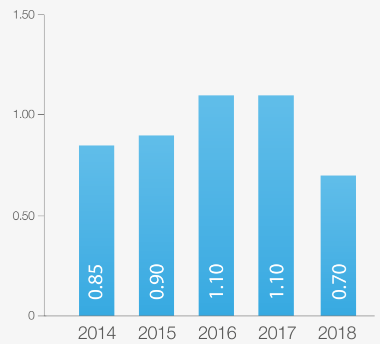
Consolidated sales
in millions of €



EBIT on sales
in %



Gross dividend[1]
in €



[1] The dividend is subject to approval by the General Meeting of Shareholders 2019

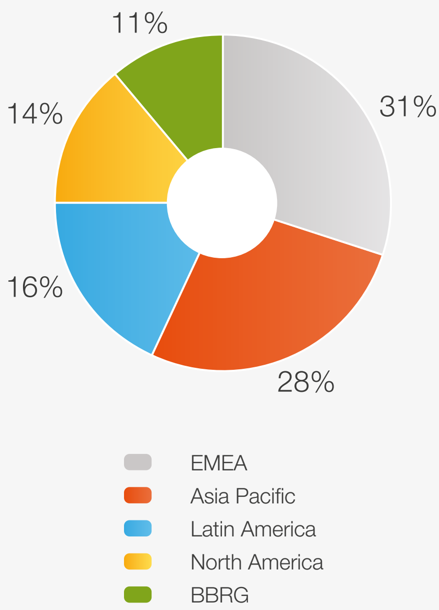
Key figures per share NV Bekaert SA	2017	2018	Delta
Number of shares as at 31 December	60 373 841	60 408 441	+0.1%
Market capitalization as at 31 December (in millions of €)	2 200	1 272	-42.2%

Per share in €	2017	2018	Delta
EPS	3.26	0.70	-78.4%
Gross dividend*	1.10	0.70	-36.4%
Net dividend**	0.77	0.49	-36.4%

Valorization in €	2017	2018	Delta
Price as at 31 December	36.45	21.06	-42.2%
Price (average)	42.05	28.21	-32.9%

* Subject to approval by the General Meeting of Shareholders 2019
** Subject to the applicable tax legislation

Consolidated sales by segment



KEY FIGURES PER SEGMENT

EMEA

Underlying	2017	2018
EBIT on sales	11.1%	8.5%
EBITDA on sales	15.9%	13.7%
ROCE	20.8%	16.8%

EMEA
€ 1 322 million
Combined sales
26%

North America

Underlying	2017	2018
EBIT on sales	6.0%	4.0%
EBITDA on sales	8.5%	6.2%
ROCE	14.9%	10.8%

North America
€ 618 million
Combined sales
12%

Latin America

Underlying	2017	2018
EBIT on sales	8.2%	6.2%
EBITDA on sales	11.1%	8.7%
ROCE	14.8%	12.9%

Latin America
€ 1 474 million
Combined sales
29%

Asia Pacific

Underlying	2017	2018
EBIT on sales	9.3%	7.2%
EBITDA on sales	17.1%	15.3%
ROCE	10.9%	8.7%

Asia Pacific
€ 1 197 million
Combined sales
24%

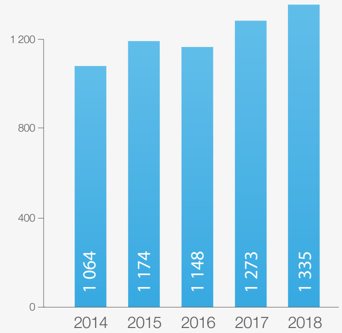
BBRG

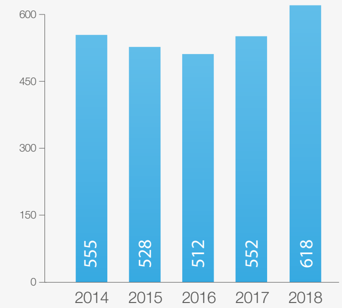
Underlying	2017	2018
EBIT on sales	3.3%	-1.5%
EBITDA on sales	9.0%	4.8%
ROCE	3.1%	-1.5%

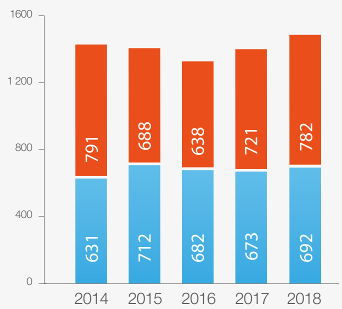
Bridon-Bekaert Ropes Group
€ 463 million
Combined sales
9%

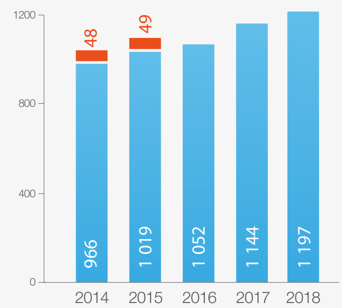
SALES

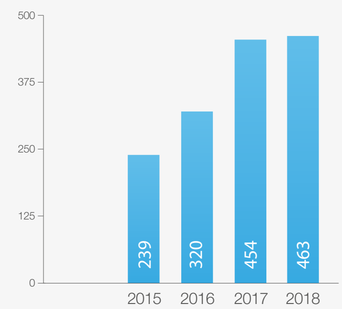
in millions of €











Consolidated companies
Joint ventures and associates

SUMMARY OF FINANCIAL REVIEW

Notes

Besides IFRS accounts, Bekaert also presents the key underlying business performance parameters of profitability and cash generation, to provide a more consistent and comparable view on the Group's financial performance. These underlying business performance indicators adjust the IFRS figures for the one-off accounting impacts of restructuring costs, provisions for environmental sanitization programs, asset impairments, M&A related fees, and other such non-recurring items that would distort the analysis of the Group's underlying Business performance. 'REBIT' and 'REBITDA' - reflecting the 'recurring' or 'underlying' business performance - are now named[1] EBIT-Underlying and EBITDA-Underlying respectively. EBIT and EBITDA according to IFRS are referred-to as such or as EBIT-reported and EBITDA-reported when specification adds clarity.

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 and financial review

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 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%).

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).

1 Definitions of financial parameters are described in the Financial Review of this Annual Report.

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.

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.

Segment reports

EMEA

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

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

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

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

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.

ALTERNATIVE PERFORMANCE MEASURES: definitions and reasons 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 divided by 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.

CORPORATE GOVERNANCE STATEMENT

Board of Directors and Executive Management

In accordance with the original Belgian Code on Corporate Governance published in 2004, the Board of Directors has, on 16 December 2005, adopted the Bekaert Corporate Governance Charter.

Following the publication of the 2009 Belgian Code on Corporate Governance, the Board of Directors has, on 22 December 2009, adopted the 2009 Code as the reference code for Bekaert and revised the Bekaert Corporate Governance Charter.

The Bekaert Corporate Governance Charter was further revised by the Board of Directors on 13 November 2014, on 28 July 2016 and on 28 February 2019 (the “Bekaert Charter”).

Bekaert complies in principle with the Belgian Corporate Governance Code, and explains in the Bekaert Charter and in this Corporate Governance Statement why it departs from some of its provisions.

The Belgian Corporate Governance Code is available at ***www.corporategovernancecommittee.be.***

The Bekaert Corporate Governance Charter is available at ***www.bekaert.com.***

Board of Directors

The Board of Directors currently consists of fifteen members, who are appointed by the General Meeting of Shareholders.

Eight of the Directors are appointed from among candidates nominated by the principal shareholder. The Chairman and the Chief Executive Officer are never the same individual. The Chief Executive Officer is the only Board member with an executive function. All other members are non-executive Directors.

Five of the Directors are independent in accordance with the criteria of Article 526ter of the Belgian Companies Code and provision 2.3 of the Belgian Corporate Governance Code: Celia Baxter (first appointed in 2016), Pamela Knapp (first appointed in 2016), Martina Merz (first appointed in 2016), Colin Smith (first appointed in 2018) and Mei Ye (first appointed in 2014).

Contrary to provision 4.5 of the Belgian Corporate Governance Code, according to which non-executive directors should not consider taking on more than five directorships in listed companies, Ms Merz accepted a sixth directorship in a listed company in November 2018 (Chairwoman of the Supervisory Board of thyssenkrupp AG). Ms Merz will resign as Director of the Company at the close of the Annual General Meeting of 8 May 2019.

The Board met on ten occasions in 2018: there were six regular meetings and four extraordinary meetings. In addition to its statutory powers and powers under the Articles of Association and the Bekaert Charter, the Board of Directors discussed the following matters, among others, in 2018:

» strategic projects;
» the strategic plan for the period 2019-2023;
» the business plan for 2019;
» the Bridon-Bekaert Ropes Group (“BBRG”) business, including but not limited to the acquisition of full ownership of BBRG and the refinancing of the debt of BBRG;
» performance updates and related press releases;
» the succession planning at the Board and Executive Management levels;
» the remuneration and long-term incentives for the Chief Executive Officer and the other members of the Executive Management;
» governance, risk and compliance;
» continuous monitoring of the debt and liquidity situation of the Group.

Name	First appointed	Expiry of current Board term	Principal occupation[4]	Number of regular/ extraordinary meetings attended
Chairman				
Bert De Graeve[1]	2006	2019	NV Bekaert SA	10
Chief Executive Officer				
Matthew Taylor	2014	2022	NV Bekaert SA	10
Members nominated by the principal shareholder				
Leon Bekaert	1994	2019	Director of companies	9
Gregory Dalle	2015	2019	Managing Director, Credit Suisse International, Investment Banking and Capital Markets	10
Charles de Liedekerke	1997	2019	Director of companies	10
Christophe Jacobs van Merlen	2016	2020	Managing Director, Bain Capital Private Equity (Europe), LLP (UK)	10
Hubert Jacobs van Merlen	2003	2019	Director of companies	10
Maxime Jadot	1994	2019	CEO and Chairman of the Executive Board, BNP Paribas Fortis (Belgium)	7
Emilie van de Walle de Ghelcke	2016	2020	Senior Legal Counsel, Sofina (Belgium)	9
Henri Jean Velge	2016	2020	Director of Companies	9
Independent Directors				
Celia Baxter	2016	2020	Director of companies	8
Alan Begg[2]	2008	2018	Director of companies	2
Pamela Knapp	2016	2020	Director of companies	9
Martina Merz	2016	2020	Director of companies	8
Colin Smith[3]	2018	2022	Independent director of and advisor to companies	6
Mei Ye	2014	2022	Independent director of and advisor to companies	8

[1] Bert De Graeve was first appointed as Board Member in 2006. In 2014 he became Chairman of the Board.
[2] Until the Annual General Meeting in May 2018.
[3] As of the Annual General Meeting in May 2018.
[4] The detailed résumés of the Board members are available at www.bekaert.com.

Committees of the Board of Directors

The Board of Directors has established four advisory Committees.

Audit and Finance Committee

The Audit and Finance Committee is composed as required by Article 526bis §2 of the Companies Code: all of its four members are non-executive Directors and one member, Ms Pamela Knapp, is independent. Ms Knapp's competence in accounting and auditing is demonstrated by her former position as Chief Financial Officer of the Power Transmission and Distribution Division of Siemens (from 2004 to 2009) and her position as Chief Financial Officer of GfK SE (from 2009 to 2014). The Committee members as a whole have competence relevant to the sector in which the Company is operating. Mr Hubert Jacobs van Merlen chairs the Committee.

Contrary to provision 5.2/4 of the Belgian Corporate Governance Code, according to which at least a majority of the members should be independent, Bekaert takes the view that the Audit and Finance Committee should reflect the balanced composition of the full Board.

The Chief Executive Officer and the Chief Financial Officer are not members of the Committee, but are invited to attend its meetings. This arrangement guarantees the essential interaction between the Board of Directors and the Executive Management.

Name	Expiry of current board term	Number of regular and extraordinary meetings attended
Hubert Jacobs van Merlen	2019	15
Bert De Graeve	2019	15
Pamela Knapp	2020	13
Christophe Jacobs van Merlen	2020	13

The Committee had four regular and eleven extraordinary meetings in 2018. In addition to its statutory powers and its powers under the Bekaert Charter, the Committee discussed the following main subjects:

» the financing structure of the Group;
» the debt and liquidity situation;
» the activity reports of the internal audit department;
» the reports of the Statutory Auditor;
» governance, risk and compliance and review of the major risks and the related mitigation plans under Bekaert's enterprise risk management program.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is composed as required by Article 526quater §2 of the Companies Code: all of its three members are non-executive Directors. It is chaired by the Chairman of the Board and its other members are independent. The Committee's competence in the field of remuneration policy is demonstrated by the relevant experience of its members.

Name	Expiry of current board term	Number of meetings attended
Bert De Graeve	2019	3
Celia Baxter	2020	5
Alan Begg(1)	2018	1
Martina Merz(2)	2020	4

(1) Until the Annual General Meeting in May 2018.
(2) As of the Annual General Meeting in May 2018

Two of the Directors nominated by the principal shareholder and the Chief Executive Officer are invited to attend the Committee meetings without being a member.

The Committee met five times in 2018. In addition to its statutory powers and its powers under the Bekaert Charter, the Committee discussed the following main subjects:

» organization and talent;
» the executive compensation plan;
» the succession planning at the Board and top management levels;
» the results of a global employee engagement survey;
» the variable remuneration for the Chief Executive Officer and the other members of the Executive Management for their performance in 2017;
» the base remuneration for the Chief Executive Officer and the other members of the Executive Management for 2018;
» target setting for 2018;
» the long-term incentive grants.

Strategic Committee

The Strategic Committee has six members, five of whom are non-executive Directors. It is chaired by the Chairman of the Board and further consists of the Chief Executive Officer and four Directors.

Name	Expiry of current board term	Number of meetings attended
Bert De Graeve	2019	3
Leon Bekaert	2019	3
Charles de Liedekerke	2019	3
Maxime Jadot	2019	3
Martina Merz	2020	3
Matthew Taylor	2022	3

The Committee met three times in 2018 and discussed the Bekaert strategy as well as various strategic projects.

BBRG Committee

In the course of 2018, the Board of Directors established an ad hoc advisory committee that focuses on BBRG, in accordance with Section II.5.2 of the Bekaert Charter.

The BBRG Committee has three members: all of its three members are non-executive directors. It is chaired by Mr Gregory Dalle. The Chief Executive Officer is not a member of the Committee, but is invited to attend its meetings.

Name	Expiry of current board term	Number of meetings attended
Gregory Dalle	2019	8
Charles de Liedekerke	2019	8
Martina Merz	2020	8

The Committee met eight times in 2018.

Evaluation

The main features of the process for evaluating the Board of Directors, its Committees and the individual Directors are described in this section and in paragraph II.3.4 of the Bekaert Charter. The Chairman is in charge of organizing periodic performance appraisals through an extensive questionnaire that addresses:

» the functioning of the Board or Committee;
» the effective preparation and discussion of important issues;
» the individual contribution of each Director;
» the present composition of the Board or Committee against its desired composition;
» the interaction of the Board with the Executive Management.

In 2018, a performance appraisal was conducted of the Chief Executive Officer and of the Chairman.

Diversity

Since the Annual General Meeting of 11 May 2016, the Company is compliant with the legal requirement that at least one third of the members of the Board of Directors are of the opposite gender.

More information on diversity is available in Bekaert's Groupwide Sustainability report.

Executive Management

The Bekaert Group Executive (BGE) has the collective responsibility to deliver the long-term and short-term objectives of the Group. It is chaired by the Chief Executive Officer.

On 1 March 2018, Mr Jun Liao became a member of the Bekaert Group Executive and was appointed Executive Vice President North Asia.

On 15 November 2018, Bekaert announced the departure of Ms Beatriz García-Cos Chief Financial Officer. Mr Frank Vromant, Executive Vice President Bekaert Americas, was appointed Chief Financial Officer ad interim with immediate effect, in addition to his executive responsibilities for the Regional Operations Latin America.

After 36 years with Bekaert, and a lifelong career built on business and technology expertise, Mr Geert Van Haver, Chief Technology Officer retired on 31 December 2018. The responsibilities of Mr Geert Van Haver have since then been coordinated internally, initially with a direct reporting line to the Chief Executive Officer and since 1 March conform the new organizational structure.

Name	Position	Appointed
Matthew Taylor	Chief Executive Officer	2013
Rajita D'Souza	Chief Human Resources Officer	2017
Beatriz García-Cos	Chief Financial Officer	2016
Lieven Larmuseau	Executive Vice President Rubber Reinforcement Business Platforms	2014
Jun Liao [2]	Executive Vice President North Asia	2018
Curd Vandekerckhove	Executive Vice President Global Operations	2012
Geert Van Haver [3]	Chief Technology and Engineering Officer	2014
Stijn Vanneste	Executive Vice President Europe, South Asia and South East Asia	2016
Piet Van Riet	Executive Vice President Industrial Products and Specialty Products Business Platforms, Marketing & Commercial Excellence	2014
Frank Vromant	Chief Financial Officer ad interim[4] and Executive Vice President Latin Americas	2011

(1) Until 15 November 2018.
(2) As of 1 March 2018.
(3) Until the end of 2018.
(4) As of 15 November 2018.

As announced on 1 March 2019, the composition of the BGE changes according to the new organizational structure.

The BGE is composed of representatives of global business units and global functions.

As of 1 March 2019, the BGE consists of following members:

Name	Position	Appointed
Matthew Taylor	Chief Executive Officer	2013
Frank Vromant	Chief Financial Officer ad interim	2011
Rajita D'Souza	Chief Human Resources Officer	2017
Curd Vandekerckhove	Chief Operations Officer	2012
(external recruitment)	Chief Strategy Officer	
Lieven Larmuseau	Divisional CEO Rubber Reinforcement ad interim	2014
Stijn Vanneste	Divisional CEO Steel Wire Solutions	2016
Jun Liao	Divisional CEO Specialty Businesses	2018

Mr Brett Simpson, CEO Bridon-Bekaert Ropes Group, is not a member of the BGE, but is invited to attend its meetings.

Conduct policies

Statutory conflicts of interest in the Board of Directors

In accordance with Article 523 of the Companies Code, a member of the Board of Directors should give the other members prior notice of any agenda items in respect of which he has a direct or indirect conflict of interest of a financial nature with the Company, and should refrain from participating in the discussion of and voting on those items. A conflict of interest arose on three occasions in 2018, and the provisions of Article 523 were complied with on such occasions.

On 27 February 2018, the Board had to determine the remuneration of the Chief Executive Officer (amongst which the proposed short term variable remuneration of € 477 521 on account of his 2017 performance and the proposed mid-term variable remuneration of € 95 504 in respect of the period 2015-2017). Excerpt from the minutes:

RESOLUTION
On the motion of the Nomination and Remuneration Committee, the Board:

- *approves the proposed short-term variable remuneration payable to the CEO on account of his 2017 performance, i.e. 100% of the target variable remuneration or € 477 521;*
- *approves the proposed base salary increase for the CEO, to apply as from 1 July 2018;*
- *resolves to waive the contractually agreed deferral of one third of the CEO's annual variable pay for this year;*
- *resolves to use the whole fixed pay as basis for the calculation of the variable pay and the merit increase for the CEO as from 2019.*

RESOLUTION
On the motion of the Nomination and Remuneration Committee, the Board approves the mid-term variable remuneration payable in respect of the period 2015-2017, payable in March 2018.

RESOLUTION
On the motion of the Nomination and Remuneration Committee, the Board approves the short-term variable remuneration objectives for the CEO in respect of 2018 as modified by the Board.

On 14 November 2018, the Board discussed and had to decide on the new executive compensation plan. The executive compensation plan is also applicable to the Chief Executive Officer. Excerpt from the minutes:

RESOLUTION
On the motion of the Nomination and Remuneration Committee, the Board resolves to stop granting stock options and to move fully to performance share units, as proposed by management, within the framework of the current Performance Share Plan 2018-2020.

On 20 December 2018, the Board discussed and had to decide on the 2019-2021 performance conditions for the performance share units. The 2019-2021 performance conditions are also applicable to the Chief Executive Officer. Excerpt from the minutes:

RESOLUTION
The Board authorizes the Nomination and Remuneration Committee to finalize the 2019-2021 performance conditions based upon the following:

- *use combination of EBITDA and Unlevered Free Cash Flow, with equal 50% weight;*
- *Unlevered Free Cash Flow to be corrected for M&A;*
- *the estimated Net Asset Value increase will be calculated and shared with the Board (for information purposes);*
- *target setting to be linked to the X+5 plan by taking into consideration the relative growth of the different years in the X+5 plan*

Other transactions with Directors and Executive Management

The Bekaert Charter contains conduct guidelines with respect to direct and indirect conflicts of interest of the members of the Board of Directors and the BGE that fall outside the scope of Article 523 of the Companies Code. Those members are deemed to be related parties to Bekaert and have to report, on an annual basis, their direct or indirect transactions with Bekaert or its subsidiaries. Bekaert is not aware of any potential conflict of interest concerning such transactions occurring in 2018 (cf. Note 7.5 to the consolidated financial statements).

Market abuse

In accordance with provision 3.7 of the Belgian Corporate Governance Code, the Board of Directors has, on 27 July 2006, promulgated the Bekaert Dealing Code. As a result of the EU Market Abuse Regulation, the Board of Directors has, on 28 July 2016, approved a new version of the Bekaert Dealing Code, effective 3 July 2016. The Bekaert Dealing Code is included in its entirety in the Bekaert Charter as Appendix 4. The Bekaert Dealing Code restricts transactions in Bekaert financial instruments by members of the Board of Directors, the BGE, senior management and certain other persons during closed and prohibited periods. The Code also contains rules concerning the disclosure of executed transactions by leading managers and their closely associated persons through a notification to the Company and to the Belgian Financial Services and Markets Authority (FSMA). The Company Secretary is the Dealing Code Officer for purposes of the Bekaert Dealing Code.

Remuneration Report

1. Description of the procedure used in 2018 for (i) developing a remuneration policy for the non-executive Directors and Executive Management and (ii) setting the remuneration of the individual Directors and Executive Managers

The remuneration policy for non-executive Directors is determined by the General Meeting of Shareholders on the motion of the Board of Directors, acting upon proposals from the Nomination and Remuneration Committee. The policy was approved by the Annual General Meeting of 10 May 2006 and amended by the Annual General Meetings of 11 May 2011 and of 14 May 2014.

The remuneration policy for the Chief Executive Officer is determined by the Board of Directors, acting upon proposals from the Nomination and Remuneration Committee. The Chief Executive Officer is absent from this process. The Committee ensures that the Chief Executive Officer's contract with the Company reflects the remuneration policy. A copy of the Chief Executive Officer's contract is available to any Director upon request to the Chairman.

The remuneration policy for the members of the BGE other than the Chief Executive Officer is determined by the Board of Directors acting upon proposals from the Nomination and Remuneration Committee. The Chief Executive Officer has an advisory role in this process. The Committee ensures that the contract of each BGE member with the Company reflects the remuneration policy. A copy of each such contract is available to any Director upon request to the Chairman.

2. Statement of the remuneration policy used in 2018 for the non-executive Directors and Executive Management

Non-executive Directors

The remuneration of the non-executive Directors is determined on the basis of six regular meetings of the full Board of Directors per year. A portion of the remuneration is paid on the basis of the number of regular meetings attended in person by the non-executive Director.

Non-executive Directors who are members of a Board Committee receive a fee for each Committee meeting attended in person. As an executive Director the Chief Executive Officer does not receive such attendance fee.

If the Board of Directors requests the assistance of a Director in a specific matter on account of his or her independence and/or competence, such Director will be entitled, in respect of each session warranting specific travel and time, to a remuneration equal to the applicable amount payable in respect of a Board Committee meeting attended in person. The actual amount of the remuneration of the Directors is determined by the Annual General Meeting for the running financial year.

The remuneration of the Directors is regularly benchmarked with a selected panel of relevant publicly traded industrial Belgian and international references, in order to ensure that persons with competences matching the Group's international ambitions can be attracted.

Non-executive Directors are not entitled to performance related remuneration such as bonuses, stock related long-term incentive schemes, fringe benefits or pension benefits, nor to any other type of variable remuneration except for the attendance fees in respect of Board or Committee meetings.

Expenses that are reasonably incurred in the performance of their duties are reimbursed to Directors, upon submission of suitable justification. In making such expenses, the Directors should take into account the Board Member Expense Policy.

The remuneration of the Chairman of the Board of Directors is determined at the beginning of his term of office, and is set for the duration of such term. On the motion of the Nomination and Remuneration Committee, it is determined by the Board subject to approval by the Annual General Meeting. In making its proposal, the Committee should consider a clear description of the duties of the Chairman, the professional profile that has been attracted, the time expected to be effectively available for the Group, and an adequate remuneration corresponding to the formulated expectations and regularly benchmarked with a selected panel of relevant publicly traded industrial Belgian and international references. The Chairman, when attending or chairing the meetings of a Board Committee, will not be entitled to any additional remuneration as this is deemed to be included in his global remuneration package.

Executive managers

Remuneration policy used in 2018

The main elements of the Group's executive remuneration policy are a base remuneration, a short-term and a long-term variable remuneration, a pension contribution and various other components. The Group offers competitive total remuneration packages with the objective to attract and retain the best executive and management talent in every part of the world in which the Group is operating.

The remuneration of the Executive Managers is regularly benchmarked with a selected panel of relevant publicly traded industrial Belgian and international references.

A strong focus on performance and achievements at Group and individual level is reflected in the short-term variable remuneration program, which is directly linked to the annual business objectives. The Group's long-term variable remuneration program aims at rewarding managers and executives for their contribution to the creation of enhanced shareholder value over time. This program is typically linked to the Company's longer term performance and to the future appreciation of the Company's shares.

The remuneration package of the Chief Executive Officer consists of a base remuneration, a short-term and a long-term variable remuneration, a pension contribution and various other components. The remuneration package aims to be competitive and is aligned with the responsibilities of a Chief Executive Officer leading a globally operating industrial group with various business platforms.

The Nomination and Remuneration Committee recommends each year a set of objectives directly derived from the business plan and from any other priorities to be assigned to the Chief Executive Officer. These objectives include both Group and individual financial and non-financial targets and are measured over a predetermined time period (up to three years). Those objectives, and the year-end evaluation of the achievements, are documented and submitted by the Nomination and Remuneration Committee to the full Board. The final evaluation leads to an assessment, based on measured results, by the Board of Directors of all performance related elements of the remuneration package of the Chief Executive Officer.

The remuneration package of the BGE members other than the Chief Executive Officer consists of a base remuneration, a short-term and long-term variable remuneration, a pension contribution and various other components. The remuneration package aims to be competitive and is aligned with the role and responsibilities of each BGE member leading a globally operating industrial group with various business platforms.

The Chief Executive Officer evaluates the performance of each of the other BGE members and submits his assessment to the Nomination and Remuneration Committee. This evaluation is done annually based on documented objectives directly derived from the business plan and taking into account the specific responsibilities of each BGE member. The achievements measured against those objectives will determine all performance-related elements of the remuneration package of each BGE member other than the Chief Executive Officer. The objectives include both Group and individual financial and non-financial targets and are measured over a predetermined time period (up to three years).

The actual amount of the remuneration of the Chief Executive Officer and the other members of the BGE is determined by the Board of Directors acting on a reasoned recommendation from the Nomination and Remuneration Committee.

Until the end of 2017, the long-term variable remuneration component for the Chief Executive Officer and the other BGE members existed of the offer of a variable amount of stock options under a share option plan and the grant of a fixed amount of performance share units under a performance share plan. As of 2018, the long-term variable remuneration is delivered solely by the grant of performance share units under a performance share plan. The 2018 performance share units under this new plan have been granted in February 2019.

Until 2018, the Chief Executive Officer and the other members of the BGE participated in a personal shareholding requirement plan, pursuant to which they are required to build and maintain a personal shareholding in Company shares and whereby the Company matches the BGE member's investment in Company shares in year x with a direct grant of a similar number of Company shares at the end of year x + 2. As of 2019, this plan will be replaced by a voluntary share-matching plan whilst the personal shareholding requirement remains in place.

Review in 2018

A performance driven culture is important for achieving the Group's growth aspirations. The Group has started using the Enterprise Performance Management (EPM) approach to manage its business cycle, including planning and monitoring targets and resources, value creation and team accountabilities. The other performance process that was introduced is People Performance Management (PPM) focusing on clear alignment of team and individual targets with business priorities, including frequent performance steering and coaching, leading to sufficiently differentiated recognition and reward based on performance.

In light of the above, the Nomination and Remuneration Committee has carried out an in-depth review of the executive remuneration structure during 2018. This has resulted in a new executive remuneration policy applicable as of 2019.

Key changes are as follows:

» The short-term variable remuneration program is linked with performance achievements measured and monitored by both the EPM and the PPM process and leads to more differentiated rewards based on performance.

» The long-term variable remuneration program is fully delivered by a performance share plan granting awards depending on the achievement of pre-agreed performance conditions set by the Board of Directors over a 3-year performance horizon.

» A voluntary share-matching plan has been introduced, replacing the existing personal shareholding requirement plan. This plan facilitates members of the Executive Management to build a personal investment in Bekaert shares.

» Malus and clawback clauses allow to adjust or claim back some or all of the value of awards of performance related payments to Executive Managers (see Section 12 of the Remuneration Report).

3. Remuneration of the Directors in respect of 2018

The amount of the remuneration and other benefits granted directly or indirectly to the Directors, by the Company or its subsidiaries, in respect of 2018 is set forth on an individual basis in the table below.

The remuneration of the Chairman for the performance of all his duties in the Company was a set gross amount of € 250 000.

The remuneration of each Director, except the Chair, for the performance of the duties as a member of the Board was a set amount of € 42 000, and an amount of € 4 200 for each meeting of the Board attended in person (with a maximum of € 25 200 for six meetings per year).

The remuneration of the Chair of the Audit and Finance Committee, in the capacity as Chair and member of such a Committee, was an amount of € 4 000 for each Committee meeting attended in person.

The remuneration of each Director, except the Chairman and the Chief Executive Officer, for the performance of the duties as a member of a Board Committee was an amount of € 3 000 for each Committee meeting attended in person.

in €	Set amount	Amount for board attendance	Amount for committee attendance	Total
Chairman				
Bert De Graeve	250 000			250 000
Board members				
Celia Baxter	42 000	25 200	15 000	82 200
Alan Begg	21 000	8 400	3 000	32 400
Leon Bekaert	42 000	25 200	9 000	76 200
Gregory Dalle	42 000	25 200	13 500	80 700
Charles de Liedekerke	42 000	25 200	22 500	89 700
Christophe Jacobs van Merlen	42 000	25 200	29 000	96 200
Hubert Jacobs van Merlen	42 000	25 200	44 000	111 200
Maxime Jadot	42 000	25 200	9 000	76 200
Pamela Knapp	42 000	25 200	30 000	97 200
Martina Merz	42 000	25 200	33 750	100 950
Colin Smith	21 000	25 200	0	46 200
Matthew Taylor	42 000	25 200	0	67 200
Emilie van de Walle de Ghelcke	42 000	25 200	0	67 200
Henri Jean Velge	42 000	25 200	0	67 200
Mei Ye	42 000	25 200	0	67 200
Total Directors' Remuneration				**1 407 950**

4. Remuneration of the Chief Executive Officer in respect of 2018 in his capacity as a Director

In his capacity as a Director, the Chief Executive Officer is entitled to the same remuneration as the non-executive Directors, except the remuneration for attending Board Committee meetings for which he receives no compensation (cf. the table above). The remuneration received by the Chief Executive Officer as a Director is included in the base remuneration mentioned in the table in section 6 below.

5. Performance-related remuneration: criteria, term and method of performance evaluation

The remuneration package of the Chief Executive Officer and the other members of the BGE comprises the following performance related elements:

» a short-term variable remuneration, with objectives related to the annual business plan. The objectives are set at the beginning of the year by the Nomination and Remuneration Committee and are approved by the Board. Those objectives include a weighted average of both Group and individual financial and non-financial targets which are relevant in evaluating the annual performance of the Group and progress achieved against the agreed strategic objectives; they are evaluated annually by the Board. One third of the annual short-term variable remuneration of the Chief Executive Officer is deferred over a period of twenty-four months; no deferral is applicable for the other members of the BGE.
» a long-term variable remuneration, as of 2018, in the form of a grant of performance share units which will vest following a vesting period of three years, conditional to the achievement of pre-set performance targets.

The set of performance criteria used to evaluate the short-term remuneration is a basket of financial targets (sales, underlying EBIT and working capital) and non-financial targets (such as safety, implementation of transformation programs, improvement on engaged and empowered teams), combined with specific individualized objectives.

The target value of the short-term variable remuneration of the Chief Executive Officer is 75% of fixed pay, and 60% of fixed pay for the other members of the BGE. The maximum opportunity is 200% of this target.

The performance criteria used to evaluate the new long-term remuneration as of 2019 are specific company financials; more in particular an EBITDA growth target and a cumulative cash flow target.

The target value of the long-term variable remuneration of the Chief Executive Officer is 85% of fixed pay, and 65% of fixed pay for the other members of the BGE. The maximum vesting is 300% of the target.

At par level, the value of the variable remuneration elements of the Chief Executive Officer and the other members of the BGE exceeds 25% of their total remuneration. More than half of this variable remuneration is based on criteria over a period of minimum three years.

6. Remuneration of the Chief Executive Officer in respect of 2018

The amount of the remuneration and other benefits granted directly or indirectly to the Chief Executive Officer, by the Company or its subsidiaries, in respect of 2018 for his Chief Executive Officer role is set forth below.

No short-term variable remuneration is paid to the Chief Executive Officer on account of his performance in 2018.

Matthew Taylor	Renumeration[1]	Comments
Base remuneration	€ 802 261	Includes Belgian base remuneration as well as Belgian and foreign director fees[2]
Short-term variable remuneration	-	Annual variable remuneration, based on 2018 performance
Long-term variable remuneration:		
- Stock option grant	20 000 options	Number of stock options granted
- Performance share units	0 units	Number of performance share units granted See also section 8 of the Remuneration Report
Pension	€ 163 949	Defined Contribution Plan
Other remuneration elements	€ 50 507	Includes company car and risk insurances

(1) In respect of 2018.
(2) The base remuneration includes the remuneration received by the Chief Executive Officer in his capacity as a Director.

7. Remuneration of the other Bekaert Group Executive members in respect of 2018

The amount of the remuneration and other benefits granted directly or indirectly to the BGE members other than the Chief Executive Officer, by the Company or its subsidiaries, in respect of 2018 is set forth below on a global basis.

No short-term variable remuneration is paid to the other Bekaert Group Executive members on account of their performance in 2018.

	Renumeration[1]	Comments
Base remuneration	€ 3 256 005	Includes Belgian base remuneration as well as Belgian and foreign director fees
Short-term variable remuneration	-	Annual variable remuneration, based on 2018 performance
Long-term variable remuneration:		
- Stock option grant	86 250 options	Number of stock options granted
- Performance share units	0 units	Number of performance share units granted See also Section 8 of the Remuneration Report
Pension	€ 558 064	Defined Contribution and Defined Benefit Plan
Other remuneration elements	€ 311 327	Includes company car, risk insurances, school fees and housing allowance

[1] In respect of 2018.

8. Stock Options and Performance Share Units for Executive Management granted in 2018

Until the end of 2017, long-term incentives have been based on a combination of stock options (or, outside of Europe, stock appreciations rights) and performance share units.

As of 2018, the long-term incentives are delivered in full through performance share units granted under the 2018-2020 Performance Share Plan proposed by the Board of Directors and approved by the Annual General Meeting on 9 May 2018. The 2018 performance share units under this plan have been granted to the Chief Executive Officer and the other members of the BGE in February 2019.

Stock Options 2018

The above change does not affect any existing stock option plans and stock appreciation rights plans. Set out below are the number of stock options granted to the Chief Executive Officer and the other members of the BGE in 2018, and the number of options exercised by them or forfeited in 2018 in relation to the previous long-term incentive plans in place before 2018.

The stock options granted to the Chief Executive Officer and the other BGE members in 2018 are based on the Stock Option Plan 2015-2017 that was proposed by the Board of Directors and approved by a Special General Meeting in 2015. The plan offers options to acquire existing Company shares. There was one regular offer of options in December in each of the years 2015 through 2017, and the options were granted on the sixtieth day following the date of their offer (i.e. in February of the following year). Hence, the stock options granted during 2018 shown in the table below relate to the December 2017 offer.

The options were offered to the beneficiaries free of charge. Each accepted option entitles the holder to acquire one existing share of the Company against payment of the exercise price, which is conclusively determined at the time of the offer and which is equal to the lower of: (i) the average closing price of the Company shares during the thirty days preceding the date of the offer, and (ii) the last closing price preceding the date of the offer.

The exercise price of the regular stock options offered in December 2017 and granted in February 2018 is € 34.60 per share.

Subject to the closed and prohibited trading periods and to the plan rules, the options can be exercised as from the beginning of the fourth calendar year following the date of their offer until the end of the tenth year following the date of their offer.

The stock options that were exercisable in 2018 are based on the grants of the Stock Option Plan 2010-2014 and on the predecessor plans to the Stock Option Plan 2010-2014.

The terms of the earlier plans are similar to those of the Stock Option Plan 2015-2017, but the options that were granted to employees under the predecessor plans to the Stock Option Plan 2010-2014 took the form of subscription rights entitling the holders to acquire newly issued Company shares, while self-employed beneficiaries are entitled to acquire existing shares as in the SOP2010-2014 plan.

Performance Share Units 2018

The Performance Share Plan 2018-2020 was proposed by the Board of Directors and approved by the Annual General Meeting on 9 May 2018. The 2018 performance share units under this plan have been granted to the Chief Executive Officer and the other members of the BGE in February 2019.

The plan offers rights with respect to Company shares to the members of the BGE, the senior management and a limited number of management staff members of the Company and a number of its subsidiaries (the rights, “performance share units” and the shares, “performance shares”).

Each performance share unit entitles the beneficiary to acquire one performance share for free subject to the conditions of the performance share plan. These performance share units will vest following a vesting period of three years, conditional to the achievement of pre-set performance targets.

The performance targets are set annually by the Board of Directors, in line with the Company strategy. Company financials retained as performance targets covering the 2019-2021 performance period are EBITDA growth and elements of cumulative cash flow.

The precise vesting level of the performance share units will depend upon the actual achievement level of the vesting criterion, with no vesting at all if the actual performance is below the defined minimum threshold. Upon achievement of said threshold, there will be a minimum vesting of 50% of the granted performance share units; full achievement of the agreed vesting criterion will lead to a par vesting of 100% of the granted performance share units, whereas there will be a maximum vesting of 300% of the granted performance share units if the actual performance is at or above an agreed ceiling level. In between these levels, the vesting will be proportionate. Upon vesting, the beneficiaries will also receive the value of the dividends relating to the previous three years with respect to such (amount of) performance shares to which the effectively vested performance share units relate.

It is foreseen that there is one performance share unit grant for each of the years 2018 through 2020, and the target value of the performance share units of the Chief Executive Officer is 85% of fixed pay, and 65% of fixed pay for the other members of the BGE. The performance share units are granted to the beneficiaries for free.

The 2018 performance share units under the Performance Share Plan 2018-2020 have been granted to the Chief Executive Officer and the other members of the BGE in February 2019. Hence they are not included in the table below.

	Number of performance share units granted in 2018	Number of stock options granted in 2018	Number of stock options exercised in 2018	Number of stock options forfeited in 2018
Matthew Taylor	-	20 000	-	-
Rajita D'Souza	-	10 000	-	-
Beatriz Garcia-Cos	-	10 000	-	-
Lieven Larmuseau	-	11 000	5 000	-
Jun Liao	-	6 250(1)	-	-
Curd Vandekerckhove	-	9 000	-	-
Geert Van Haver	-	10 000	-	-
Stijn Vanneste	-	10 000	-	
Piet Van Riet	-	10 000	-	-
Frank Vromant	-	10 000	-	-

(1) Stock Appreciation Rights

9. Severance pay for Executive Management

Belgian labor law and normal practice are the basis for the severance arrangements with the executive managers, except for the Chief Executive Officer, the former Chief Financial Officer and the Chief Human Resources Officer, whose contractual arrangements, entered into at the time of their appointment, provide for a notice period of twelve months.

10. Change announced in 2019

The term of office of the Chairman of the Board, Bert De Graeve, will expire at the close of the Annual General Meeting of 8 May 2019. Mr De Graeve seeks no re-election.
Subject to approval by the Annual General Meeting on 8 May 2019, the Board of Directors agreed that the remuneration of the successor of Mr De Graeve for his services as Chairman of the Board of Directors in the period June 2019 - May 2023 is set as follows:

» a one-time welcome award of € 150 000;
» a fixed amount of € 200 000 per year (for the period June – May);
» by way of additional fixed remuneration, a fixed amount of € 300 000 per year converted into a number of Company shares by applying an average share price; the applied average share price will be the average of the last five closing prices preceding the date of the grant; the Company shares will be granted on the last trading day of May 2019, 2020, 2021 and 2022 and will be blocked for a period of three years as from the grant date;
» with the exception of support items, such as infrastructure, telecommunication, risk insurance and expense reimbursement, the Chairman shall not be entitled to any additional remuneration in accordance with the Company's remuneration policy.

11. Departure of Executive Managers

Beatriz García-Cos, former Chief Financial Officer, left the company on 15 November 2018. In accordance with the contractual agreement, a severance arrangement based on twelve months total remuneration has been agreed.

12. Company's right of reclaim

Until the end of 2018, there were no provisions allowing the Company to reclaim any variable remuneration paid to Executive Management based on incorrect financial information.

Upon recommendation of the Nomination and Remuneration Committee, as of 2019, the Board has discretion to adjust (malus) or reclaim (claw back) some or all of the value of awards of performance related payments in the event of
» significant downward restatement of the financial results of Bekaert,
» material breach of Bekaert's Code of Conduct or any other Bekaert compliance policies,
» breach of restrictive covenants by which the individual has agreed to be bound,
» gross misconduct or gross negligence by the individual, which results into significant losses or serious reputation damage to Bekaert.

Shares

The Bekaert share in 2018

Bekaert's share price lost approximately 40% of its value in 2018. Increased economic and political uncertainty driven by international trade tensions and the lack of clarity about the eventual form and implications of Brexit started to affect market developments and forecasts in our relevant sectors and regions. The share price dropped about 20% on 20 July 2018, when Bekaert issued a press release revising its outlook down. The share price remained under stress for the remainder of the year, amid a long series of profit warnings by sector players in our industries.

Approach

Bekaert is committed to providing transparent financial information to its shareholders. It is Bekaert's intention to engage constantly in an open dialogue with its shareholders.

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), which have been adopted by the European Union. Both private and institutional investors can count on our sustained commitment to transparent reporting, be it at shareholders' or analyst meetings.

Share identification

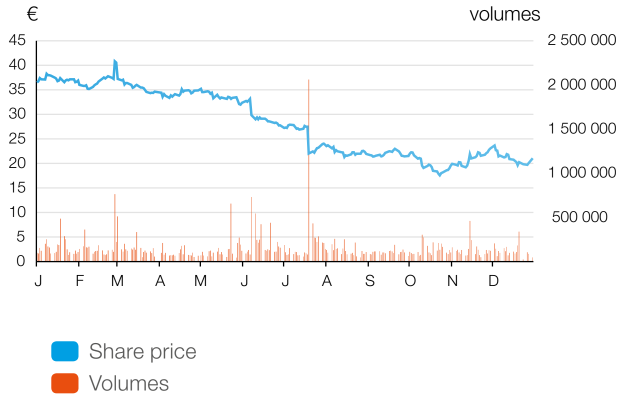
The Bekaert share is listed on NYSE Euronext Brussels as ISIN BE0974258874 (BEKB) and was first listed in December 1972. The ICB sector code is 2727 Diversified Industrials.

Share performance

in €	2013	2014	2015	2016	2017	2018
Price as at 31 December	25.720	26.345	28.385	38.485	36.445	21.060
Price high	31.110	30.195	30.000	42.450	49.915	40.900
Price low	20.010	21.900	22.580	26.560	33.500	17.410
Price average closing	24.926	27.155	26.124	37.065	42.052	28.211
Daily volume	126 923	82 813	120 991	123 268	121 686	154 726
Daily turnover (in millions of €)	3.1	2.1	3.1	4.5	5.0	4.4
Annual turnover (in millions of €)	796	527	804	1 147	1 279	1 121
Velocity (% annual)	54	35	52	53	51	65
Velocity (% adjusted free float)	90	59	86	88	86	109
Free float (%)	59.9	55.7	56.7	59.2	59.6	59.3

Volumes traded

The average daily trading volume was about 155 000 shares in 2018. The volume peaked on 20 July, when 2 060 725 shares were traded.



On 20 February 2019, Bekaert had a market capitalization of € 1.5 billion and a free float market capitalization of € 0.9 billion. The free float was 59.33% and the free float band 60%.

After having been an established value in the Euronext Brussels Star Index since its start in 1991, Bekaert was excluded from BEL20 as from 19 March 2018 and included in the BEL Mid Index of Euronext Brussels.

In connection with the entry into force of the Act of 2 May 2007 on the disclosure of significant participations (the Transparency Act) Bekaert has, in its Articles of Association, set the thresholds of 3% and 7.50% in addition to the legal thresholds of 5% and each multiple of 5%. An overview of the notifications of participations of 3% or more can be found in the Parent Company Information section (Interests in share capital).

Stichting Administratiekantoor Bekaert (principal shareholder) owns 34.21% of the shares, while institutional shareholders are estimated to hold 36.42% of the shares. Retail represents 12.12% while Private Banking 10.79% and treasury shares 6.46%.

Capital structure

As of 31 December 2018 the registered capital of the Company amounts to € 177 793 000, and is represented by 60 408 441 shares without par value. The shares are in registered or dematerialized form.

Authorized capital

The Board of Directors has been authorized by the General Meeting of Shareholders of 11 May 2016 to increase the Company's registered capital in one or more times by an aggregate maximum amount of € 176 000 000 (before any issue premium). The authority is valid for five years from 20 June 2016 and can be renewed in accordance with the applicable statutory provisions. Pursuant to this authorization, the Board of Directors may, among others, effect a capital increase under the authorized capital by means of issuing ordinary shares, subscription rights or convertible bonds and may limit or disapply the preferential subscription right of the Company's shareholders in accordance with Article 596 and following of the Companies Code.

Furthermore, the Board of Directors has been authorized, for a period of three years from 14 June 2018, to make use of the authorized capital upon receipt by the Company of a notice from the FSMA of a public takeover bid for the Company's securities.

Convertible bonds

The Board of Directors has made use of its powers under the authorized capital when it resolved on 18 May 2016 to issue senior unsecured convertible bonds due June 2021 for an aggregate amount of € 380 000 000 (the "Convertible Bonds"). These convertible bonds carry a zero-coupon and their conversion price amounts to € 50.71 per share.

In connection with the issuance of the Convertible Bonds, the Board of Directors resolved to disapply the preference subscription right of existing shareholders set forth in Articles 596 and following of the Companies Code. The terms of the convertible bonds allow the Company, upon the conversion of the bonds, to either deliver new shares or existing shares or pay a cash alternative amount.

In order to mitigate dilution for existing shareholders upon conversion of the Convertible Bonds, the Board of Directors intends where possible, to repay the principal amount of the convertible bonds in cash and, if the then prevailing share price is above the conversion price, pay the upside in existing shares of the Company. The conversion of the Convertible Bonds would then have no dilutive effect for existing shareholders.

Furthermore, the terms of the Convertible Bonds allow the Company to redeem the bonds at their principal amount together with accrued and unpaid interest in certain circumstances, for example on or after 30 June 2019, if the Company's shares trade at a price higher than 130% of the conversion price during a certain period.

Stock option plans, performance share plan and personal shareholding requirement plan

The total number of outstanding subscription rights under the Stock Option Plan 2005-2009 and convertible into Bekaert shares is 173 570. A total of 34 600 subscription rights were exercised in 2018 under the Stock Option Plan 2005-2009, resulting in the issue of 34 600 new Company shares, and an increase of the registered capital by € 103 000 and of the share premium by € 473 436.

In addition to the 3 636 280 treasury shares held by it as of 31 December 2017, the Company purchased 352 000 own shares in the course of 2018. In 2018 a total of 37 200 stock

options were exercised under the Stock Option Plan 2010-2014 and 14 000 under the Stock Option Plan 2. A total of 51 200 treasury shares were used for that purpose. 15 251 treasury shares were sold to members of the Executive Management in the context of the Personal Shareholding Requirement Plan (at a price equal to the closing price at Euronext on the day of the transfer) and 19 797 treasury shares were transferred to members of the Executive Management pursuant to the Company matching mechanism under the Personal Shareholding Requirement Plan. No treasury shares were cancelled in 2018. As a result, the Company held an aggregate 3 902 032 treasury shares as of 31 December 2018.
A third grant of options under the Stock Option Plan 2015-2017 took place on 20 February 2018, when 225 475 options were granted. Each such option will be convertible into one existing Company share at an exercise price of € 34.60.

The Stock Option Plan 2015-2017 and its predecessor stock option plans comply with the relevant provisions of the Act of 26 March 1999 and with Articles 520ter and 525, last paragraph, of the Companies Code. Detailed information about capital, shares and stock option plans is given in the Financial Review (Note 6.12 to the consolidated financial statements).

Dividend policy

The Board of Directors will propose that the Annual General Meeting to be held on 8 May 2019 approve the distribution of a gross dividend of € 0.70 per share.

The temporary dividend cut is reflecting the lower earnings and high debt leverage of the Company. The Board reconfirms the Dividend Policy which foresees, insofar as the profit permits, a stable or growing dividend while maintaining an adequate level of cash flow in the Company for investment and self-financing in support of growth. Over the longer term the Company strives for a pay-out ratio of 40% of the result for the period attributable to equity holders of Bekaert.

in €	2014	2015	2016	2017	2018[1]
Total gross dividend	0.850	0.900	1.100	1.100	0.700
Net dividend[2]	0.638	0.657	0.770	0.770	0.490
Coupon number	6	7	8	9	10

[1] The dividend is subject to approval by the General Meeting of Shareholders 2019.

[2] Subject to the applicable tax legislation.

General Meeting of Shareholders

The Annual General Meeting was held on 9 May 2018. An Extraordinary General Meeting was held on the same day. The resolutions of the meetings are available at www.bekaert.com.

Elements pertinent to a take-over bid

Restrictions on the transfer of securities

The Articles of Association contain no restrictions on the transfer of Company shares, except in case of a change of control, for which the prior approval of the Board of Directors has to be requested in accordance with Article 11 of the Articles of Association.

Subject to the foregoing, the shares are freely transferable. The Board is not aware of any restrictions imposed by law on the transfer of shares by any shareholder.

Restrictions on the exercise of voting rights

Each share entitles the holder to one vote. The Articles of Association contain no restrictions on the voting rights, and each shareholder can exercise his voting rights provided he was validly admitted to the General Meeting and his rights had not been suspended. The admission rules to the General Meeting are laid down in the Companies Code and in Articles 31 and 32 of the Articles of Association. Pursuant to Article 10 the Company is entitled to suspend the exercise of rights attaching to securities belonging to several owners.

No person can vote at General Meetings of Shareholders using voting rights attaching to securities that had not been timely reported in accordance with the law.

The Board is not aware of any other restrictions imposed by law on the exercise of voting rights.

Agreements among shareholders

The Board of Directors is not aware of any agreements among shareholders that may result in restrictions on the transfer of securities or the exercise of voting rights, except those disclosed in the notifications referred to in the Parent Company Information section (Interests in share capital).

Appointment and replacement of Directors

The Articles of Association (Articles 15 and following) and the Bekaert Charter contain specific rules concerning the (re) appointment, induction and evaluation of Directors.

Directors are appointed for a term not exceeding four years by the General Meeting of Shareholders, which can also dismiss them at any time. An appointment or dismissal requires a simple majority of votes. The candidates for the office of Director who have not previously held that position in the Company must inform the Board of Directors of their candidacy at least two months before the Annual General Meeting.
Only if and when a position of Director prematurely becomes vacant can the remaining Directors appoint (co-opt) a new Director. In such a case, the next General Meeting will make the definitive appointment.

The appointment process for Directors is led by the Chairman of the Board. The Nomination and Remuneration Committee submits a reasoned recommendation to the full Board, which, on that basis, decides which candidates will be nominated to the General Meeting for appointment. Directors can, as a rule, be reappointed for an indefinite number of terms, provided they are at least 30 and at most 66 years of age at the moment of their initial appointment and they have to resign in the year in which they reach the age of 69.

Amendments to the Articles of Association

The Articles of Association can be amended by an Extraordinary General Meeting in accordance with the Companies Code. Each amendment to the Articles requires a qualified majority of votes.

Authority of the Board of Directors to issue or buy back shares

The Board of Directors is authorized by Article 44 of the Articles of Association to increase the registered capital in one or more times by a maximum amount of € 176 000 000. The authority is valid for five years from 20 June 2016, but can be extended by the General Meeting.

Within the framework of that authority the Board can also, during a period of three years from 14 June 2018, increase the registered capital, upon receipt by the Company of a notice from the FSMA of a public takeover bid, and provided that:

» the shares to be issued are fully paid up upon issue;
» the issue price of such shares is not lower than the price of the bid; and
» the number of shares to be issued does not exceed 10% of the issued shares representing the capital prior to the capital increase.

This authority can also be extended by the General Meeting.

The Board of Directors is authorized by Article 12 of the Articles of Association to acquire a maximum number of own shares that, in the aggregate, represent no more than 20% of the issued capital, during a period of five years from 20 June 2016 (that can be extended by the General Meeting), at a price ranging between minimum € 1.00 and maximum 30% above the arithmetic average of the closing price of the Bekaert share during the last thirty trading days preceding the Board's resolution to acquire. The Board is authorized to cancel all or part of the purchased shares during such five-year period.

Articles 12bis and 12ter of the Articles of Association provide rules for the disposal of purchased shares and for the acquisition and disposal of Company shares by subsidiaries.

The powers of the Board of Directors are more fully described in the applicable legal provisions, the Articles of Association and the Bekaert Charter.

Change of control

The Company is a party to a number of significant agreements that take effect, alter or terminate upon a change of control of the Company following a public takeover bid or otherwise.

To the extent that those agreements grant rights to third parties that affect the assets of the Company or that give rise to a debt or an obligation of the Company, those rights were granted by the Special General Meetings held on 13 April 2006, 16 April 2008, 15 April 2009, 14 April 2010 and 7 April 2011 and by the Annual General Meetings held on 9 May 2012, 8 May 2013, 14 May 2014, 13 May 2015, 11 May 2016, 10 May 2017 and 9 May 2018 in accordance with Article 556 of the Companies Code; the minutes of those meetings were filed with the Registry of the Commercial Court of Gent, division Kortrijk on 14 April 2006, 18 April 2008, 17 April 2009, 16 April 2010, 15 April 2011, 30 May 2012, 23 May 2013, 20 June 2014, 19 May 2015, 18 May 2016, 2 June 2017 and 7 February 2019 respectively and are available at www.bekaert.com.

Most agreements are joint venture contracts (describing the relationship between the parties in the context of a joint venture company), contracts whereby financial institutions, retail investors or other investors commit funds to the Company or one of its subsidiaries, and contracts for the supply of products or services by or to the Company. Each of those contracts contains clauses that, in the case of a change of control of the Company, entitle the other party, in certain cases and under certain conditions, to terminate the contract prematurely and, in the case of financial contracts, also to demand early repayment of the loan funds. The joint venture contracts provide that, in the case of a change of control of the Company, the other party can acquire the Company's shareholding in the joint venture (except for the Chinese joint ventures, where the parties have to agree whether one of them will continue the joint venture on its own, whereupon that party has to purchase the other party's shareholding), whereby the value for the transfer of the shareholding is determined in accordance with contractual formulas that aim to ensure a transfer at an arm's length price.

Other elements

» The Company has not issued securities with special control rights.
» The control rights attaching to the shares acquired by employees pursuant to the long-term incentive plans are exercised directly by the employees.
» No agreements have been concluded between the Company and its Directors or employees providing for compensation if, as a result of a takeover bid, the Directors resign or are made redundant without valid reason or if the employment of the employees is terminated.

Control and ERM

Internal control and risk management systems in relation to the preparation of the consolidated financial statements

The following description of Bekaert's internal control and risk management systems is based on the Internal Control Integrated Framework (1992) and the Enterprise Risk Management Framework (2004) published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Control environment

The accounting and control organization consists of three levels: (i) the accounting team in the different legal entities or shared service centers, responsible for the preparation and reporting of the financial information, (ii) the controllers at the different levels in the organization (such as plant and region), responsible inter alia for the review of the financial information in their area of responsibility, and (iii) the Group Control Department, responsible for the final review of the financial information of the different legal entities and for the preparation of the consolidated financial statements.

Next to the structured controls outlined above, the Internal Audit Department conducts a risk based audit program to validate the internal control effectiveness in the different processes at legal entity level to assure a reliable financial reporting.

Bekaert's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) which have been endorsed by the European Union. These financial statements are also in compliance with the IFRS as issued by the International Accounting Standards Board.

All IFRS accounting principles, guidelines and interpretations, to be applied by all legal entities, are grouped in the Bekaert Accounting Manual, which is available on the Bekaert intranet to all employees involved in financial reporting. Such manual is regularly updated by Group Control in case of relevant changes in IFRS, or interpretations thereof, and the users are informed of any such changes. IFRS trainings take place in the different regions when deemed necessary or appropriate. E-learning modules on IFRS are also made available by Group Control to accommodate individual training.

The vast majority of the Group companies use Bekaert's global enterprise resource planning ("ERP") system, and the accounting transactions are registered in a common operating chart of accounts, whereby accounting manuals describe the standard way of booking of the most relevant transactions. Such accounting manuals are explained to the users during training sessions, and are available on the Bekaert intranet. The in 2016 acquired companies of the Bridon Group are using different systems, which are in the process of being replaced, aligned to and harmonized in the way of working to the existing Bekaert practices.

All Group companies use the same software to report the financial data for consolidation and external reporting purposes. A reporting manual is available on the Bekaert intranet and trainings take place when deemed necessary or appropriate.

Risk assessment

Appropriate measures are taken to assure a timely and qualitative reporting and to reduce the potential risks related to the financial reporting process, including: (i) proper coordination between the Corporate Communication Department and Group Control, (ii) careful planning of all activities, including owners and timings, (iii) guidelines which are distributed by Group Control to the owners prior to the quarterly reporting, including relevant points of attention, and (iv) follow-up and feedback of the timeliness, quality and lessons learned in order to strive for continuous improvement.

A quarterly review takes place of the financial results, findings by the Internal Audit Department, and other important control events, the results of which are discussed with the Statutory Auditor.

Material changes to the IFRS accounting principles are coordinated by Group Control, reviewed by the Statutory Auditor, reported to the Audit and Finance Committee, and acknowledged by the Board of Directors of the Company.

Material changes to the statutory accounting principles of a Group company are approved by its Board of Directors.

Control activities

The proper application by the legal entities of the accounting principles as described in the Bekaert Accounting Manual, as well as the accuracy, consistency and completeness of the reported information, is reviewed on an ongoing basis by the control organization (as described above).

In addition, all relevant entities are controlled by the Internal Audit Department on a periodic basis. Policies and procedures are in place for the most important underlying processes (sales, procurement, investments, treasury, etc.), and are subject to (i) an evaluation by the respective management teams using a self-assessment tool, and (ii) control by the Internal Audit Department on a rotating basis.

A close monitoring of potential segregation of duties conflicts in the ERP system is carried out.

Information and communication

Bekaert has deployed in the majority of the Group companies a global ERP system platform to support the efficient processing of business transactions and provide its management with transparent and reliable management information to monitor, control and direct its business operations.

The provision of information technology services to run, maintain and develop those systems is to large extent outsourced to professional IT service delivery organizations, which are directed and controlled through appropriate IT governance structures and monitored on their delivery performance through comprehensive service level agreements.

Together with its IT providers, Bekaert has implemented adequate management processes to assure that appropriate measures are taken on a daily basis to sustain the performance, availability and integrity of its IT systems. At regular intervals the adequacy of those procedures is reviewed and audited and where needed further optimized.

Proper assignment of responsibilities, and coordination between the pertinent departments, assures an efficient and timely communication process of periodic financial information to the market. In the first and third quarters, a trading update is released, whereas at midyear and year-end all relevant financial information is disclosed. Prior to the external reporting, the sales and financial information is subject to (i) the appropriate controls by the above-mentioned control organization, (ii) review by the Audit and Finance Committee, and (iii) approval by the Board of Directors of the Company.

Monitoring

Any significant change of the IFRS accounting principles as applied by Bekaert is subject to review by the Audit and Finance Committee and approval by the Company's Board of Directors, including the first-time adoption of IFRS in 2000.

On a periodic basis, the members of the Board of Directors are updated on the evolution and important changes in the underlying IFRS standards. All relevant financial information is presented to the Audit and Finance Committee and the Board of Directors to enable them to analyze the financial statements. All related press releases are approved prior to communication to the market.

Relevant findings by the Internal Audit Department and/or the Statutory Auditor on the application of the accounting principles, as well as the adequacy of the policies and procedures, and segregation of duties, are reported to the Audit and Finance Committee.

In addition, a periodic treasury update is submitted to the Audit and Finance Committee.

A procedure is in place to convene the appropriate governing body of the Company on short notice if and when circumstances so dictate.

General internal control and ERM

The Board of Directors and the BGE have approved the Bekaert Code of Conduct, which was first issued on 1 December 2004 and last updated in November 2018. The Code of Conduct sets forth the Bekaert mission and values as well as the basic principles of how Bekaert wants to do business. Implementation of the Code of Conduct is mandatory for all companies of the Group.

The Code of Conduct is included in the Bekaert Charter as Appendix 3 and available at www.bekaert.com.

More detailed policies and guidelines are developed as considered necessary to ensure consistent implementation of the Code of Conduct throughout the Group.

Bekaert's internal control framework consists of a set of group policies for the main business processes, which applies Group-wide. Bekaert has different tools in place to constantly monitor the effectiveness and efficiency of the design and the operation of the internal control framework.

The Internal Audit Department monitors the internal control performance based on the global framework and reports to the Audit and Finance Committee at each of its meetings.

The BGE regularly evaluates the Group's exposure to risk, the potential financial impact thereof and the actions to monitor, mitigate and control the exposure.

At the request of the Board of Directors and the Audit and Finance Committee management has developed a permanent global enterprise risk management ("ERM") framework to assist the Group in managing uncertainty in Bekaert's value creation process.

The framework consists of the identification, assessment and prioritization of the major risks confronting Bekaert, and of the continuous reporting and monitoring of those major risks (including the development and implementation of risk mitigation plans).

The risks are identified in five risk categories: business, operational, legal, financial and country risks. The identified risks are classified on two axes: probability and impact or consequence. Decisions are made and action plans defined to mitigate the identified risks.Also the risk sensitivity evolution (decrease, increase, stable) is evaluated.

Below are the main risks included in Bekaert's 2018 ERM report which has been reported to the Audit and Finance Committee and the Board of Directors.

Business risks	• **Wire rod price volatility may result in further margin erosion** Wire rod, Bekaert's main raw material, is purchased from steel mills from all over the world. Wire rod represents about 45% of the cost of sales. In principle, price movements are passed on in the selling prices as soon as possible, through contractually agreed pricing mechanisms or through individual negotiation. If Bekaert is unsuccessful in passing on cost increases to the customers in due time, this may negatively influence the profit margins of Bekaert. • **Globalizing competition could have an adverse impact on the results of Bekaert** The competitive landscape consists of international, regional and local actors, which can be integrated or independent and active in several sectors or in one specific product/market segment. Local actors becoming global competitors can have a negative impact on Bekaert's profit margins. In some markets, customers or suppliers can also be competitors. Previously local steel cord competitors like Xingda (China) and Hyosung (South Korea) have become active on the international market through investments in steel cord production capacity abroad. Examples of other competitors are KIS-Wire (South Korea, internationally active in steel cord, bead wire, hose reinforcement wire and steel ropes), Davis Wire (USA: galvanized steel wire for industrial needs and spring wire), Keystone Steel & Wire (USA, integrated steel mill (wire rod producer) and steel wire maker: fencing products, PC strand, welded mesh) and Gerdau (Americas: integrated player: wire rod, vineyard wire, galvanized wire, …). In fixed abrasive sawing wire, the current market leaders include Asahi Diamond Industrial of Japan and Metron of China. To face the future and ever-stronger competition, Bekaert invests significantly in Research and Development (R&D) for an amount of about € 65 million each year. The main R&D activities of the Group are located in Belgium and China. Bekaert also pursues intensive cooperation with a variety of research institutes and universities around the world. • **Bekaert is exposed to certain labor market risks** A competitive labor market can increase costs for Bekaert and as such decrease profitability. The success of Bekaert depends mainly on its capacity to hire and to retain at all levels qualified people. Bekaert competes with other companies on its markets for hiring people. A shortage of qualified people could force Bekaert to increase wages or other benefits in order to be effectively competitive when hiring or retaining qualified employees or retaining expensive temporary employees. An increasingly mobile, young population in emerging markets further enhances the people continuity risk. It is uncertain that higher labor cost can be compensated by efforts to increase effectiveness in other activity areas of Bekaert.
Operational risks	• **Source dependency might impact Bekaert's business activities and profitability** The trade policy changes in the US have forced Bekaert to turn to alternative sourcing for all of its US wire rod needs that cannot be sourced locally in the US (in particular wire rod to produce rubber reinforcement products, as this quality is not available in the US). Bekaert might also in the future be dependent on alternative suppliers for its raw material needs, which may result in higher prices for such raw material. It is uncertain whether Bekaert will continue to be able to pass on these increased costs to its customers, for example because some of its competitors are integrated players (combining wire rod and steel wire manufacturing). • **Failure to adequately protect the Bekaert's intellectual property could substantially harm its business and operating result** Bekaert is a global technology leader in steel wire transformation and coatings and invests intensively in continued innovation. It considers its technological leadership as a differentiator versus the competition. Consequently, intellectual property protection is a key concern and risk. Intellectual property leakages can harm Bekaert and help the competition, both in terms of product development, process innovation and machine engineering. By the end of 2018, Bekaert (including Bridon-Bekaert Ropes Group) had a portfolio of 1,730 patents. Bekaert also initiates patent infringement proceedings against competitors in case infringements are observed. Bekaert cannot assure that its intellectual property will not be objected to, infringed upon or circumvented by third parties. Furthermore, Bekaert may fail to successfully obtain patent authorization, complete patent registration or protect such patents, which may materially and adversely affect our business, financial position, results of operations and prospects. • **Bekaert is subject to stringent environmental laws** Bekaert is subject to environmental laws, regulations and decrees. Those laws, regulations and decrees (which are becoming more stringent all over the world) could force Bekaert to pay for cleaning up and for damages at sites where the soil is contaminated. Under the environmental laws, Bekaert can be liable for repairing the environmental damage and be subject to related costs in its production sites, warehouses and offices as well as the soil on which they are located, irrespective of the fact that Bekaert owns, rents or sublets those production sites, warehouses and offices and irrespective of whether the environmental damage was caused by Bekaert or by a previous owner or tenant. Costs for research, repair or removal of environmental damage can be substantial and adversely affect the Group's business, financial condition and results of operations. It is Bekaert's practice to recognize provisions (per entity) for potential environmental liabilities. Prevention and risk management play an important role in Bekaert's environmental policy. This includes measures against soil and ground water contamination, responsible use of water and worldwide ISO14001 certification. Bekaert's global procedure to ensure precautionary measures against soil and ground water contamination (ProSoil) is continuously monitored in relation to regulations, best practices and actual implementation. Responsible use of water is also an ongoing priority. Bekaert constantly monitors its water consumption and has implemented programs that aim to reduce water usage in the long term. 93% of the Bekaert plants worldwide are ISO 14001 certified. ISO 14001 is part of the ISO 14000 internationally recognized standards providing practical tools to companies who wish to manage their environmental responsibilities. ISO 14001 focuses on environmental systems. Bekaert's full worldwide certification is an ongoing goal; it is an element in the integration process of newly acquired entities and of companies that are added to the consolidation perimeter. Bekaert also received a group-wide certification for ISO 14001 and ISO 9001. The ISO 9000 family addresses various aspects of quality management. Bekaert complies with the European RoHS regulation on hazardous substances. • **Bekaert is subject to certain IT risks** Many operational activities of Bekaert depend on IT systems, developed and maintained by internal and external experts. A failure in one of these IT systems could interrupt Bekaert's activities, which could result in a negative influence on its sales and profitability.

Legal risks	• **Bekaert is exposed to regulatory and compliance risks** As a global company, Bekaert is subject to many laws and regulations across all of the countries where it is active. Such laws and regulations are becoming more complex, more stringent and change faster and more frequently than before. These numerous laws and regulations include, among others, data privacy requirements (in particular the European General Data Protection Regulation), intellectual property laws, labour relation laws, tax laws, anti-competition regulations, import and trade restrictions (for example the trade policies in the US and the EU), exchange laws, anti-bribery and anti-corruption regulations. Compliance with those laws and regulations could lead to additional costs or capital expenditures, which could negatively impact the possibilities of Bekaert to develop its activities. In addition, given the high level of complexity of these laws, there is also the risk that Bekaert may inadvertently breach some provisions. Violations of these laws and regulations could result in fines, criminal sanctions against Bekaert, cessation of business activities in sanctioned countries, implementation of compliance programs and prohibitions on the conduct of Bekaert's business. Bekaert has developed a GRC framework (Governance, Risk, Control) to anticipate and cope with different aspects of compliance. Bekaert is also training the organization in legal awareness and a Central Compliance Committee and Compliance Workgroup monitor and steer the actions that are needed to ensure compliance. Bekaert has a Code of Conduct in place. Management and white collars worldwide go through an annual mandatory acceptance process with the principles of the Code of Conduct. Bekaert could further also become subject to government investigations (including by tax authorities). Such investigations have in the recent years become much more regular in the emerging markets such as China and India and could require significant expenditures and result in liabilities or governmental orders that could have a material adverse effect on Bekaert's business, operating results and financial condition. It is Bekaert's practice to recognize provisions (per entity) for certain identified regulatory and compliance risks.
Financial risks	• **Bekaert is exposed to a currency exchange risk which could materially impact its results and financial position** Bekaert's assets, income, earnings and cash flows are influenced by movements in exchange rates of several currencies. The Group's currency risk can be split into two categories: translational and transactional currency risk. A translational currency risk arises when the financial data of foreign subsidiaries are converted into the Group's presentation currency, the euro. The main currencies are Chinese renminbi, US dollar, Czech koruna, Brazilian real, Chilean peso, Russian ruble, Indian rupee and pound sterling. The Group is further exposed to transactional currency risks resulting from its investing (the acquisition and disposal of investments in foreign companies), financing (financial liabilities in foreign currencies) and operating (commercial activities with sales and purchases in foreign currencies). Bekaert has a hedging policy in place to limit the impact of currency exchange risks. • **Bekaert is exposed to tax risks, in particular by virtue of the international nature of its activities in a rapidly changing international tax environment** As an international group operating in multiple jurisdictions, Bekaert is subject to tax laws in many countries throughout the world. Bekaert structures and conducts its business globally in light of diverse regulatory requirements and Bekaert's commercial, financial and tax objectives. As a general rule, Bekaert seeks to structure its operations in a tax efficient manner, while complying with the applicable tax laws and regulations. Although it is anticipated that these are likely to achieve their desired effect, if any of them were successfully challenged by the relevant tax authorities, Bekaert and its subsidiaries could incur additional tax liabilities which could adversely affect its effective tax rate, results of operations and financial condition. Furthermore, given that tax laws and regulations in the various jurisdictions in which Bekaert operates often do not provide clear-cut or definitive guidance, Bekaert and its subsidiaries' structure, business conduct and tax regime is based on Bekaert's interpretations of the tax laws and regulations in Belgium and the other jurisdictions in which Bekaert and its subsidiaries operate. Although supported by tax consultants and specialists, Bekaert cannot guarantee that such interpretations will not be questioned by the relevant tax authorities or that the relevant tax and export laws and regulations in some of these countries will not be subject to change (in particular in the context of the rapidly changing international tax environment), varying interpretations and inconsistent enforcement, which could adversely affect Bekaert's effective tax rate, results of operations and financial condition. It is Bekaert's practice to recognize provisions (per entity) for certain potential tax liabilities. • **Bekaert is exposed to a credit risk on its contractual and trading counterparties** Bekaert is subject to the risk that the counterparties with whom it conducts its business (including in particular its customers) and who have to make payments to Bekaert are unable to make such payment in a timely manner or at all. While Bekaert has determined a credit policy which takes into account the risk profiles of the customers and the markets to which they belong, this policy can only limit some of its credit risks. If amounts that are due to Bekaert are not paid or not paid in a timely manner, this may not only impact its current trading and cash-flow position but also its financial and commercial position. Bekaert has a credit insurance policy in place to limit such risks.
Country risks	• **Bekaert faces asset and profit concentration risks in China** While Bekaert is a truly global company with a global network of manufacturing platforms and sales and distribution offices, reducing the asset and profit concentration to a minimum, it still faces a risk of asset and profit concentration in certain locations (such as Jiangyin, China). In case another risk would materialize, such as a political or social risk, or an environmental risk with major damage, then the risk of asset and profit concentration could materialize. As part of a business continuity plan, Bekaert has measures in place to reduce this risk through back-up scenarios and delivery approvals from other locations. For example, in highly regulated sectors such as the automotive sector, Bekaert aims to have more than one production plant approved to supply the tire makers. • **Bekaert is exposed to the political and economical instability in Venezuela** In Venezuela, Bekaert's activities have been affected in the past years due to shortages of raw material, power supply, and the extreme devaluation of the currency. Bekaert has over the past years downsized the business in Venezuela and the assets on Venezuelan soil have been impaired since 2010 in order to minimize any outstanding risk. In spite of the political and monetary instability, management was able to keep the company operational and hence concluded that it is still in control. At year-end 2018, the cumulative translation adjustments amount to € -59,7 million, which - in case of loss of control - would be recycled to income statement.

An effective internal control and ERM framework is necessary to reach a reasonable level of assurance related to Bekaert's financial reports and in order to prevent fraud. Internal control on financial reporting cannot prevent or trace all errors due to limits peculiar for control, such as possible human errors, misleading or circumventing controls, or fraud. That is why an effective internal control only generates reasonable assurance for the preparation and the fair presentation of the financial information. Failure to pick up an error due to human errors, misleading or circumventing controls, or fraud could negatively impact Bekaert's reputation and financial results. This may also result in Bekaert failing to comply with its ongoing disclosure obligations.

SUSTAINABILITY

The world around us: our shared concern

Our company values distinguish us and guide our actions. We conduct business in a socially responsible and ethical manner. To us, sustainability is about economic success, about the safety and development of our employees, about lasting relationships with our business partners, and about environmental stewardship and social progress. This way, Bekaert translates sustainability into a benefit for all stakeholders.

Bekaert's global sustainability strategy is centered on four main pillars: our responsibility in the workplace, in the marketplace, towards the environment and towards society. Our sustainability efforts and activities are focused in such a way that balanced consideration is given to the interests of all respective stakeholders, including employees, customers, shareholders, partners, local governments and the communities in which we are active

Sustainability standards

Bekaert's Sustainability Report 2018 was conducted based on the GRI Sustainability Reporting Standards, Core option. Global Reporting Initiative (GRI) is a non-profit organization that promotes economic, environmental and social sustainability.

Bekaert has been confirmed for inclusion in the Ethibel Excellence Investment Register. This selection by Forum Ethibel indicates that the company performs better than average in its sector in terms of Corporate Social Responsibility.
Bekaert's responsible performance in 2018 has also been recognized by its inclusion in the Ethibel Excellence Index (ESI) Europe - a reference benchmark for top performers in terms of corporate social responsibility based on Vigeo Eiris's research - as well as in Kempen SRI.

In 2018, ratings agencies MSCI and ISS-oekom have analyzed the Environmental, Social and Governance performance of our company, based on our publicly available information. Their reports are used by institutional investors and financial service companies.

For the second year in a row, Bekaert was awarded a gold recognition level from EcoVadis, an independent sustainability rating agency whose methodology is built on international CSR standards. The agency states that Bekaert is performing equally or better than 99% of the companies assessed by EcoVadis in the same industry.

In response to growing interest throughout the supply chain to report on the carbon footprint of operations and logistics, Bekaert also participates in the Climate Change and Supply Chain questionnaires of CDP (formerly known as the Carbon Disclosure Project). For 2018, Bekaert received a C score for its supply chain efforts, scoring better than the sector average.

Monitoring and reporting scope

The sustainability actions and respective indices and certificates cover the wholly and majority owned subsidiaries of the NV Bekaert SA. Unless otherwise indicated, this includes the subsidiaries of the Bridon-Bekaert Ropes Group.

More detailed information and targets for the future can be found in the Bekaert group-wide Sustainability Report 2018-2019.

Our responsibility in the workplace

Our employees

As a company and as individuals, we act with integrity and commit to the highest standards of business ethics. We promote equal opportunity, foster diversity and we create a no-harm-to-anyone working environment across our organization. Our values are ingrained in our culture and connect us all as One Bekaert team.
We act with integrity · We earn trust · We are irrepressible!

Embracing diversity

At Bekaert, we believe in working together to achieve better performance. As a truly global company, we embrace diversity across all levels in the organization, which is a major source of strength for our company. This applies to diversity in terms of nationality, cultural background, age or gender, but also in terms of capabilities, business experience, insights and views.

Bekaert employs people in 40 countries around the world and of 50 different nationalities. This diversity is mirrored in all levels of the organization, as well as in the composition of the Board of Directors.

Nationality Diversity (31 Dec 2018)	#people	#nationalities	#non-native[1]	%non-native
Board of Directors	**15**	**4**	**6**	**40%**
Bekaert Group Executive (BGE)	8	4	3	38%
Senior Vice Presidents	15	5	5	33%
Next leadership level[2]	97	20	46	47%
Total Leadership Team	**120**	**29**	**54**	**45%**

(1) Non-native definition = other nationality than the one of the mother company's social seat (i.e. Belgium)
(2) Next leadership level = B13 and above managers excluding BGE and Senior Vice Presidents (Hay classification reference)

The manufacturing character of Bekaert's operations explains the predominantly male population, particularly among operators.

Gender Diversity (31 Dec 2018)	#people	%male	%female
Operators	22 029	94%	6%
White collars	5 735	70%	30%
Management	1 642	81%	19%
Total Bekaert Employees	**29 406**	**88%**	**12%**

Bekaert adopts a recruitment and promotion policy that aims to gradually generate more diversity, including gender diversity.

Gender diversity in the Board of Directors and in the Top Leadership Team of Bekaert.

Gender Diversity (31 Dec 2018)	#people	%male	%female
Board of Directors	**15**	**67%**	**33%**
Bekaert Group Executive (BGE)	8	87%	13%
Senior & Next leadership level[3]	112	80%	20%
Total Leadership Team	**120**	**81%**	**19%**

(3) Senior Vice Presidents and B13 and above managers (Hay classification reference) excluding BGE

Age diversity in Bekaert's highest governance bodies:

Age Diversity (31 Dec 2018)	#people	30-50 years old	over 50 years old
Board of Directors	15	20%	80%
Bekaert Group Executive (BGE)	8	25%	75%
Total highest governance bodies	**23**	**21%**	**79%**

Respecting human rights

Bekaert is firmly committed to complying with national legislations and collective labor agreements. Bekaert adheres to the Universal Declaration of Human Rights and the treaties and recommendations of the International Labor Organization.

We are committed to respecting the rights and dignity of each employee. We promote equal opportunity and do not discriminate against any employee or applicant for employment on the basis of age, race, nationality, social or ethnic descent, gender, physical disability, sexual preference, religion, political preference, or union membership. We recognize and appreciate the cultural identity of our teams in all the countries in which we operate and do business.

The recruitment, remuneration, application of employment conditions, training, promotion and career development of our employees are based on professional qualifications only.

Learning and development

We nurture talent through career development and life-long learning. We attach great importance to providing challenging career and personal development opportunities to our employees. Training programs not only include technical and job specific training, but also leadership modules that help our people develop and cooperate in a global business environment.

In 2018, we redesigned our performance management process and implemented a new supporting tool. People Performance Management (PPM) is our new way of looking at people performance and of driving us to achieve our goals, together. PPM focuses on better goal alignment and sharing, more attention to the way of working, continuous feedback and feedforward loops, and engaging conversations.

Our Bekaert University, established in 2017, offers training tailored to different professional areas. It provides our employees with inspiration, knowhow and peer support from colleagues and leaders in order to turn knowledge into action. In close collaboration with internal experts (both in the business and in the functional domains) and external learning institutes, we continuously evaluate and develop our training portfolio to make sure that we are always equipped to meet the future demands of our customers and employees. During 2018, we launched more academies supporting our transformation programs. We are now hosting several operational academies including Commercial and Manufacturing.

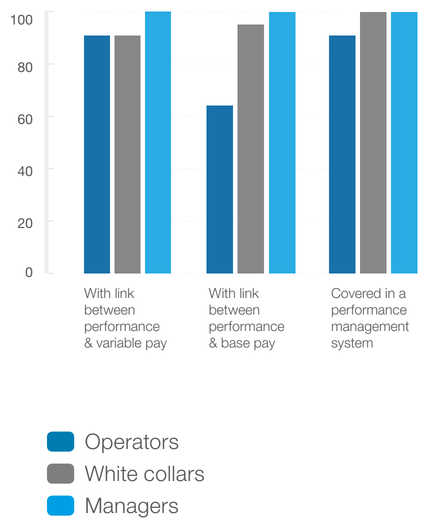
> “How we change the future is much more productive than evaluating the past

Bekaert University

Commercial Academy · Leadership Academy · Technology Academy · Manufacturing Academy · IT Academy · Procurement Academy · SH&E Academy

Employee related data

On average, each employee received 42 hours of training in 2018. (1)
Percentage of employees who received a performance review in 2018: (1)



Health and Safety

In 2018 two colleagues passed away due to injuries incurred in a traffic accident in India. Our thoughts and sympathy are with their family, friends and colleagues.

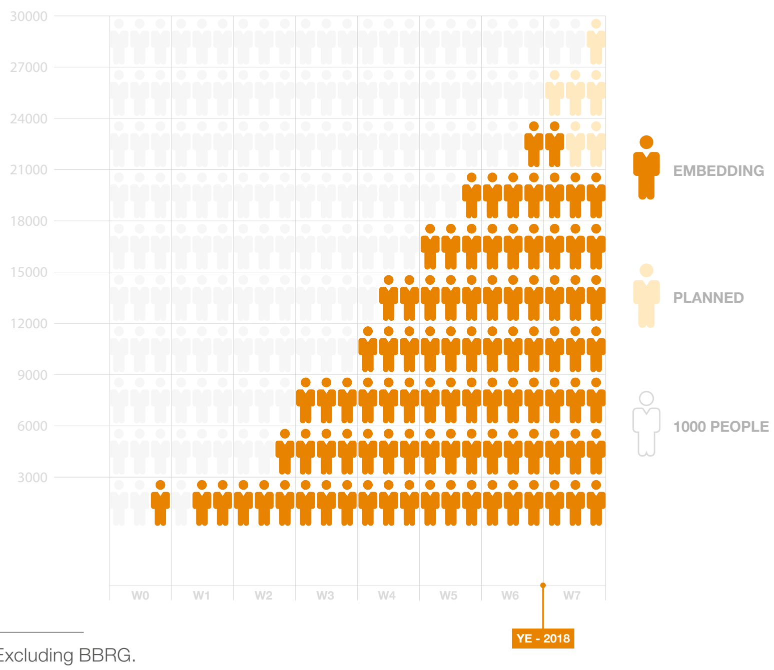
Following this tragic accident, the management urged all employees to always make road traffic safety a priority.

BeCare: no harm to anyone @Bekaert

It is our goal to create a no-harm-to-anyone working environment at Bekaert. We commit to do whatever is necessary to eliminate accidents in the workplace.

BeCare, the Bekaert global safety program, is the way to do this. It focuses on creating an interdependent safety culture, promoting strong risk awareness, removing risk tolerance, and investing in the necessary tools and equipment to create a safer working environment.

BeCare aims to create a no-harm, risk-free working environment for all our employees and for anyone working at or visiting our premises. During an intensive training period, employees are acquainted with a comprehensive set of safety practices, learn to spot and deal with unsafe situations, and know how to contribute to creating a caring environment. BeCare has changed behavior in our plants and offices and in our meetings with our business partners.



(1) Excluding BBRG.

In 2018, we further rolled out this global safety excellence program that we launched in 2016. By the end of 2018, more than 22 000 employees had received training. We plan to complete the process by the end of 2020.

Life Saving Rules

At Bekaert, we believe all incidents and injuries are preventable. In line with our BeCare safety program, and to put more emphasis on safety in specific situations, we introduced 10 Life Saving Rules at the end of 2018. The rules are simple do's and don'ts in 10 hazardous situations that have the highest potential to cause death. They apply to everyone: employees, contractors and visitors. Abiding by these rules is a condition of employment and access to our sites. Following these rules and helping others to do so will save lives.

As from January 2019, these rules will be rolled out across all Bekaert locations worldwide. Every employee will be invited to a training session hosted by the location manager.

A healthy workplace

In addition to the BeCare initiatives to eliminate any safety risks, we also aim to create and maintain a healthy workplace for our employees.

At Bekaert we closely monitor the EU REACH regulation to confirm compliance. We are in contact with our suppliers to verify their REACH compliance in the supply process of raw materials. Furthermore, we identify substances of concern to start proactive phase-out programs. In case we identify important regional differences in hazard classification and exposure limits, we are committed to defining our own company-specific hazard classification and exposure limits which are to be followed if no stricter regulations apply.

We monitor workplace conditions such as noise, dust and temperature and are defining and implementing a roadmap to make further improvements.

On 15 February the "Centro Preventivo Integral Juan Kohn" was inaugurated in IdealAlambrec, Bekaert's production plant in Ecuador. The new center is staffed by qualified professionals and equipped for cardiovascular and physical conditioning, muscle conditioning, manual therapy, mechanotherapy, cold/heat stimulation therapy, magnetic therapy, and massage, and includes a percutaneous electrolysis area.

International Health and Safety Week

In 2018, Bekaert organized its 11th International Health & Safety Week. All plants worldwide take part in this annual event. The theme for this year was "Expect the unexpected!" and focused on creating greater awareness about emergency preparedness and response. Emergency procedures were brought to everyone's attention and Bekaert plants worldwide shared their best practices regarding emergency evacuations, first aid, incident management, and more.

During the International Health & Safety Week, a new video with safety guidelines for visitors was introduced in all our premises. The video explains our standard safety guidelines to visitors who enter our sites and is available in 17 languages.

Safety related data

Bekaert holds a group-wide ISO45001 (former OHSAS) certificate.

On average each employee received 8 hours of safety related training in 2018.

In 2018, both the Total Recordable Incident Rate and the Serious Injuries and Fatalities rate decreased compared to 2017.

The Lost-Time Incident Frequency Rate increased compared to 2017. The BeCare roll-out schedule takes into account the incident history of the locations so that appropriate actions are taken with a risk and priority focus.

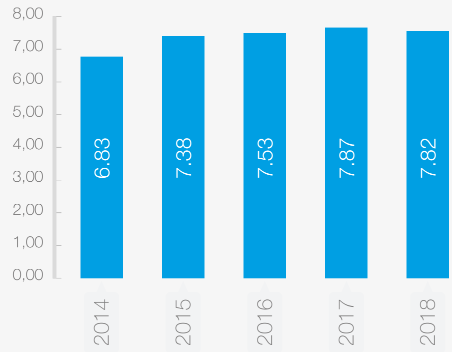
In 2018, we reported that 27% of the recorded accidents had the potential to lead to serious injuries, down from 40% in 2017.

It goes without saying that we want no fatalities or accidents with life-altering injuries to occur, ever.

Safety champions in consolidated plants

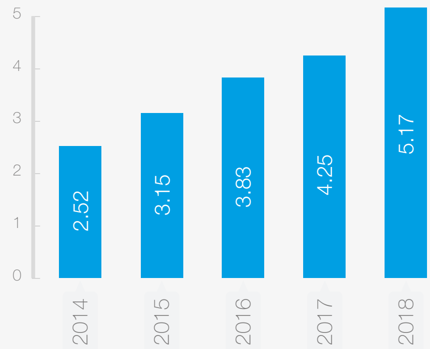
In 2018, 5 plants achieved more than 3 years without recordable safety incidents. 5 others achieved 2 years without recordable safety incidents and 7 plants were 1 year incident-free.

Total Recordable Injury Rate (TRIR) Bekaert Combined[1] per million worked hours



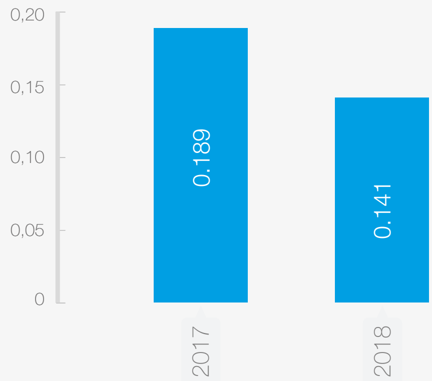
TRIR = all recorded accidents

Lost Time Incident Frequency Rate (LTIFR) Bekaert Consolidated Plants[2]



LTIFR = number of lost time accidents (LTA) per million worked hours.

SIF rate Bekaert Consolidated Plants[2]



SIF (Serious injuries and Fatalities) per million worked hours

[1] BBRG and joint ventures included
[2] BBRG included

Our responsibility in the markets

We promote and apply responsible and sustainable business practices in all our business and community relationships. Our sourcing and innovation programs enhance sustainability throughout the value chain.

better together in the communities where we are active

Bekaert strives to be a loyal and responsible partner in the communities where we are active. We interact with the local governments in a transparent, constructive way. We do not support political institutions and in our communications, we adopt a neutral position with respect to political issues. We are firmly committed to complying with national legislations and collective labor agreements. Bekaert adheres to the Universal Declaration of Human Rights and the treaties and recommendations of the International Labor Organization.

better together with our customers and suppliers

Bekaert has production facilities and sales offices in 40 countries and builds lasting relationships with customers and suppliers, wherever we do business.

We work closely with customers and suppliers by engaging in co-development projects, by conducting feedback initiatives and satisfaction surveys, and by performing industry analyses together.

Supporting our customers' sustainability programs

We actively cooperate with customers in sustainability initiatives. We support our customers' sustainability programs by implementing specific actions in our respective policies and by joining sustainability initiatives and standards to accommodate their priorities. Acting as a socially and environmentally responsible supplier helps our customers achieve their sustainability targets too.

Building a sustainable supply chain

Bekaert's purchasing department continued its engagement with suppliers to enhance sustainability awareness and control. The Bekaert Supplier Code of Conduct outlines environmental, labor and governance related requirements that suppliers must comply with (or deliver proof of following its principles). At the end of 2018, this supplier commitment represented 91% of spend coverage, compared with 82% in 2017, putting us well on track to achieve our targets.

All wire rod suppliers as well as suppliers of other critical materials and all new suppliers are formally evaluated on a yearly base, and corrective action plans are put in place when the minimum required levels have not been reached. These action plans are closely monitored in order to keep the focus on improvement high.

Responsible sourcing of minerals

Bekaert recognizes the importance of responsible sourcing. In 2018, all suppliers covered by the Responsible Minerals Initiative (RMI), formerly known as the Conflict Free Sourcing Initiative (CFSI), signed the Bekaert Supplier Code of Conduct (or delivered proof of following its principles) and 100% of our tin and tungsten suppliers completed the most recent Conflict Minerals Reporting Template (CMRT). This is an initiative of the Responsible Business Alliance (RBA), formerly known as the Electronic Industry Citizenship Coalition (EICC), and the Global e-Sustainability Initiative (GeSi), that helps companies from a range of industries to address conflict mineral issues in their supply chain.

88% of suppliers covered by the RMI endorsed Bekaert's Conflict Free Minerals policy and compliance plan.

Anti-corruption policies and procedures

All Bekaert employees receive the "Bekaert Code of Conduct" upon entering the company. This document includes the Bekaert anti-corruption policy & procedures. All managers and all white collars are required to renew their commitment to the Bekaert Code of Conduct annually and to pass a test on business ethics cases.

Our responsibility towards the environment

We care for the climate and promote a circular economy: we develop and install manufacturing equipment that reduces energy consumption and optimizes recycling. We use renewable energy sources wherever possible and avoid the discharge of untreated effluents and waste.

We continuously strive to develop processes that use less material, cut energy consumption and reduce waste.

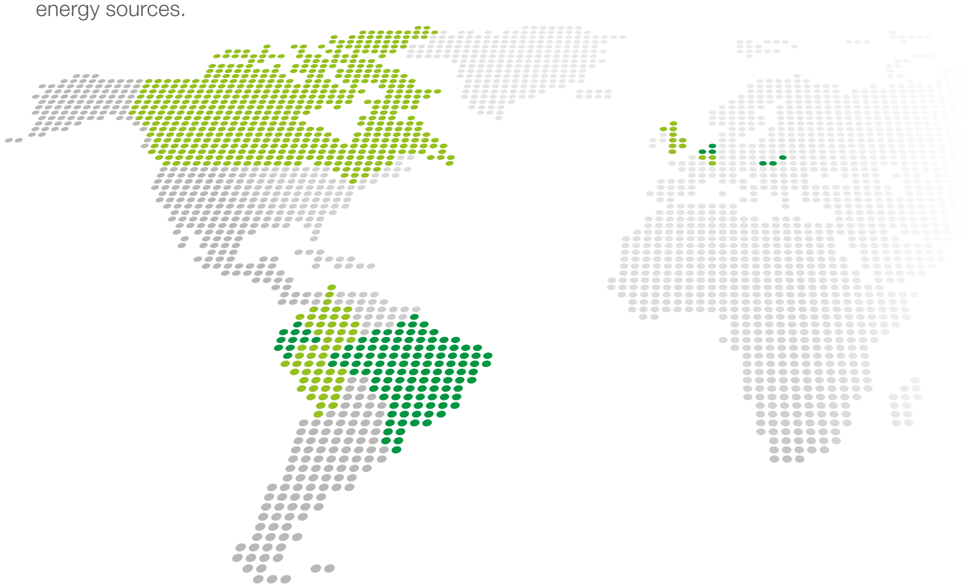
Our concern for the environment is applied in 3 domains::
- the development of new, eco-friendlier production processes for our plants worldwide
- prevention and risk management
- the development of products that contribute to a cleaner environment

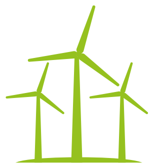
1. Development of eco-friendlier production processes

Our ambition is to develop eco-friendlier production processes for our plants worldwide. We do this by implementing worldwide initiatives that aim to reduce energy consumption and CO_2 emissions and by installing sustainable infrastructure elements in all our new plants.

- Responsible use of energy is a continuous concern at Bekaert. Since 2015, Bekaert runs the Bekaert Manufacturing System (BMS), a transformation program focused on manufacturing excellence, including energy reduction measures. Although Bekaert's overall energy consumption increased compared to 2017 due to an increase of the total tonnage produced and a shift in the product mix towards higher energy intensive products, we were able to limit the increase. In reference to 2015, the BMS Energy Program contributed to an implemented recurrent energy saving of 410 GWh/year.
- 100% of Bekaert's production plants are equipped with LED lights.
- In total, 37% of the electricity needs came from renewable energy sources in 2018. The success rate in sourcing from renewable energy sources largely depends on the availability of these sources and of data thereon. In Belgium, Brazil, Canada, Colombia, Ecuador, Peru, Slovakia, the Netherlands and the UK, 100% of Bekaert's electricity consumption comes from renewable energy sources, a step change in reducing our carbon footprint.

Countries where Bekaert sources 100% of the electricity needs from renewable energy sources.





» Due to the increased share of renewable energy sources, we were able to reduce our GHG intensity ratio for electrical energy by 6% in 2018 compared to 2017, putting us well on track to achieve our targets.
» In our Ranjangaon plant in India and our Weihai plant in China, we completed the installation of a zero liquid discharge water purification system. As a result, all industrial wastewater streams there are recycled and reused.

2. Prevention and risk management

Prevention and risk management play an important role in Bekaert's environmental policy. This includes measures against soil and ground water contamination, responsible use of water and worldwide ISO14001 certification.

» Responsible use of water is an ongoing priority. We constantly monitor our water consumption and have implemented programs that aim to reduce water usage over the long term.
» In 2018, 93% of Bekaert plants worldwide were ISO 14001 certified. ISO 14001 is part of the ISO 14000 internationally recognized standards providing practical tools to companies who wish to manage their environmental responsibilities. ISO 14001 focuses on environmental systems. Bekaert's full worldwide certification is an ongoing goal; it is an element in the integration process of newly acquired entities and of companies that are added to the consolidation perimeter. Bekaert also received a group-wide certification for ISO 14001 and ISO 9001. The ISO 9000 family addresses various aspects of quality management.
» Bekaert complies with the European RoHS regulation on hazardous substances.

3. Development of products that contribute to a cleaner environment

At Bekaert we develop products that contribute to a cleaner environment. Ecology is an aspect that is already considered during the R&D phase of new products. In many cases, it is even a driving factor in product development.

Bekaert's super-tensile and ultra-tensile steel cord ranges for tire reinforcement are examples of this. These steel cords allow tire makers to produce tires with a lower weight, thinner plies, and lower rolling resistance. This revolution enables a 15% reduction in total tire weight, thereby reducing the CO_2 emissions of a vehicle by 250kg, which is equivalent to a global reduction of 850 million kg of CO_2 per year.

Helping the Belgian Solar Team win the 2018 Latin American Carrera Solar Atacama race in Chile

The Belgian Punch Powertrain Solar Team won the famous Latin American Carrera Solar Atacama race in Chile.

The steering system of their solar car, built by a team of KU Leuven University students, has an advanced cord from Bridon-Bekaert Ropes Group inside.
The solar race is considered the most extreme of its kind, both in terms of the race itself and the weather conditions. In total, 2 577 km were covered from the capital Santiago to Arica in the north of the country. The route took in summits in the Andes some 3 430 meters above sea level, and the Atacama Desert. The skillful navigation of the solar car was one of the critical elements in this successful race and was made possible by the advanced cord in the steering module.

Our responsibility towards society

We support and develop initiatives that help improve the social conditions in the communities where we are active. Education projects form the backbone of Bekaert's social funding and other community-building activities, because we believe that education and learning help create a sustainable future.

Supporting educational and training initiatives

In North America, our team in Orrville organized a Manufacturing Day for more than 60 students from 14 schools. They started the day with an introduction to our company's safety culture and the visitor safety protocols. The students learned more about the commercial strategies and the manufacturing processes and systems.

Bekaert was one of the organizers of the STEM Olympiade in Belgium, a contest among students from different schools. STEM is a new education program with a clear focus on Science, Technology, Engineering and Mathematics. By co-organizing this competition, Bekaert wants to stimulate children and teenagers to choose a more technical or scientific training such as STEM.

In Brazil, 685 students participated in a science education program. The goal is to create interest in science and raise awareness about the environment.

Supporting social community initiatives

In several locations worldwide, local teams have worked together to raise money or collect donations in-kind for people in need. In India, our employees collected clothing, food, toys, stationary and other useful things and donated the proceeds to orphanages and special schools close to the plant. Similar goods were collected in the Van Buren and Rogers plant in the US and donated to a children's hospital. Colleagues in the Czech Republic started a charity project to support the local community. Among other initiatives, they collected clothes for a nearby orphanage. Our teams in Turkey and Spain collected funds for local charity by participating in running competitions.

On International Children's Day, our plants in China organized events about safety for children from local primary schools and kindergartens in Shanghai, Weihai, Shenyang, Jiangyin, Qingdao and Suzhou. Bekaert colleagues helped the children to identify risks and learn the right behavior to address them. The events received positive feedback from the schools – both young kids and their schoolteachers found the events to be meaningful in celebrating Children's Day.

Proalco, our plant in Colombia, has developed the "Children Defenders of the Environment" program to stimulate children's awareness about the environment. The program focuses specifically on the importance of the preservation of the environment and water sources. They organized several activities such as ecological walks and a visit to a water treatment plant.

All over the world, Bekaert supports local health initiatives. Our plants in Bohumín and Petrovice in the Czech Republic organized a sports day for employees and their families, while teams in Belgium and Ecuador participated in local running competitions. Our Brazilian joint ventures supported the local Ver e Viver (Seeing and Living) program that provides vision tests and glasses to students in municipal schools. Thanks to our Brazilian colleagues, 3 403 students benefited from a vision test in 2018 and 249 pairs of glasses were donated.

References

- » The overview of the development and the results of the business and of the position of the whole of the companies included in the consolidation is included in the Financial Review, starting at page 81 of the 2018 Annual Report.
  A description of the principal risks and uncertainties is included in the Corporate Governance Statement, page 66 of the first part of the 2018 Annual Report. In addition, reference is made to Notes 3 page 102-103 and 7.3 to the consolidated financial statements, pages 168-181 of the Financial Review in the 2018 Annual Report.
- » The significant events occurring after the balance sheet date are described in Note 7.6 to the consolidated financial statements, page 184 of the Financial Review in the 2018 Annual Report.
- » The research and development activities are described in the Chapter Strategy and Leadership, pages 16-19 of the 2018 Annual Report. In addition, reference is made to Notes 5.1 and 5.2 to the consolidated financial statements, pages 107-111 of the Financial Review in the 2018 Annual Report.
- » The information concerning the use of financial instruments is included in Note 7.3 to the consolidated financial statements, page 168-181 of the Financial Review in the 2018 Annual Report.
- » The non-financial information is included in the separate Sustainability Report, issued 29 March 2019.

FINANCIAL
REVIEW

Table of Contents

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

in thousands of € - Year ended 31 December	Notes	2017	2018
Sales	5.1.	4 098 247	4 305 269
Cost of sales	5.2.	-3 396 431	-3 778 660
Gross profit	**5.2.**	**701 816**	**526 609**
Selling expenses	5.2.	-180 100	-179 651
Administrative expenses	5.2.	-164 411	-167 346
Research and development expenses	5.2.	-62 670	-65 368
Other operating revenues	5.2.	48 863	72 578
Other operating expenses	5.2.	-25 436	-39 942
Operating result (EBIT)	5.2.	**318 062**	**146 880**
of which			
EBIT - Underlying	**5.2. / 5.3.**	**301 095**	**210 140**
One-off items	**5.2.**	**16 967**	**-63 260**
Interest income	5.4.	3 117	3 035
Interest expense	5.4.	-89 852	-87 990
Other financial income and expenses	5.5.	-6 408	-25 547
Result before taxes		**224 919**	**36 378**
Income taxes	5.6.	-69 276	-58 465
Result after taxes (consolidated companies)		**155 643**	**-22 087**
Share in the results of joint ventures and associates	5.7.	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	*6.14.*	*-2 220*	*-36 980*

The accompanying notes are an integral part of this income statement.

Earnings per share in € per share	**5.8.**	**2017**	**2018**
Result for the period attributable to equity holders of Bekaert			
Basic		*3.255*	*0.704*
Diluted [1]	*2.8.*	*2.742*	*0.507*

[1] Diluted earnings per share have been restated for 2017 (see note 2.8. ‘Restatement and reclassification effects’).

Consolidated statement of comprehensive income

in thousands of € - Year ended 31 December	Notes	2017	2018
Result for the period		**182 500**	**2 788**
Other comprehensive income (OCI)	**6.13.**		
Other comprehensive income reclassifiable to income statement in subsequent periods			
Exchange differences			
Exchange differences arising during the year on subsidiaries		-107 368	-22 628
Exchange differences arising during the year on joint ventures and associates		-23 460	-13 696
Reclassification adjustments relating to entity disposals or step acquisitions		6 895	599
Inflation adjustments		2 032	2 535
Cash flow hedges			
Fair value changes to hedging instruments		101	-
Reclassification adjustments for amounts recognized in income statement		-348	475
Available-for-sale investments			
Net fair value gain on available-for-sale investments during the year		-1 389	-
Deferred taxes relating to reclassifiable OCI	6.6.	-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	6.6.	-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	*6.14.*	*-14 664*	*-40 308*

The accompanying notes are an integral part of this statement of comprehensive income.

Consolidated balance sheet

Assets as at 31 December in thousands of €	Notes	2017	2018
Intangible assets	6.1.	125 217	114 502
Goodwill	6.2.	149 895	149 255
Property, plant and equipment	6.3.	1 501 028	1 459 449
Investments in joint ventures and associates	6.4.	165 424	153 671
Other non-current assets	6.5.	41 944	34 279
Deferred tax assets	6.6.	140 717	138 403
Non-current assets		**2 124 225**	**2 049 559**
Inventories	6.7.	779 581	931 808
Bills of exchange received	6.7.	55 633	57 727
Trade receivables	6.7.	836 809	772 731
Other receivables	6.8. / 6.20.	126 876	130 379
Short-term deposits	6.9.	50 406	50 036
Cash and cash equivalents	6.9.	418 779	398 273
Other current assets	6.10.	44 329	58 430
Assets classified as held for sale	6.11.	8 093	546
Current assets		**2 320 506**	**2 399 930**
Total		**4 444 731**	**4 449 489**

Equity and liabilities as at 31 December in thousands of €	**Notes**	**2017**	**2018**
Share capital	6.12.	177 690	177 793
Share premium		37 278	37 751
Retained earnings	6.13.	1 529 268	1 484 600
Treasury shares	6.13.	-103 038	-108 843
Other Group reserves	6.13.	-153 543	-194 370
Equity attributable to equity holders of Bekaert		**1 487 655**	**1 396 931**
Non-controlling interests	**6.14.**	**95 381**	**119 071**
Equity		**1 583 036**	**1 516 002**
Employee benefit obligations	6.15.	150 810	141 550
Provisions	6.16.	46 074	29 031
Interest-bearing debt	6.17.	1 180 347	686 665
Other non-current liabilities	6.18.	27 121	11 402
Deferred tax liabilities	6.6.	44 382	37 892
Non-current liabilities		**1 448 734**	**906 540**
Interest-bearing debt	6.17.	454 401	942 041
Trade payables	6.7.	665 196	778 438
Employee benefit obligations	6.7. / 6.15.	130 204	118 427
Provisions	6.16.	9 181	37 194
Income taxes payable	6.20.	91 597	88 128
Other current liabilities	6.19.	62 382	62 634
Liabilities associated with assets classified as held for sale	6.11.	-	85
Current liabilities		**1 412 961**	**2 026 947**
Total		**4 444 731**	**4 449 489**

The accompanying notes are an integral part of this balance sheet.

Consolidated statement of changes in equity

	Attributable to equity holders of Bekaert [1]					
in thousands of €	Share capital	Share premium	Retained earnings	Treasury shares	Cumulative translation adjust-ments	Hedging reserve
Balance as at 1 January 2017	**177 612**	**36 594**	**1 432 394**	**-127 974**	**4 286**	**-148**
Result for the period	-	-	184 720	-	-	-
Other comprehensive income	-	-	2 363	-	-107 637	-148
Capital contribution by non-controlling interests	-	-	-	-	-	-
Effect of partial disposal of Bekaert Sumaré	-	-	2 432	-	-2 396	-
Effect of NCI purchase	-	-	-18 200	-	17	-
Effect of NCI sale	-	-	4 191	-	96	-
Effect of other changes in Group structure	-	-	-235	-	-89	-
Equity-settled share-based payment plans	-	-	5 003	-	-	-
Creation of new shares	78	684	-	-	-	-
Treasury shares transactions	-	-	-20 959	24 937	-	-
Dividends	-	-	-62 441	-	-	-
Balance as at 31 December 2017	**177 690**	**37 278**	**1 529 268**	**-103 037**	**-105 723**	**-296**
Balance as at 1 January 2018 (as previously reported)	**177 690**	**37 278**	**1 529 268**	**-103 037**	**-105 723**	**-296**
Restatements [3]	-	-	7 655	-	-	-
1 January 2018 (restated)	**177 690**	**37 278**	**1 536 923**	**-103 037**	**-105 723**	**-296**
Result for the period	-	-	39 768	-	-	-
Other comprehensive income	-	-	2 827	-	-31 049	296
Capital contribution by non-controlling interests	-	-	-	-	-	-
Effect of NCI purchase in BBRG [4]	-	-	-33 668	-	6 410	-
Effect of other changes in Group structure	-	-	-221	-	260	-
Equity-settled share-based payment plans	-	-	6 599	-	-	-
Creation of new shares	103	473	-	-	-	-
Treasury shares transactions	-	-	-5 475	-5 806	-	-
Dividends	-	-	-62 153	-	-	-
Balance as at 31 December 2018	**177 793**	**37 751**	**1 484 600**	**-108 843**	**-130 102**	**-**

[1] *See note 6.13. 'Retained earnings and other Group reserves'.*

[2] *See note 6.14. 'Non-controlling interests'.*

[3] *See note 2.8. 'Restatement and reclassification effects'.*

[4] *In October 2018, the Group acquired the remaining 40% non-controlling interests in BBRG for a consideration of € 7.7 million. As part of the transaction, the seller, Ontario Teachers' Pension Plan, converted a shareholders' loan with a nominal amount of € 60.9 million into capital. The carrying amount of this loan constituted a gain in equity of € 52.6 million.*

The accompanying notes are an integral part of this statement of changes in equity.

Attributable to equity holders of Bekaert [1]						
Revaluation reserve for non-consolidated equity investments	Remeasurement reserve for DB plans	Deferred tax reserve	NCI put option reserve	Total	Non-controlling interests [2]	Total equity
2 446	**-80 743**	**30 832**	**-8 207**	**1 467 092**	**130 801**	**1 597 893**
-	-	-	-	**184 720**	-2 220	**182 500**
-1 389	10 095	-524	1	**-97 239**	-12 444	**-109 683**
-	-	-	-	**-**	9 870	**9 870**
-	-35	-1	-	**-**	-	**-**
-	-	-	-	**-18 183**	1 163	**-17 020**
-	-	-	-	**4 287**	-4 287	**-**
-	-	-	-	**-324**	324	**-**
-	-	-	-	**5 003**	123	**5 126**
-	-	-	-	**762**	-	**762**
-	-	-	-	**3 978**	-	**3 978**
-	-	-	-	**-62 441**	-27 949	**-90 390**
1 057	**-70 683**	**30 307**	**-8 206**	**1 487 655**	**95 381**	**1 583 036**
1 057	**-70 683**	**30 307**	**-8 206**	**1 487 655**	**95 381**	**1 583 036**
-10 240	-	-	-	**-2 585**	-	**-2 585**
-9 183	**-70 683**	**30 307**	**-8 206**	**1 485 070**	**95 381**	**1 580 451**
-	-	-	-	**39 768**	-36 980	**2 788**
-5 306	-3 988	-2 627	-	**-39 847**	-3 328	**-43 175**
-	-	-	-	**-**	71	**71**
-	6 404	-986	-	**-21 840**	66 754	**44 914**
-	-	-	-	**39**	-39	**-**
-	-	-	-	**6 599**	93	**6 692**
-	-	-	-	**576**	-	**576**
-	-	-	-	**-11 281**	-	**-11 281**
-	-	-	-	**-62 153**	-2 881	**-65 034**
-14 489	**-68 267**	**26 694**	**-8 206**	**1 396 931**	**119 071**	**1 516 002**

Consolidated cash flow statement

in thousands of € - Year ended 31 December	Notes	2017	2018
Operating activities			
Operating result (EBIT)	5.2. / 5.3.	318 062	146 880
Non-cash items included in operating result	7.1.	191 588	268 272
Investing items included in operating result	7.1.	-16 194	-31 261
Amounts used on provisions and employee benefit obligations	7.1.	-50 098	-36 371
Income taxes paid	5.6. / 7.1.	-87 059	-68 972
Gross cash flows from operating activities		**356 299**	**278 548**
Change in operating working capital	6.7.	-109 544	-28 948
Other operating cash flows	7.1.	-2 609	-5 880
Cash flows from operating activities		**244 146**	**243 720**
Investing activities			
Other portfolio investments	7.1. / 2.8.	-342	-411
Proceeds from disposals of investments	7.2.	37 596	2 835
Dividends received	6.4.	28 615	24 113
Purchase of intangible assets	6.1. / 7.2.	-3 853	-3 698
Purchase of property, plant and equipment	6.3.	-272 666	-181 302
Proceeds from disposals of fixed assets	7.1.	1 404	56 088
Cash flows from investing activities		**-209 246**	**-102 375**
Financing activities			
Interest received	5.4.	3 284	3 204
Interest paid	5.4.	-60 066	-63 995
Gross dividend paid to shareholders of NV Bekaert SA		-62 441	-62 153
Gross dividend paid to non-controlling interests		-27 722	-2 440
Proceeds from long-term interest-bearing debt	6.17.	179 274	468 356
Repayment of long-term interest-bearing debt	6.17.	-29 829	-408 782
Cash flows from / to (-) short-term interest-bearing debt	6.17.	69 629	-62 590
Treasury shares transactions	6.13.	3 978	-11 280
Sales and purchases of NCI	7.1. / 2.8.	-17 020	-7 379
Other financing cash flows	7.1.	-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	6.11.	8 241	-
Cash and cash equivalents at the end of the period		**418 779**	**398 273**

The accompanying notes are an integral part of this cash flow statement. Note 2.8. ‘Restatement and reclassification effects’ refers to the restatement effects in the cash flow statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

NV Bekaert SA (the 'Company') is a company domiciled in Belgium. The Company's consolidated financial statements include those of the Company and its subsidiaries (together referred to as the 'Group' or 'Bekaert') and the Group's interest in joint ventures and associates accounted for using the equity method. The consolidated financial statements were authorized for issue by the Board of Directors of the Company on 27 March 2019.

2. Summary of principal accounting policies

2.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) which have been endorsed by the European Union. These financial statements are also in compliance with the IFRSs as issued by the IASB.

New and amended standards and interpretations

Standards, interpretations and amendments effective in 2018

» The Group applied IFRS 15 and IFRS 9 from 1 January 2018. Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

» IFRS 15 'Revenue from Contracts with Customers' (effective 1 January 2018), establishing a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The new standard introduces a 5-step approach to revenue recognition and measurement:
(1) identify the contract with the customer;
(2) identify the performance obligations in the contract;
(3) determine the transaction price;
(4) allocate the transaction price to the performance obligations in the contract;
(5) recognize revenue when (or as) the entity satisfies a performance obligation.

As part of the transition to the new standard, the Group opted not to restate the comparative information for 2017.

The Group recognizes revenue from the following sources: delivery of products, to a limited extent providing of services and construction contracts. Bekaert assessed that the delivery of products is the main performance obligation. Revenue is recognized when control over the corresponding goods is transferred to the customer. This is similar to the identification of separate revenue components under IAS 18. Furthermore, the allocation of revenue isn't significantly different from the method used under IAS 18. Bekaert assessed the determination of the consideration and concluded that all necessary elements (fixed, variable consideration, etc.) are included (e.g. volume bonus). The timing of revenue recognition of this performance obligation under IFRS 15 is also expected to be consistent with the practice under IAS 18. Bekaert also assessed the use of the incoterms in determining the correct point in time when revenue is being recognized and concluded that it is in line with the new revenue recognition requirements. As a consequence, Bekaert determined that the impact of transition to IFRS 15 at 1 January 2018 is immaterial.

» IFRS 9 'Financial instruments' (effective 1 January 2018) sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 'Financial Instruments; Recognition and Measurement'. All recognized financial assets that are currently within the scope of IAS 39 are required to be subsequently measured at amortized cost or fair value. Only basic debt instruments acquired with the intention of collecting the contractual cash flows until their maturity are measured at amortized cost. Other debt instruments and all equity investments are measured at fair value. Equity investments can either be carried at fair value through profit or loss (FVTPL) or at fair value through other comprehensive income (FVTOCI). This option can be elected on an investment by investment basis and cannot be reversed subsequently. In principle, Bekaert will carry its main non-consolidated strategic equity investments at FVTOCI. This does not have a material effect at the date of transition (see 2.8. 'Restatement and reclassification effects').

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVTOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities (see note 7.3. 'Financial risk management and financial derivatives').

IFRS 9 also modifies the requirements with respect to hedge accounting. Since the establishment of BBRG, the Group had a very limited number of cash flow hedges that all expired in 2018. At year-end 2018 Bekaert has adopted the IFRS 9 hedging requirements and does not continue to apply the IAS 39 hedging requirements as would be permitted on transition to IFRS 9.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss (ECL)' model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39 (see 2.3. 'Balance sheet items'). Bekaert determined that the application of the IFRS 9 impairment requirements at 1 January 2018 did not result in a material additional allowance for impairment.

Furthermore, it modifies the accounting for a modification or exchange of debt that does not result in a derecognition. In such a case the amortized cost is recalculated by discounting the modified contractual cashflows at the original EIR (effective interest rate) and any difference is recognized through profit or loss. The effective interest rate is only revised for transaction costs. The impact on retained earnings is disclosed in 2.8. 'Restatement effects'. When Bekaert issued the € 380 million convertible bond in 2016, 75.9% of the new bonds were accounted for as an exchange of financial liabilities and no exchange gain or loss was recognized under IAS 39. The change in accounting for a modification or exchange of debt 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 (see 2.8. 'Restatement and reclassification effects').

As part of the transition to the new standard, the Group opted not to restate the comparative information for 2017. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9, but rather those of IAS 39.

Standards, amendments and interpretations that are not yet effective in 2018 and have not been early adopted

The Group did not elect for early application of the following new or amended standards:

» IFRS 16 'Leases' (effective 1 January 2019), which supersedes IAS 17 'Leases' and related interpretations. The new standard eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are capitalized and accounted for in a similar way to finance leases under IAS 17, except short-term leases and leases of low-value assets. Lessor accounting however remains largely unchanged.

  IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in 7.4. 'Contingencies and commitments'. As at 31 December 2018, the Group has operating lease commitments for a nominal amount of € 97 million. A thorough assessment indicates that all of these contracts meet the definition of a lease under IFRS 16. Bekaert decided to use the practical expedient for low-value leases on the rent contracts for printers (€ 1.5 million). The Group will recognize a right-of-use asset and a corresponding liability in respect of all other lease commitments (€ 95 million). It mainly relates to real estate, industrial vehicles, industrial equipment, company cars and servers representing a discounted value of € 77 million. An onerous lease contract currently included in provisions (€ 6.9 million) will be reclassified as a lease liability under IFRS 16.

  As part of the transition to the new standard, the Group opted to apply the modified B approach, meaning that the liability is based on the discounted future cash flows, using the discount rate at transition date and assets equaling the liabilities at transition date. The Group also opted not to restate the comparative information for 2018.

» IFRIC 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019). This interpretation clarifies how to account for income taxes when it is unclear whether the tax authority will accept the Group's tax treatment. The Group will adopt the interpretation for the annual reporting period starting on 1 January 2019. The estimated impact on the measurement of the uncertain tax positions due to the adoption of IFRIC 23 is immaterial.

  Other new, and amendments to, standards and interpretations effective after 2018 are not expected to have a material impact on the financial statements.

2.2. General principles

Basis of preparation

The consolidated financial statements are presented in thousands of euros, under the historical cost convention, except for derivatives, financial assets at FVTOCI and financial assets at FVTPL, which are stated at their fair value. Financial assets which do not have a quoted price in an active market and the fair value of which cannot be reliably measured are carried at cost. Unless explicitly stated, the accounting policies are applied consistently with the previous year.

Principles of consolidation

Subsidiaries
Subsidiaries are entities over which NV Bekaert SA exercises control, which is the case when the Company is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date when the Group acquires control until the date when control is relinquished. All intercompany transactions, balances with and unrealized gains on transactions between Group companies are eliminated; unrealized losses are also eliminated unless the impairment is permanent. Equity and net result attributable to non-controlling shareholders are shown separately in the balance sheet, the income statement and the comprehensive income statement. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity. When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:
» the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
» the carrying amount of the assets (including goodwill), liabilities and any non-controlling interests of the subsidiary before its disposal.

Joint arrangements and associates
A joint arrangement exists when NV Bekaert SA has contractually agreed to share control with one or more other parties, which is the case only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement can be treated as a joint operation (i.e. NV Bekaert SA has rights to the assets and obligations for the liabilities) or a joint venture (i.e. NV Bekaert SA only has rights to the net assets). Associates are companies in which NV Bekaert SA, directly or indirectly, has a significant influence and which are neither subsidiaries nor joint arrangements. This is presumed if the Group holds at least 20% of the voting rights attaching to the shares. The financial information included for these companies is prepared using the accounting policies of the Group. When the Group has acquired joint control in a joint venture or significant influence in an associate, the share in the acquired assets, liabilities and contingent liabilities is initially remeasured to fair value at the acquisition date and accounted for using the equity method. Any excess of the purchase price over the fair value of the share in the assets, liabilities and contingent liabilities acquired is recognized as goodwill. When the goodwill is negative, it is immediately recognized in profit or loss. Subsequently, the consolidated financial statements include the Group's share of the results of joint ventures and associates accounted for using the equity method until the date when joint control or significant influence ceases. If the Group's share of the losses of a joint venture or associate exceeds the carrying amount of the investment, the investment is carried at nil value and recognition of additional losses is limited to the extent of the Group's commitment. Unrealized gains arising from transactions with joint ventures and associates are set against the investment in the joint venture or associate concerned to the extent of the Group's interest. The carrying amounts of investments in joint ventures and associates are reassessed if there are indications that the asset has been impaired or that impairment losses recognized in prior years have ceased to apply. The investments in joint ventures and associates in the balance sheet include the carrying amount of any related goodwill.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the Company's functional and the Group's presentation currency. Financial statements of foreign entities are translated as follows:

» assets and liabilities are translated at the closing exchange rate of the European Central Bank, or, in the case of the Venezuelan bolivar soberano, at the economic rate that is deemed representative for dividend repatriations at the balance sheet date;
» income, expenses and cash flows are translated at the average exchange rate for the year, or, for the Venezuelan entities, at the economic rate at the balance sheet date, as required for entities whose functional currency is the currency of a hyperinflationary economy in accordance with IAS 21 'The Effects of Changes in Foreign Exchange Rates';
» shareholders' equity is translated at historical exchange rates.

Exchange differences arising from the translation of the net investment in foreign subsidiaries, joint ventures and associates at the closing exchange rate are included in shareholders' equity under 'cumulative translation adjustments'. On disposal of foreign entities, cumulative translation adjustments are recognized in the income statement as part of the gain or loss on the sale. In the financial statements of the parent company and its subsidiaries, monetary assets and liabilities denominated in foreign currency are translated at the exchange rate at the balance sheet date, thus giving rise to unrealized exchange results. Unrealized and realized foreign-exchange gains and losses are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Goodwill is treated as an asset of the acquiree and is accordingly accounted for in the acquiree's currency and translated at the closing rate.

2.3. Balance sheet items

Intangible assets

Intangible assets acquired in a business combination are initially measured at fair value; intangible assets acquired separately are initially measured at cost. After initial recognition, intangible assets are measured at cost or fair value less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and method are reviewed at each financial year-end.
A change in the useful life of an intangible asset is accounted for prospectively as a change in estimate. Under the provisions of IAS 38 intangible assets may have indefinite useful lives. If the useful life of an intangible asset is deemed indefinite, no amortization is recognized and the asset is reviewed at least annually for impairment.

Licenses, patents and similar rights
Expenditure on acquired licenses, patents, trademarks and similar rights is capitalized and amortized on a straight-line basis over the contractual period, if any, or the estimated useful life, which is normally considered not to be longer than ten years.

Computer software
Generally, costs associated with the acquisition, development or maintenance of computer software are recognized as an expense when they are incurred, but external costs directly associated with the acquisition and implementation of acquired ERP software are recognized as intangible assets and amortized over five years on a straight-line basis.

Rights to use land
Rights to use land are recognized as intangible assets and are amortized over the contractual period which is in most cases 50 years, but can vary between 30 and 100 years.

Commercial assets
Commercial assets mainly include customer lists, customer contracts and brand names, mostly acquired in a business combination, with useful lives ranging between 8 and 15 years.

Emission rights
In the absence of any IASB standard or interpretation regulating the accounting treatment of CO_2 emission rights, the Group has applied the 'net approach', according to which:
» the allowances are recognized as intangible assets and measured at cost (the cost of allowances issued free of charge being therefore zero); and
» any short position is recognized as a liability at the fair value of the allowances required to cover the shortfall at the balance sheet date.

Research and development
Expenditure on research activities undertaken with the prospect of gaining new scientific or technological knowledge and understanding is recognized in the income statement as an expense when it is incurred.

Expenditure on development activities where research findings are applied to a plan or design for the production of new or substantially improved products and processes prior to commercial production or use is capitalized if, and only if, all of the recognition criteria set out below are met:

» the product or process is clearly defined and costs are separately identified and reliably measured;
» the technical feasibility of the product is demonstrated;
» the product or process is to be sold or used in house;
» the assets are expected to generate future economic benefits (e.g. a potential market exists for the product or, if for internal use, its usefulness is demonstrated); and
» adequate technical, financial and other resources required for completion of the project are available.

Capitalized development costs are amortized from the commencement of commercial production of the product on a straight-line basis over the period during which benefits are expected to accrue. The period of amortization normally does not exceed ten years. An in-process research and development project acquired in a business combination is recognized as an asset separately from goodwill if its fair value can be measured reliably.

Goodwill and business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred. The identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date. Goodwill is measured as the difference between:

(i) the sum of the following elements:
» consideration transferred;
» amount of any non-controlling interests in the acquiree;
» fair value of the Group's previously held equity interest in the acquiree (if any); and

(ii) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, this difference is negative ('negative goodwill'), it is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests are initially measured either at fair value or at their proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and any resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest was disposed of.

Impairment of goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit's value may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit in proportion to the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Property, plant and equipment

The Group has opted for the historical cost model and not for the revaluation model. Property, plant and equipment separately acquired is initially measured at cost. Property, plant and equipment acquired in a business combination is initially measured at fair value, which thus becomes its deemed cost. After initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes all direct costs and all expenditure incurred to bring the asset to its working condition and location for its intended use. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Depreciation is provided over the estimated useful lives of the various classes of property, plant and equipment on a straight-line basis.

The useful life and depreciation method are reviewed at least at each financial year-end. Unless revised due to specific changes in the estimated economic useful life, annual depreciation rates are as follows:

» land	0%
» buildings	5%
» plant, machinery & equipment	8%-25%
» R&D testing equipment	16.7%-25%
» furniture and vehicles	20%
» computer hardware	25%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (see section on 'Impairment of assets'). Gains and losses on disposal are included in the operating result.

Leases

Finance leases

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Items of property, plant and equipment acquired by way of finance lease are stated at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine it; otherwise the Company's incremental borrowing rate is used. Initial direct costs are included as part of the asset. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. A finance lease gives rise to a depreciation expense for the asset as well as a finance expense for each accounting period. The depreciation policy for leased assets is consistent with the one for owned depreciable assets.

Operating leases

Leases under which substantially all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognized, on a straight-line basis, as a reduction of rental expense over the lease term. Improvements to buildings held under operating leases are depreciated over their expected useful lives, or, where shorter, the term of the relevant lease.

Government grants

Government grants relating to the purchase of property, plant and equipment are deducted from the cost of these assets. They are recognized in the balance sheet at their expected value at the time of initial government approval and corrected, if necessary, after final approval. The grant is amortized over the depreciation period of the underlying assets.

Financial assets

The Group classifies its financial assets in the following categories: measured at amortized cost, at fair value through profit or loss (FVTPL) or at fair value through other comprehensive income (FVTOCI). The classification depends on the contractual caracteristics of the financial assets and the business model under which they are held. Management determines the classification of its financial assets at initial recognition.

Financial assets at amortized cost

Financial assets are classified at amortized cost when the contract has the caracteristics of a basic lending arrangement and they are held with the intention of collecting the contractual cash flows until their maturity. The Group's financial assets at amortized cost comprises, unless stated otherwise, trade and other receivables, bills of exchange received, short-term deposits and cash and cash equivalents in the balance sheet. They are measured at amortized cost using the effective interest method, less any impairment.

Financial assets at fair value

Other debt instruments and all equity investments are measured at fair value. Equity investments can either be carried at fair value through profit or loss (FVTPL) or at fair value through other comprehensive income (FVTOCI). This option can be elected on an investment by investment basis and cannot be reversed subsequently. In principle, Bekaert will carry its main non-consolidated strategic equity investments at FVTOCI. Derivatives are also categorized as at FVTPL unless they are designated and effective as hedges.

Bills of exchange received

Payment by means of bills of exchange (bank acceptance drafts) is a widespread practice in China. Bills of exchange received are either settled at maturity date, discounted before the maturity date or transferred to a creditor to settle a liability. Discounting is done either with or without recourse. With recourse means that the discounting bank can claim reimbursement of the amount paid in case the issuer defaults. When a bill is discounted with recourse, the amount received is not deducted from the outstanding bills of exchange received, but a liability is recognized in 'current interest-bearing debt' until the maturity date of that bill.

Cash & cash equivalents and short-term deposits

Cash equivalents and short-term deposits are short-term investments that are readily convertible to known amounts of cash. They are subject to insignificant risk of change in value. Cash equivalents are highly liquid and have original maturities of three months or less, while short-term deposits have original maturities of more than three months and less than one year. Balances from cash pool facilities are reported as cash & cash equivalents. Bank overdrafts are not reported as a deduction from cash & cash equivalents but as interest-bearing debt.

Impairment of financial assets

Financial assets that are debt instruments, other than those measured at FVTPL, are tested for impairment using the expected loss model ('ECL'). The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, Bekaert considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group always recognizes lifetime ECL for trade receivables.

At each reporting date, Bekaert measures the impairment loss for financial assets measured at amortized cost (e.g. trade receivables and bills of exchange received) as the present value of the expected cash shortfalls (discounted at the original effective interest rate). Amounts deemed uncollectible are written off against the corresponding allowance account at each balance sheet date. In assessing collective impairment, the Group uses historical information on the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends. Additions to and recoveries from the bad debt allowance account related to trade receivables are reported under 'selling expenses' in the income statement.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out (FIFO) method. For processed inventories, cost means full cost including all direct and indirect production costs required to bring the inventory items to the stage of completion at the balance sheet date. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and costs necessary to make the sale.

Share capital

When shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares (treasury shares) are presented in the balance sheet as a deduction from equity. The result on the disposal of treasury shares sold or cancelled is recognized in retained earnings.

Non-controlling interests

Non-controlling interests represent the shares of minority or non-controlling shareholders in the equity of subsidiaries which are not fully owned by the Group. At the acquisition date, the item is either measured at its fair value or at the non-controlling shareholders' proportion of the fair values of net assets recognized on acquisition of a subsidiary (business combination). Subsequently, it is adjusted for the appropriate proportion of subsequent profits and losses. The losses attributable to non-controlling shareholders in a consolidated subsidiary may exceed their interest in the equity of the subsidiary. A proportional share of total comprehensive income is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Provisions

Provisions are recognized in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event, which is expected to result in an outflow of resources embodying economic benefits which can be reliably estimated. Each provision is based on the best estimate of the expenditure required to settle the present obligation at the balance sheet date. When appropriate, provisions are measured on a discounted basis.

Restructuring
A provision for restructuring is only recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly before the balance sheet date. Restructuring provisions only include the direct expenditure arising from the restructuring which is necessarily incurred on the restructuring and is not associated with the ongoing activities of the entity.

Site remediation
A provision for site remediation in respect of contaminated land is recognized in accordance with the Group's published environmental policy and applicable legal requirements.

Employee benefit obligations

The parent company and several of its subsidiaries have pension, death benefit and health care benefit plans covering a substantial part of their workforce.

Defined-benefit plans
Most pension plans are defined-benefit plans with benefits based on years of service and level of remuneration. For defined-benefit plans, the amount recognized in the balance sheet (net liability or asset) is the present value of the defined-benefit obligation less the fair value of any plan assets. The present value of the defined-benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods. The present value of the defined-benefit obligation and the related current and past service costs are calculated using the projected unit credit method. The discount rate used is the yield at balance sheet date on high-quality corporate bonds with remaining terms to maturity approximating those of the Group's obligations. In case the fair value of plan assets exceeds the present value of the defined-benefit obligations, the net asset is limited to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The net interest on the net defined-benefit liability/asset is based on the same discount rate. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. Past service cost is the change in the present value of the defined-benefit obligation for employee service in prior periods and resulting in the current period from a plan amendment or a curtailment. Past service costs are recognized immediately through profit or loss. Remeasurements of the net defined-benefit liability (asset) comprise (a) actuarial gains and losses, (b) the return on plan assets, after deduction of the amounts included in net interest on the net defined-benefit liability (asset) and (c) any change in the effect of the asset ceiling, after deduction of any amounts included in net interest on the net defined-benefit liability (asset). Remeasurements are recognized immediately through equity. A settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined-benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

In the income statement, current and past service cost, including gains or losses from settlements, are included in the operating result (EBIT), and the net interest on the net defined-benefit liability (asset) is included in interest expense, under interest on interest-bearing provisions. Pre-retirement pensions in Belgium and plans for medical care in the United States are also treated as defined-benefit plans.

Defined-contribution plans
Obligations in respect of contributions to defined-contribution pension plans are recognized as an expense in the income statement as they fall due. By law, defined-contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Before 2015, the defined-contribution plans in Belgium were basically accounted for as defined-contribution plans. New legislation dated December 2015 however triggered the qualification. As a consequence, the defined-contribution plans are reported as defined-benefit obligations, whereby as from year end 2016 an actuarial valuation was performed.

Other long-term employee benefits
Other long-term employee benefits, such as service awards, are accounted for using the projected unit credit method. However, the accounting method differs from the method applied for post-employment benefits, as actuarial gains and losses are recognized immediately through profit or loss.

Share-based payment plans
The Group issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled plans allow Group employees to acquire shares of NV Bekaert SA, and include stock option plans ('SOP'), performance share plans ('PSP') and personal shareholding requirement plans ('PSR'), all of which are operated in Belgium. Cash-settled plans entitle Group employees to receive payment of cash bonuses based on the price of the Bekaert share on the Euronext stock exchange, and include share appreciation rights ('SAR') and performance share unit plans ('PSU'), all of which are operated outside Belgium.
Equity-settled share-based payments are recognized at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed, with a corresponding increase in equity, on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments granted that will eventually vest and adjusted for the effect of non-market-based vesting conditions.
Cash-settled share-based payments are recognized as liabilities over the vesting period at fair value, which is remeasured at each reporting date and at the date of settlement. Changes in fair value are recognized in the income statement over the vesting period, taking into account the number of units or rights expected to vest.
The Group uses binomial models or Monte Carlo simulations to determine the fair value of the share-based payment plans.

Interest-bearing debt

Interest-bearing debt includes loans and borrowings which are initially recognized at the fair value of the consideration received net of transaction costs incurred. In subsequent periods, they are carried at amortized cost using the effective interest-method, any difference between the proceeds (net of transaction costs) and the redemption value being recognized in the income statement over the period of the liability. If financial liabilities are hedged using derivatives qualifying as a fair value hedge, the hedging instruments are carried at fair value and the hedged items are remeasured for fair value changes due to the hedged risk (see accounting policies for derivatives and hedging).

Trade payables and other current liabilities

Trade payables and other current liabilities, except derivatives, are initially measured at cost, which is the fair value of the consideration payable, and subsequently carried at amortized cost.

Income taxes

Income taxes are classified as either current or deferred taxes. Current income taxes include expected tax charges based on the accounting profit for the current year and adjustments to tax charges of prior years. In evaluating the potential income tax liabilities, the Group assumes that the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations. The Group takes into account both the assessments, decisions and verdicts received from tax audits and other kinds of information sources as well as the potential sources of challenge from tax authorities. The Group recognizes a liability when the Group assesses it is not probable for the tax authorities to accept the position that the Group takes regarding the tax treatment in question. The Group measures the income tax liability according to the most likely amount of the potential economic outflow. However, Bekaert continues to believe that its positions on all these audits are robust.
Deferred taxes are calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred taxes are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled, based on tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized; this criterion is reassessed at each balance sheet date. Deferred tax on temporary differences arising on investments in subsidiaries, associates and joint ventures is provided for, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

Derivatives, hedging and hedging reserves

The Group uses derivatives to hedge its exposure to foreign-exchange and interest-rate risks arising from operating, financing and investing activities. The net exposure of all subsidiaries is managed on a centralized basis by Group Treasury in accordance with the aims and principles laid down by general management. As a policy, the Group does not engage in speculative or leveraged transactions.

Derivatives are initially and subsequently measured and carried at fair value. The fair value of traded derivatives is equal to their market value. If no market value is available, the fair value is calculated using standard financial valuation models, based upon the relevant market rates at the reporting date.

The Group applies hedge accounting in accordance with IFRS 9 to reduce income statement volatility. Depending on the nature of the hedged risk, a distinction is made between fair value hedges, cash flow hedges and hedges of a net investment in a foreign entity.

Fair value hedges are hedges of the exposure to variability in the fair value of recognized assets and liabilities. The derivatives classified as fair value hedges are carried at fair value and the related hedged items (assets or liabilities) are remeasured for fair value changes due to the hedged risk. The corresponding changes in fair value are recognized in the income statement. When a hedge ceases to meet the qualifying criteria, hedge accounting is discontinued and the adjustment to the carrying amount of a hedged interest-bearing financial instrument is recognized as income or expense and will be fully amortized over the remaining period to maturity of the hedged item.

Cash flow hedges are hedges of the exposure to variability in future cash flows related to recognized assets or liabilities, highly probable forecast transactions or currency risk on unrecognized firm commitments. Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognized directly in shareholders' equity (hedging reserve). The ineffective portion is recognized immediately in the income statement. If the hedged cash flow results in the recognition of a non-financial asset or liability, all gains and losses previously recognized directly in equity are transferred from equity and included in the initial measurement of the cost or carrying amount of the asset or liability. For all other cash flow hedges, gains and losses initially recognized in equity are transferred from the hedging reserve to the income statement when the hedged firm commitment or forecast transaction results in the recognition of a profit or loss. When the hedge ceases to meet the qualifying criteria, hedge accounting is discontinued prospectively and the accumulated gain or loss is retained in equity until the committed or forecast transaction occurs. If the forecast transaction is no longer expected to occur, any net cumulative gain or loss previously reported in equity is transferred to the income statement.

If a net investment in a foreign entity is hedged, all gains or losses on the effective portion of the hedging instrument, together with any gains or losses on the foreign-currency translation of the hedged investment, are taken directly to equity. Any gains or losses on the ineffective portion are recognized immediately in the income statement. The cumulative remeasurement gains and losses on the hedging instrument, that had previously been recognized directly in equity, and the gains and losses on the currency translation of the hedged item are recognized in the income statement only on disposal of the investment.

In order to comply with the requirements of IFRS 9 regarding the use of hedge accounting, the strategy and purpose of the hedge, the relationship between the financial instrument used as the hedging instrument and the hedged item and the estimated (prospective) effectiveness are documented by the Group at the inception of the hedge. The effectiveness of existing hedges is monitored on a quarterly basis.
The Group also uses derivatives that do not satisfy the hedge accounting criteria of IFRS 9 but provide effective economic hedges under the Group's risk management policies. Changes in the fair value of any such derivatives are recognized immediately in the income statement.

Derivatives embedded in non-derivative host contracts that are not financial assets are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

Impairment of assets

Goodwill and intangible assets with an indefinite useful life or not yet available for use (if any) are reviewed for impairment at least annually; other tangible and intangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized in the income statement as and when the carrying amount of an asset exceeds its recoverable amount (being the higher of its fair value less costs of disposal and its value in use). The fair value less costs of disposal is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal, while value in use is the present value of the future cash flows expected to be derived from an asset. Recoverable amounts are estimated for individual assets or, if this is not possible, for the smallest cash-generating unit to which the assets belong. Reversal of impairment losses recognized in prior years is included as income when there is an indication that the impairment losses recognized for the asset are no longer needed or the need has decreased, except for impairment losses on goodwill, which are never reversed.

2.4. Income statement items

Revenue recognition

The Group recognizes revenue mainly from the sale of products. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue from the sale of products when it transfers control over the corresponding product to a customer. Revenue from the sale of products is recognized at a point in time. Sales are recognized net of sales taxes and discounts. No revenue is recognized on barter transactions involving the exchange of similar goods or services. Interest is recognized on a time-proportional basis that reflects the effective yield on the asset. Royalties are recognized on an accrual basis in accordance with the terms of agreements. Dividends are recognized when the shareholder's right to receive payment is established.

2.5. Statement of comprehensive income and statement of changes in equity

The statement of comprehensive income presents an overview of all income and expenses recognized both in the income statement and in equity. In accordance with IAS 1 'Presentation of Financial Statements', an entity can elect to present either a single statement of comprehensive income or two statements, i.e. an income statement immediately followed by a comprehensive income statement. The Group elected to do the latter. A further consequence of presenting a statement of comprehensive income is that the content of the statement of changes in equity is confined to owner-related changes only.

2.6. Alternative performance measures

To analyze the financial performance of the Group, Bekaert consistently uses various non-GAAP metrics or Alternative Performance Measures ("APMs") as defined in the European Securities and Markets Authority's ("ESMA") Guidelines on Alternative Performance Measures. In accordance with these ESMA Guidelines, the definition and reason for use of each of the APMs is provided in the Key Figures section of the Report of the Board. The main APMs used in the Financial Review relate to Underlying performance measures.

Underlying performance measures

Operating income and expenses that are related to restructuring programs, impairment losses, the initial accounting for business combinations, business disposals, environmental provisions or other events and transactions that have a one-off effect are excluded from Underlying EBIT(DA) measures.

Restructuring programs mainly include lay-off costs, gains and losses on disposal, and impairment losses of assets involved in a shut-down, major reorganization or relocation of operations. When not related to restructuring programs, only impairment losses resulting from testing cash-generating units qualify as one-off effects.

One-off effects from business combinations mainly include: acquisition-related expenses, negative goodwill, gains and losses on step acquisition, and recycling of CTA on the interest previously held. One-off effects from business disposals include gains and losses on the sale of businesses that do not qualify as discontinued operations. These disposed businesses may consist of integral, or parts (disposal groups) of subsidiaries, joint ventures and associates.

Besides environmental provisions, other events or transactions that are not inherent to the business and have a one-off effect mainly include disasters and sales of investment property.

2.7. Miscellaneous

Non-current assets held for sale and discontinued operations

A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. A discontinued operation is a component of an entity which the entity has disposed of or which is classified as held for sale, which represents a separate major line of business or geographical area of operations and which can be distinguished operationally and for financial reporting purposes.

For a sale to be highly probable, the entity should be committed to a plan to sell the asset (or disposal group), an active program to locate a buyer and complete the plan should be initiated, and the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, and the sale should be expected to be completed within one year from the date of classification. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs necessary to make the sale. Any excess of the carrying amount over the fair value less costs to sell is included as an impairment loss. Depreciation of such assets is discontinued as from their classification as held for sale. Comparative balance sheet information for prior periods is not restated to reflect the new classification in the balance sheet.

Contingencies

Contingent assets are not recognized in the financial statements. They are disclosed if the inflow of economic benefits is probable. Contingent liabilities are not recognized in the financial statements, except if they arise from a business combination. They are disclosed, unless the possibility of a loss is remote.

Events after the balance sheet date

Events after the balance sheet date which provide additional information about the Company's position as at the balance sheet date (adjusting events) are reflected in the financial statements. Events after the balance sheet date which are not adjusting events are disclosed in the notes if material.

2.8. Restatement and reclassification 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. Non-consolidated 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 non-consolidated 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 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). See also note 5.8. 'Earnings per share'.

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 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 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

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These judgments, estimates and assumptions are reviewed on an ongoing basis.

3.1. Critical judgments in applying the entity's accounting policies

The following are the critical judgments made by management, apart from those involving estimations (see note 3.2. 'Key sources of estimation uncertainty' below), that have a significant effect on the amounts reported in the consolidated financial statements.

» Management assessed that a constructive obligation exists to provide pre-retirement schemes for employees as from the first day of service (see note 6.15. 'Employee benefit obligations') and therefore these pre-retirement schemes are treated as defined-benefit plans using the projected unit credit method.

» Management assessed that the various steps in which the acquisition of the Non-Controlling Interest ('NCI') in BBRG was effected is one transaction between owners, the effect of which was recognized directly in equity. Bekaert considers that the extinguishment of OTPP's shareholders' loan by issuing shares is in substance a component of the transaction in which Bekaert purchases the NCI from OTPP. The latter is a transaction between owners in their capacity as owners and constitutes an exemption from IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'. Consequently, this transaction does not affect profit or loss.

» Management continued to conclude that the criteria for capitalization were not met and hence recognized development expenditure through profit or loss.

» Management makes judgments in defining the functional currency of Group entities based on economic substance of the transactions relevant to these entities. By default the functional currency is the one of the country in which the entity is operating. See note 7.8. 'Subsidiaries, joint ventures and associates' for a comprehensive list of entities and their functional currency.

» As regards its Venezuelan operations, management decided to use the economic exchange rate for translating the Bolivar Soberano financial statements to the reporting currency for consolidation as from 31 December 2012. In view of the restrictions on dividend repatriation for overseas investors introduced in 2009, and given the ongoing dramatic decline in the economic exchange rate, combined with hyperinflation, management concluded that this is the best choice for providing a fair view of the contribution of the Venezuelan operations to the consolidated financial statements. Applying the economic exchange rate to the Venezuelan operations has further reduced the significance of their contribution to the consolidated financials ever since.
In spite of the political and monetary instability, management was able to keep the company operational and hence concluded that it is still in control. At year-end 2018, the cumulative translation adjustments ('CTA') amount to € -59.7 million, which - in case of loss of control - would be recycled to income statement. Apart from the CTA, the contribution of the Venezuelan operations to the consolidated accounts is immaterial.

» Management concluded that Bekaert, given its non-controlling interest of 13.0% at year-end 2018, has no significant influence in Shougang Concord Century Holdings Ltd and therefore the investment is carried at fair value through OCI.

» Management concluded that the Company has control over Bekaert Maccaferri Underground Solutions BVBA. The contractual arrangements of the shareholders' agreement, including a put option entitling Maccaferri to sell its interests under certain conditions and a call option entitling Bekaert to purchase Maccaferri's interests under certain conditions, indicate that (a) Bekaert has the ability to direct the activities that most significantly affect the returns of the investee, i.e. the supply of manufactured goods to the commercial joint venture (cf. IFRS 10.13) and (b) Bekaert is the only logical party to continue the entity's activities, should the parties agree to discontinue their partnership.

3.2. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and the other key sources of estimation uncertainty at the end of the reporting period that have a risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

» Management performed the annual impairment test on the goodwill related to BBRG on the basis of the profit restoration plan. This plan was prepared as part of the dialogue with the lenders' syndicate about the running financing structure of BBRG. Management is convinced this plan represents an ambitious, but realistic scenario which will bring the projected results conditional to a strict execution and implementation of the various initiatives included in the plan. (see Note 6.2. 'Goodwill')

» Impairment analyses are based upon assumptions such as market evolution, margin evolution and discount rates. The ability of an entity to pass on changes in raw material prices to its customers (either through contractual arrangements or through commercial negotiations) is included in the margin evolution assumption. Sensitivity analyses for reasonable changes in these assumptions are presented as part of Note 6.2. 'Goodwill'.

» Given its global presence, Bekaert is exposed to tax risks in many jurisdictions. On the one hand, the application of tax law in the different jurisdictions can be complex and requires judgement to assess risk and estimate outcomes, which is a major source of uncertainty. On the other hand, tax authorities of the jurisdictions conduct regular tax audits that may reveal potential tax issues. As the tax audits can require many years to resolve, this further adds to the uncertainty. While the outcome of such tax audits is not certain, Bekaert has considered the merits of its filing positions of the matters subject to each tax audit in an overall evaluation of potential tax liabilities, and concludes that the Group has adequate liabilities recorded in its consolidated financial statements for exposures on these matters. Accordingly, Bekaert considers it unlikely that potential tax exposures over and above the amounts currently recorded as liabilities in the consolidated financial statements will be material to its financial condition. In most of the tax audit cases, Bekaert expects that a favorable outcome can probably be achieved, be it through time-consuming administrative and judicial procedures or other remedies, e.g. according to the relevant tax treaties. Consequently, both the timing and the position taken by the tax authorities in the different jurisdictions give rise to the uncertainty and risk of resulting in an adjustment to the carrying amounts of income tax payable related to uncertain tax positions within the next financial year. At year-end 2018 uncertain tax positions recognized as income taxes payable amount to € 64.7 million (2017: € 65.4 million). See note 6.20. 'Tax positions'.

» Deferred tax assets are recognized for the carry-forward of unused tax losses, unused tax credits and temporary differences to the extent that it is probable that taxable profit will be available in the foreseeable future. In making its judgment, management takes into account elements such as long-term business strategy and tax planning opportunities (see note 5.5. 'Income taxes' and 6.6. 'Deferred tax assets and liabilities').

» Employee benefit obligations: the defined-benefit obligations are based on actuarial assumptions such as discount rate and salary increases, which are extensively detailed in note 6.15. 'Employee benefit obligations'.

4. Segment reporting

Except for BBRG the Group has used a geographical segmentation to evaluate the nature and financial performance of the business as a whole, in line with the way financial performance is reported to the chief operating decision maker.

The following five reporting segments are presented:

1. EMEA – Europe, Middle-East and Africa: 31% of consolidated sales (2017: 31%)
2. North America: 14% of consolidated sales (2017: 14%)
3. Latin America: 16% of consolidated sales (2017: 16%)
4. Asia Pacific: 28% of consolidated sales (2017: 28%)
5. BBRG: 11% of consolidated sales (2017: 11%)

In line with the organizational changes announced on 1 March 2019, 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.

4.1. Key data by reporting segment

Only capital employed elements (intangible assets, goodwill, property, plant and equipment and the elements of the operating working capital) are allocated to the various segments. All other assets and liabilities are reported as unallocated assets or liabilities. 'Group & Business support' mainly consists of the functional unit technology and unallocated expenses for group management and services; it does not constitute a reportable segment in itself. The geographical segmentation is based on the location of the Bekaert entities rather than on the location of its customers. Since it is Bekaert's strategy to produce as close as possible to the customers, most customers are serviced by Bekaert entities in their own region. Any sales between segments are transacted at prices which reflect the arm's length principle. Intersegment eliminations mainly include eliminations of receivables and payables, and margin eliminations on transfers of fixed assets and goods and related adjustments to depreciation and amortization.

2018 in thousands of €	EMEA	North America	Latin America	Asia Pacific	Group & Business support	BBRG	Intersegment eliminations	Consolidated
Net sales	1 334 891	618 071	691 651	1 197 331	-	463 325	-	4 305 269
Operating result (EBIT)	**73 785**	**24 624**	**35 311**	**54 207**	**-68 613**	**-20 006**	**47 572**	**146 880**
EBIT - Underlying	114 065	24 928	43 116	86 426	-59 435	-6 908	7 948	210 140
Depreciation and amortization	68 065	13 468	17 846	96 360	7 685	32 685	-17 936	218 173
Impairment losses	11 502	-	1 483	45 180	19	2 928	-39 660	21 452
EBITDA	**153 352**	**38 092**	**54 640**	**195 747**	**-60 909**	**15 607**	**-10 024**	**386 505**
Segment assets	973 416	367 432	477 106	1 175 450	189 145	560 673	-237 684	3 505 538
Unallocated assets								943 951
Total assets								**4 449 489**
Segment liabilities	332 570	116 271	143 897	217 094	109 769	120 273	-132 198	907 676
Unallocated liabilities								2 025 811
Total liabilities								**2 933 487**
Capital employed	640 846	251 161	333 209	958 356	79 376	440 400	-105 486	2 597 862
Weighted average capital employed	679 645	230 760	333 091	988 128	78 384	452 924	-130 991	2 631 941
Return on weighted average capital employed (ROCE) [1]	10.9%	10.7%	10.6%	5.5%	-	-4.4%	-	5.6%
Capital expenditure – PP&E	66 662	17 668	17 454	85 259	9 437	19 326	-17 679	198 127
Capital expenditure – intangible assets	2 350	6	99	125	1 827	531	-430	4 508
Share in the results of joint ventures and associates	-	-	24 875	-	-	-	-	24 875
Investments in joint ventures and associates	-	-	153 671	-	-	-	-	153 671
Number of employees (year-end) [2]	7 102	1 363	3 078	9 774	1 916	2 573	-	25 806

2017 in thousands of €	EMEA	North America	Latin America	Asia Pacific	Group & Business support	BBRG	Intersegment eliminations	Consolidated
Net sales	1 273 462	551 808	673 204	1 144 775	-	454 998	-	4 098 247
Operating result (EBIT)	**143 929**	**33 350**	**80 285**	**103 819**	**2 734**	**12 267**	**-58 322**	**318 062**
EBIT - Underlying	141 133	33 350	54 876	106 535	-44 929	15 122	-4 992	301 095
Depreciation and amortization	61 611	13 349	19 555	89 226	4 301	25 898	-18 988	194 952
Impairment losses	-3 262	-	-	-157	-6	13	-	-3 412
EBITDA	**202 278**	**46 699**	**99 840**	**192 888**	**7 029**	**38 178**	**-77 310**	**509 602**
Segment assets	1 017 565	298 607	452 674	1 209 301	199 136	573 859	-285 165	3 465 977
Unallocated assets								978 754
Total assets								**4 444 731**
Segment liabilities	299 465	88 246	120 297	197 280	122 075	108 410	-133 521	802 252
Unallocated liabilities								2 059 443
Total liabilities								**2 861 695**
Capital employed	718 100	210 361	332 377	1 012 021	77 061	465 449	-151 644	2 663 725
Weighted average capital employed	679 811	223 826	371 418	973 935	68 934	491 089	-113 958	2 695 055
Return on weighted average capital employed (ROCE) [1]	21.2%	14.9%	21.6%	10.7%	-	2.5%	-	11.8%
Capital expenditure – PP&E	114 836	12 967	22 271	122 366	17 322	14 837	-31 933	272 666
Capital expenditure – intangible assets	2 018	70	171	52 053	1 271	791	-52 521	3 853
Share in the results of joint ventures and associates	-	-	26 857	-	-	-	-	26 857
Investments in joint ventures and associates	-	-	165 424	-	-	-	-	165 424
Number of employees (year-end) [2]	6 699	1 349	3 218	9 851	1 928	2 587	-	25 631

[1] *ROCE: Operating result (EBIT) relative to weighted average capital employed.*

[2] *Number of employees: full-time equivalents.*

4.2. Revenue by product application

in thousands of €	2017	2018	Variance (%)
Net sales			
Rubber reinforcement products	*1 738 387*	*1 907 805*	*9.7%*
Other steel wire products	*1 713 129*	*1 744 427*	*1.8%*
Stainless products	*178 338*	*170 902*	*-4.2%*
Steel and synthetic ropes, advanced cords (BBRG)	*454 998*	*463 325*	*1.8%*
Other	*13 395*	*18 810*	*40.4%*
Total	**4 098 247**	**4 305 269**	**5.1%**

Rubber reinforcement products include tire cord, bead wire and hose reinforcement wire. Other steel wire products include industrial steel wires, specialty steel wires, building products and sawing wire. Stainless products include fibers and combustion products for heating and drying. BBRG products are presented separately.

Bekaert's top 5 customers together represent more than 20% of the Group's total consolidated sales, while the next top 5 customers represent another 10% of the Group's total consolidated sales.

Additional information by country

The table below shows the relative importance of Belgium (i.e. the country of domicile), Chile, China, the USA and Slovakia for Bekaert in terms of revenues and non-current assets (i.e. intangible assets, goodwill, property, plant and equipment, investments in joint ventures and associates).

in thousands of €	2017	% of total	2018	% of total
Net sales from Belgium	352 658	9%	360 186	8%
Net sales from Chile	341 810	8%	387 954	9%
Net sales from China	836 980	20%	855 857	20%
Net sales from USA	627 218	15%	696 724	16%
Net sales from Slovakia	343 278	8%	354 692	8%
Net sales from other countries	1 596 303	40%	1 649 856	39%
Total net sales	**4 098 247**	**100%**	**4 305 269**	**100%**
Non-current assets located in Belgium	135 422	7%	135 356	7%
Non-current assets located in Chile	99 684	5%	94 270	5%
Non-current assets located in China	418 551	22%	381 318	20%
Non-current assets located in USA	140 693	7%	151 755	8%
Non-current assets located in Slovakia	154 405	8%	147 182	8%
Non-current assets located in other countries	992 809	51%	966 996	52%
Total non-current assets	**1 941 564**	**100%**	**1 876 877**	**100%**

5. Income statement items

5.1. Net sales

The effect of initially applying IFRS 15 'Revenue from contracts with customers' on the Group's revenue from contracts with customers is rather immaterial, as described in note 2.1. 'Statement of compliance'. The Group recognizes revenue from the following sources: delivery of products and, to a limited extent, of services and construction contracts. Bekaert assessed that the delivery of products represents the main performance obligation. The Group recognizes revenue at a point in time when it transfers control over a product to a customer. Customers obtain control when the products are delivered (based on the related inco terms in place). The amount of revenue recognized is adjusted for volume discounts. No adjustment is made for returns nor for warranty as the impact is deemed immaterial based on historical information.
Disaggregating revenue by timing of revenue recognition, i.e. at a point in time vs over time (as is customary for engineering activities) does not add much value, as sales of machines to third parties contributes very little to total sales.

Net sales in thousands of €	**2017**	**(%)**	**2018**	**(%)**
Sales of products	4 094 559	99.9%	4 293 908	99.7%
Sales of machines by engineering	3 349	0.1%	10 872	0.3%
Other sales	339	0.0%	489	0.0%
Net sales	**4 098 247**	**100%**	**4 305 269**	**100%**

In the following table, net sales is disaggregated by industry, as this analysis is often presented in press releases, shareholders' guides and other presentations. The table includes a reconciliation of the net sales by industry with the Group's operating segments (see note 4.1. 'Key data by reporting segment').

2018 in thousands of €	**EMEA**	**North America**	**Latin America**	**Asia Pacific**	**BBRG**	**Consolidated**
Industry						
Automotive	*707 293*	*312 836*	*8 338*	*951 851*	*7 306*	*1 987 623*
Telecom & Utilities	*112 717*	*50 120*	*361*	*48 445*	*88 103*	*299 746*
Construction	*300 715*	*115 027*	*386 949*	*68 325*	*63 503*	*934 519*
Consumer Goods	*64 611*	*24 937*	*131 402*	*20 323*	*-*	*241 273*
Agriculture	*32 956*	*59 770*	*117 268*	*27 685*	*33 672*	*271 351*
Equipment	*64 431*	*40 461*	*1 928*	*44 460*	*147 295*	*298 575*
Basic Materials	*51 529*	*14 920*	*41 131*	*34 930*	*123 446*	*265 956*
Other	*639*	*-*	*4 274*	*1 313*	*-*	*6 226*
Total	**1 334 891**	**618 071**	**691 651**	**1 197 332**	**463 325**	**4 305 269**

2017 in thousands of €	**EMEA**	**North America**	**Latin America**	**Asia Pacific**	**BBRG**	**Consolidated**
Industry						
Automotive	*657 711*	*269 327*	*43 260*	*834 469*	*8 497*	*1 813 264*
Telecom & Utilities	*123 568*	*53 415*	*29 159*	*120 497*	*66 442*	*393 081*
Construction	*295 307*	*91 345*	*441 618*	*69 796*	*77 428*	*975 494*
Consumer Goods	*60 965*	*23 165*	*69 153*	*19 608*	*-*	*172 891*
Agriculture	*34 478*	*62 147*	*71 747*	*24 725*	*35 131*	*228 228*
Equipment	*54 870*	*39 259*	*2 274*	*40 895*	*127 871*	*265 169*
Basic Materials	*45 756*	*13 150*	*13 958*	*33 629*	*139 629*	*246 122*
Other	*807*	*-*	*2 035*	*1 156*	*-*	*3 998*
Total	**1 273 462**	**551 808**	**673 204**	**1 144 775**	**454 998**	**4 098 247**

5.2. Operating result (EBIT) by function

in thousands of €	2017	2018	variance
Sales	4 098 247	4 305 269	207 022
Cost of sales	-3 396 431	-3 778 660	-382 229
Gross profit	**701 816**	**526 609**	**-175 207**
Selling expenses	-180 100	-179 651	449
Administrative expenses	-164 411	-167 346	-2 935
Research and development expenses	-62 670	-65 368	-2 698
Other operating revenues	48 863	72 578	23 715
Other operating expenses	-25 436	-39 942	-14 506
Operating result (EBIT)	**318 062**	**146 880**	**-171 182**
of which			
EBIT - Underlying	**301 095**	**210 140**	**-90 955**
One-off items	**16 967**	**-63 260**	**-80 227**

Sales and gross profit in thousands of €	2017	2018	variance (%)
Sales	4 098 247	4 305 269	5.1%
Cost of sales	-3 396 431	-3 778 660	11.3%
Gross profit	**701 816**	**526 609**	**-25.0%**
Gross profit in % of sales	17.1%	12.2%	

Bekaert's consolidated sales increased by 5.1% versus last year. Organic volume growth boosted sales by 2.2% and the aggregate effect of passed on higher wire rod prices and price-mix added 6.6%. The net effect of mergers, acquisitions and divestments explained -1.3% of the sales increase. Unfavorable currency movements (-2.5%) (mainly related to Chinese renminbi and US dollar) weakened this evolution.

Gross profit decreased by 25% compared to 2017, resulting in a margin of 12.2% compared to 17.1% in 2017. The net effect of mergers, acquisitions and divestments accounted for -2.4% and there was also an impact of negative currency movements (-3.6%).

Overheads in thousands of €	2017	2018	variance (%)
Selling expenses	-180 100	-179 651	-0.2%
Administrative expenses	-164 411	-167 346	1.8%
Research and development expenses	-62 670	-65 368	4.3%
Total	**-407 181**	**-412 365**	**1.3%**

The selling expenses remained at the same level and reflects the impact of acquisitions/divestments (€ +1.2 million), an increase in bad debt reserve (€ -1.2 million), higher costs related to higher organic sales (€ -4.5 million) and by a positive impact from currency movements (€ +4.9 million).
Administrative expenses increased (€ -2.9 million). The impact of acquisitions/divestments (€ +0.4 million) and a positive impact from currency movements (€ +2.8 million) was offset by a negative impact of one-off expenses mainly related to the support provided to BBRG, to the announced closure of the plant in Figline (Italy), lay-off expenses in Belgium and the restructuring efforts in the BBRG segment.
The R&D expenses were higher (€ -2.7 million) reflecting a more precise alignment to Group reporting principles in the BBRG entities and the restructuring of the R&D operations in Italy and Belgium, offset by spent savings efforts in R&D projects.

Other operating revenues in thousands of €	**2017**	**2018**	**variance**
Royalties received	7 871	13 221	5 350
Gains on disposal of PP&E and intangible assets	684	1 383	699
Realized exchange results on sales and purchases	-1 241	-279	962
Government grants	2 333	3 199	865
Restructuring - other revenues	416	41 613	41 197
Gains on business disposals (portion sold)	18 149	1 478	-16 671
Gains on business disposals (portion retained)	14 552	-	-14 552
Other revenues	6 100	11 963	5 863
Total	**48 863**	**72 578**	**23 714**

Other operating expenses in thousands of €	**2017**	**2018**	**variance**
Losses on disposal of PP&E and intangible assets	-2 083	-1 313	770
Amortization of intangible assets	-2 663	-2 690	-27
Bank charges	-2 809	-3 093	-284
Tax related expenses (other than income taxes)	-3 166	-2 873	293
Restructuring - other expenses	-3 436	-27 470	-24 034
Losses on business disposals (CTA recycling)	-6 895	-317	6 578
Other expenses	-4 384	-2 186	2 198
Total	**-25 436**	**-39 942**	**-14 506**

The higher royalty income relates to integration of Sumaré (Brazil) into the BMB partnership end of 2017 and higher operational performance of our Brazilian joint ventures. Government grants mainly relate to subsidies in China. There are no indications that the conditions attached to those grants will not be complied with in the future and therefore it is not expected that subsidies may have to be refunded.

The 'Restructuring - other revenues' (€ 41.6 million) mainly relate to (1) the gain on the disposal of assets as part of the closure of the Huizhou plant (China) and the Shah Alam plant (Malaysia) and (2) the income of OVAM related to the environmental provision in Belgium. The later is offset by the environmental provision included in the 'Restructuring - other expenses'.

The 'Restructuring - other expenses ' (€ 27.5 million) include the transactional fees on the sale of the property as part of the closure of Huizhou plant (China), the set-up of environmental provision in Belgium and restructuring costs in Malaysia and Costa Rica.

The gains and losses on business disposals in 2018 relate to the disposal of the drying activities (see note 7.2. 'Effect of business disposals'). In 2017, the gains and losses on business disposals related to the disposal of the majority stake in the rubber reinforcement plant Sumaré (Brazil). The CTA recycling is presented separately as a loss of € -0.3 million (2017: € -6.9 million).

The following table presents an analysis of one-off items by category (as defined in note 2.6. ‘Alternative performance measures’), operating segment and income statement line item.

One-off items 2018 in thousands of €	**Cost of Sales**	**Selling expenses**	**Admini-strative expenses**	**R&D**	**Other operating revenues**	**Other operating expenses**	**Total**
Restructuring programs by segment							
EMEA [1]	-40 205	-11	-1 192	-	-	-	-41 408
North America	-71	-98	-136	-	-	-	-304
Latin America	-3 826	-460	-607	-	2	-2 773	-7 664
Asia Pacific	-7 050	-18	-4	-	30 812	-15 805	7 934
Group & Business support	-420	-810	-5 759	-1 317	8 680	-8 315	-7 940
BBRG	-7 076	-1	-7 586	-	2 156	-577	-13 084
Intersegment eliminations	-	-	-	-	-36	-	-36
Total restructuring programs [2]	**-58 648**	**-1 397**	**-15 284**	**-1 317**	**41 613**	**-27 470**	**-62 504**
Impairment losses/ (reversals of impairment losses) other than restructuring							
Asia Pacific [3]	-	-	-	-40 153	-	-	-40 153
Intersegment eliminations [3]	-	-	-	39 660	-	-	39 660
Total other impairment losses/(reversals)	**-**	**-**	**-**	**-492**	**-**	**-**	**-492**
Business disposals							
EMEA (Drying activities)	-	-	-	-	1 478	-317	1 161
Total business disposals	**-**	**-**	**-**	**-**	**1 478**	**-317**	**1 161**
Environmental provisions/ (reversals of provisions)							
Group & Business support	-	-	-	-	1 511	-89	1 422
Total environmental provisions/(reversals)	**-**	**-**	**-**	**-**	**1 511**	**-89**	**1 422**
Other events and transactions							
EMEA	306	-	-	-	38	-378	-34
Latin America	-	-	-141	-	-	-	-141
Group & Business support	-	-	-3 019	-	361	-	-2 659
BBRG	-	-	-114	-	114	-14	-14
Total other events and transactions	**306**	**-**	**-3 275**	**-**	**513**	**-392**	**-2 847**
Total	**-58 342**	**-1 397**	**-18 559**	**-1 809**	**45 115**	**-28 267**	**-63 260**

[1] *Mainly closure of the rubber reinforcement plant in Figline (Italy).*

[2] *Restructuring - other operating revenues (€ 41.6 milion) and Restructuring - other operating expenses (€ -27.5 million) are described in the related section on 'Other operating revenues' and 'Other operating expenses'.*

[3] *Relates to an impairment of intangible assets recognized at the segment level following an intra-group transaction done in previous year.*

One-off items 2017 in thousands of €	**Cost of Sales**	**Selling expenses**	**Admini-strative expenses**	**R&D**	**Other operating revenues**	**Other operating expenses**	**Total**
Restructuring programs by segment							
EMEA	-1 378	-93	-29	-12	-	-	-1 511
Latin America	-507	-	-	-	-	-	-507
Asia Pacific	-3 768	-6	-1	-19	1 787	-708	-2 715
Group & Business support	278	4	-	-	400	-2 342	-1 660
BBRG	-760	-605	-23	-	17	-512	-1 884
Intersegment eliminations	-	-	-	-	-1 729	-	-1 729
Total restructuring programs	**-6 134**	**-701**	**-52**	**-30**	**475**	**-3 562**	**-10 005**
Impairment losses/ (reversals of impairment losses) other than restructuring							
EMEA	3 262	-	-	-	-	-	3 262
Total other impairment losses/(reversals)	**3 262**	**-**	**-**	**-**	**-**	**-**	**3 262**
Business disposals							
Latin America (Sumaré (Brazil))	-	-	-	-	32 700	-6 895	25 805
Total business disposals	**-**	**-**	**-**	**-**	**32 700**	**-6 895**	**25 805**
Environmental provisions/ (reversals of provisions)							
Group & Business support	-	-	-	-	2 123	-262	1 861
Total environmental provisions/(reversals)	**-**	**-**	**-**	**-**	**2 123**	**-262**	**1 861**
Disposal intangible assets							
Group & Business support	-	-	-	-	51 601	-	51 601
Intersegment eliminations	-	-	-	-	-51 601	-	-51 601
Total disposal of intangible assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other events and transactions							
EMEA	950	-	-	-	-	95	1 045
Latin America	864	-	-12	-	-742	-	111
Asia Pacific	-	-	-	-	-	-1	-1
Group & Business support	-1 355	-	-2 180	-	-	-605	-4 140
BBRG	-40	-	-262	-	28	-697	-971
Total other events and transactions	**420**	**-**	**-2 454**	**-**	**-713**	**-1 209**	**-3 956**
Total	**-2 452**	**-701**	**-2 506**	**-30**	**34 584**	**-11 928**	**16 967**

EBIT Reported and Underlying in thousands of €	**2017** **reported**	**of which underlying**	**of which one-offs**	**2018** **reported**	**of which underlying**	**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**

5.3. Operating result (EBIT) by nature

The table below provides information on the major items contributing to the operating result (EBIT), categorized by nature.

in thousands of €	2017	% on sales	2018	% on sales
Sales	4 098 247	100%	4 305 269	100%
Other operating revenues	48 863	-	72 578	-
Total operating revenues	**4 147 110**	**-**	**4 377 847**	**-**
Own construction of PP&E	99 713	2.4%	56 561	1.3%
Raw materials	-1 497 872	-36.5%	-1 766 663	-41.0%
Semi-finished products and goods for resale	-309 173	-7.5%	-396 145	-9.2%
Change in work-in-progress and finished goods	58 254	1.4%	114 023	2.6%
Staff costs	-819 628	-20.0%	-820 369	-19.1%
Depreciation and amortization	-194 952	-4.8%	-218 173	-5.1%
Impairment losses	3 411	0.1%	-21 451	-0.5%
Transport and handling of finished goods	-184 078	-4.5%	-191 010	-4.4%
Consumables and spare parts	-297 126	-7.3%	-270 977	-6.3%
Utilities	-253 511	-6.2%	-256 305	-6.0%
Maintenance and repairs	-66 496	-1.6%	-68 813	-1.6%
Expenses operating leases	-29 793	-0.7%	-31 426	-0.7%
Commissions in selling expenses	-6 309	-0.2%	-7 722	-0.2%
Export VAT and export customs duty	-32 793	-0.8%	-31 307	-0.7%
ICT costs	-40 353	-1.0%	-41 364	-1.0%
Advertising and sales promotion	-11 107	-0.3%	-10 820	-0.3%
Travel, restaurant & hotel	-33 501	-0.8%	-27 990	-0.7%
Consulting and other fees	-40 446	-1.0%	-44 965	-1.0%
Office supplies and equipment	-10 700	-0.3%	-10 204	-0.2%
Venture capital funds R&D	-1 504	0.0%	-1 414	0.0%
Temporary or external labor	-35 178	-0.9%	-36 613	-0.9%
Insurance expenses	-7 290	-0.2%	-7 357	-0.2%
Miscellaneous	-118 615	-2.9%	-140 463	-3.3%
Total operating expenses	**-3 829 048**	**-93.4%**	**-4 230 967**	**-98.3%**
Operating result (EBIT)	**318 062**	**7.8%**	**146 880**	**3.4%**

The impairment losses mainly relate to the sawing wire assets (China) as well as PP&E of the rubber reinforcement plant in Figline (Italy). The depreciation and amortization include write-downs / (reversals of write-downs) on inventories and trade receivables.

5.4. Interest income and expense

in thousands of €	2017	2018
Interest income on financial assets not classified as at FVTPL	3 117	3 035
Interest income	**3 117**	**3 035**
Interest expense on interest-bearing debt not classified as at FVTPL	*-75 050*	*-73 941*
Other debt-related interest expense	*-8 102*	*-10 025*
Debt-related interest expense	-83 152	-83 966
Interest element of discounted provisions	-6 699	-4 024
Interest expense	**-89 852**	**-87 990**
Total	**-86 735**	**-84 955**

The impact of higher average gross debt in 2018 on interest expense was more than offset by the sharp decrease of the average interest rate from 3.57% end of 2017 to 2.14% end of 2018. This drop in average interest rate was mainly due to the refinancing of the BBRG debt in October 2018.

Interest expense on interest-bearing debt not classified as at fair value through profit or loss (FVTPL) relates to all debt instruments of the Group, other than hedging instruments and interest-rate risk mitigating derivatives designated as economic hedges.

Of the interest element of discounted provisions, € -3.5 million (2017: € -4.4 million) relates to the defined-benefit liabilities (see note 6.15. 'Employee benefit obligations') and € -0.6 million (2017: € -2.3 million) relates to other provisions (see note 6.16. 'Provisions').

5.5. Other financial income and expenses

in thousands of €	2017	2018
Value adjustments to derivatives	*17 527*	*22 071*
Exchange results on hedged items	*-14 180*	*-18 674*
Net impact of derivatives and hedged items	3 347	3 398
Other exchange results	-7 435	-4 366
Value adjustment on financial liabilities designated as FVTPL	-	-1 900
Inflation accounting effects	-16	-1 538
Gains and losses on settlement of financial liabilities	-	-12 080
Dividends from non-consolidated equity investments	1 062	536
Bank charges and taxes on financial transactions	-2 873	-7 692
Impairments of other receivables	-67	-1 253
Other	-426	-652
Total	**-6 408**	**-25 547**

Value adjustments include changes in the fair value of all derivatives, other than those designated as cash flow hedges. Exchange results on hedged items also relate to economic hedges only. The net impact of derivatives and hedged items presented here does not include any impacts recognized in other income statement elements, such as interest expense, cost of sales or other operating revenues and expenses. For more details on the impact of derivatives and hedged items, see note 7.3. 'Financial risk management and financial derivatives'.

Value adjustments to derivatives include a fair value gain of € 17.3 million in 2018 (2017: gain of € 17.6 million) on the conversion option relating to the convertible debt issued in June 2016 (see the 'Financial instruments by fair value measurement hierarchy' section in note 7.3. 'Financial risk management and financial derivatives').

The loss on settlement of financial liabilities of € -12.1 million is linked to the repayment of the BBRG term A and B loan that were accounted for at amortized cost. The increase in bank charges and taxes on financial transactions is due to fees and taxes linked to the BBRG debt refinancing and the acquisition by Bekaert of Ontario Teachers' non-controlling interest in Bridon-Bekaert Ropes Group.

All dividends from non-consolidated equity investments relate to investments still held at reporting date as no shares were sold during the year. Inflation accounting effects relate to the Venezuelan operations.

5.6. Income taxes

in thousands of €	2017	2018
Current income taxes - current year	-70 903	-65 266
Current income taxes - prior periods	1 617	-270
Deferred taxes - due to changes in temporary differences	-21 885	-15 248
Deferred taxes - due to changes in tax rates	-16 229	-50
Deferred taxes - adjustments to tax losses of prior periods	-6 526	-974
Deferred taxes - utilization of deferred tax assets not previously recognized	44 650	23 343
Total tax expense	**-69 276**	**-58 465**

Relationship between tax expense and accounting profit

In the table below, accounting profit is defined as the result before taxes.

in thousands of €	2017	2018
Result before taxes	224 919	36 378
Tax expense at the theoretical domestic rates applicable to results of taxable entities in the countries concerned	-65 178	-18 044
Tax expense related to distribution of retained earnings	-4 811	-4 120
Total theoretical tax expense	-69 989	-22 164
Theoretical tax rate [1]	-31.1%	-60.9%
Tax effect of:		
Non-deductible items	*-11 617*	*-12 801*
Disallowed interest expense (thin cap) [2]	*-2 080*	*-10 379*
Other tax rates, tax credits and special tax regimes [3]	*5 824*	*12 427*
Non-recognition of deferred tax assets [4]	*-16 038*	*-44 881*
Utilization or recognition of deferred tax assets not previously recognized [5]	*44 650*	*23 343*
Deferred tax due to change in tax rates [6]	*-16 229*	*-50*
Tax relating to prior periods	*-4 909*	*-1 244*
Exempted income [7]	*6 423*	*254*
Withholding taxes on dividends, royalties, interests & services	*-12 213*	*-7 358*
Other [8]	*6 902*	*4 388*
Total tax expense	**-69 276**	**-58 465**
Effective tax rate	-30.8%	-160.7%

[1] *The theoretical tax rate is computed as a weighted average. The rate of 2018 is not comparable with the rate of 2017 as a consequence of combinations of positive and negative results before taxes in different countries at different rates. Furthermore, for some negative results the deferred tax assets related to losses carried forward have been allowed.*

[2] *The disallowed interest expenses relate mainly to BBRG in the UK. In 2018, the impact is significantly higher than 2017 due to one-time extension fees which are for tax purposes considered as interests and to the debt restructuring.*

[3] *In 2018, the special tax regimes and tax credits mainly relate to tax incentives in Belgium, the Netherlands, Australia and Malaysia whereas in 2017 mainly Belgium and the Netherlands contributed.*

[4] *In 2018, the non-recognition of deferred tax assets mainly relates to impaired assets of the Sawing Wire business in China, and losses carried forward in Brazil, Chile, China, Costa Rica, Germany, Malaysia and the UK while in 2017, it mainly relates to losses carried forward in Brazil, Chile, China, Colombia, Costa Rica, Germany, Malaysia and the UK.*

[5] *In 2018, the utilization of deferred tax assets not previously recognized is mainly triggered by one-off disposals of PP&E, similar as in 2017.*

[6] *In 2017, the impact was applicable in Belgium (€ -12.6 million) and the USA (€ -3.1 million). In Belgium the tax rate gradually shifts from 33.99% to 25% and in the USA from 40% to 24.25%.*

[7] *Relates in 2017 mainly to the disposal of the majority stake in the rubber reinforcement plant in Sumaré (Brazil).*

[8] *In 2018 as well as in 2017, it concerns mainly adjustments in provisions for uncertain tax positions.*

5.7. Share in the results of joint ventures and associates

The share in the results of joint ventures and associates was unfavourably affected by the weakening Brazilian real (-19% vs 2017). Rubber reinforcement activities were hit by the renewal of the long-term supply agreement with Pirelli, while the steel wire activities in Brazil continued to grow.
Additional information relating to the Brazilian joint ventures is provided under note 6.4. 'Investments in joint ventures and associates'.

in thousands of €		2017	2018
Joint ventures			
Belgo Bekaert Arames Ltda	Brazil	19 712	20 012
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda [1]	Brazil	5 424	4 878
ArcelorMittal Bekaert Sumaré Ltda [2]	Brazil	1 721	-
Servicios Ideal AGF Inttegra Cía Ltda [3]	Ecuador	-	-15
Total		**26 857**	**24 875**

[1] *2017 includes November-December contribution from ArcelorMittal Bekaert Sumaré Ltda, due to merger on 1 November 2017.*
[2] *Relates to July-October 2017, due to the partial disposal to ArcelorMittal on 21 June 2017 and subsequent merger with BMB on 1 November 2017.*
[3] *New 50/50 joint venture established by Ideal Alambrec SA and Steel-AGF Ecuador SA. Operations started in November 2018.*

5.8. Earnings per share

2018	Number
Weighted average number of ordinary shares (basic)	**56 453 134**
Dilution effect of share-based payment arrangements	156 297
Dilution effect of convertible bonds	7 485 675
Weighted average number of ordinary shares (diluted)	**64 095 106**

in thousands of €	Basic	Diluted
Result for the period attributable to ordinary shareholders	39 768	39 768
Effect on earnings of convertible bonds	-	-7 254
Earnings	**39 768**	**32 514**
Earnings per share (in €)	**0.704**	**0.507**

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). See also note 2.8. 'Restatement and reclassification effects'.

2017	Number
Weighted average number of ordinary shares (basic)	**56 741 126**
Dilution effect of share-based payment arrangements	560 669
Dilution effect of convertible bond	7 414 634
Weighted average number of ordinary shares (diluted)	**64 716 429**

in thousands of €	Basic	Diluted
Result for the period attributable to ordinary shareholders	184 720	184 720
Effect on earnings of convertible bond	-	-7 249
Earnings	**184 720**	**177 471**
Earnings per share (in €)	**3.255**	**2.742**

Earnings per share ('EPS') is the amount of post-tax profit attributable to each share. Basic EPS is calculated as the result for the period attributable to the Group divided by the weighted average number of shares outstanding during the year. Diluted EPS reflects any commitments of the Group to issue shares in the future. These comprise shares to be issued for equity-settled share-based payment plans (subscription rights, options, performance shares and matching shares, see note 6.12. 'Ordinary shares, treasury shares and equity-settled share-based payments') and for the convertible bonds. Subscription rights, options and other share-based payment arrangements are only dilutive to the extent that their issue price is lower than the average closing price of the period, in which the issue price includes the fair value of any services to be rendered during the remainder of the vesting period. Contingently issuable shares (e.g. performance shares) are only dilutive if the conditions are satisfied at the balance sheet date. The dilution effect of share-based payment arrangements is limited to the weighted average number of shares to be used in the denominator of the EPS ratio; there is no effect on the earnings to be used in the numerator of the EPS ratio. The convertible bonds tend to affect both the denominator and the numerator of the EPS ratio. The dilution effect of the convertible bonds on the earnings (to be used in the numerator of the EPS ratio) consists of a reversal of all income and expenses directly related to the convertible bonds and having affected the 'basic' earnings for the period. Following income statement items were affected by the convertible bonds:

(a) the effective interest expense of € -10.1 million (2017: € -10.4 million),
(b) fair value gains of € 17.3 million on the derivative liability representing the conversion option (2017: gains of € 17.7 million).

To calculate the dilution impact, it is assumed that all dilutive potential shares are issued at the beginning of the period, or, if the instruments were granted during the period, at the grant date. Bekaert has the option to settle the notional amount of the bonds in ordinary shares or in cash, but any share price increase over and above the conversion price should be settled in shares. Bekaert has a call option on the conversion option when the share price exceeds the conversion price by 30.0%, which caps the amount of shares to be converted at 1.7 million. Management does not intend to settle the notional amount in shares and has already bought back enough shares to cover the call option. Nevertheless, in accordance with IAS 33 'Earnings per share', the number to be added to the denominator equates to the 7.5 million potential shares corresponding with the notional amount of the bond divided by the conversion price. This results in a total dilution effect of € -0.197 per share (2017: € -0.513) , of which € -0.195 relates to the convertible bonds (2017: € -0.481) and € -0.002 to the share-based payment arrangements (2017: € -0.032).

The average closing price during 2018 was € 28.21 per share (2017: € 42.05 per share). The following table presents all antidilutive instruments for the period presented. Options and subscription rights were out of the money because their issue price exceeded the average closing price, while performance shares were antidilutive because the performance condition was not fulfilled.

Antidilutive instruments	**Date granted**	**Issue price (in €)**	**Number granted**	**Number outstanding**
SOP2 - options	19.02.2007	30.175	37 500	10 000
SOP2 - options	18.02.2008	28.335	43 500	19 320
SOP2 - options	15.02.2010	33.990	49 500	44 500
SOP 2005-2009 - subscription rights	19.02.2007	30.175	153 810	8 970
SOP 2005-2009 - subscription rights	18.02.2008	28.335	215 100	54 850
SOP 2005-2009 - subscription rights	15.02.2010	33.990	225 450	103 350
SOP 2010-2014 - options	14.02.2011	77.000	360 925	295 725
SOP 2015-2017 - options	13.02.2017	42.870	273 325	270 325
SOP 2015-2017 - options	20.02.2018	41.673	225 475	225 475
PSP 2015-2017	15.12.2016	-	52 450	48 217
PSP 2015-2017	06.03.2017	-	10 000	10 000
PSP 2015-2017	01.09.2017	-	5 000	5 000
PSP 2015-2017	21.12.2017	-	55 250	52 983

6. Balance sheet items

6.1. Intangible assets

Cost in thousands of €	**Licenses, patents & similar rights**	**Computer software**	**Rights to use land**	**Commercial assets**	**Other**	**Total**
As at 1 January 2017	23 635	84 115	75 618	57 856	16 291	257 515
Expenditure	75	3 761	17	-	-	3 853
Disposals and retirements	-4	-599	-	-	-	-603
Transfers [1]	38	266	-	-	-	304
Reclassification to (-) / from held for sale	-	1 005	-	-	-	1 005
Deconsolidations	-	-925	-	-	-	-925
Exchange gains and losses (-)	-42	-2 507	-5 057	-3 832	-612	-12 051
As at 31 December 2017	**23 702**	**85 116**	**70 578**	**54 023**	**15 679**	**249 098**
As at 1 January 2018	23 702	85 116	70 578	54 023	15 679	249 098
Expenditure		4 507	1	-	-	4 508
Disposals and retirements	-	-787	-14 777	-	-7	-15 571
Transfers [1]	-	-190	-	1 200	-1 001	9
Reclassification to (-) / from held for sale	-	-4	9 618	-	-	9 614
Deconsolidations	-73	-1 001	-	-19	-	-1 093
Exchange gains and losses (-)	-43	147	-175	-152	-205	-427
As at 31 December 2018	**23 587**	**87 787**	**65 246**	**55 053**	**14 466**	**246 138**

Accumulated amortization and impairment						
As at 1 January 2017	11 116	68 877	14 397	9 753	12 996	117 138
Charge for the year	1 454	4 300	1 393	3 636	1 072	11 854
Impairment losses	-	-	33	-	-	33
Disposals and retirements	-4	-347	-	-	-	-351
Deconsolidations	-	-60	-	-	-	-60
Reclassification to (-) / from held for sale	-	1	-34	-	-	-32
Exchange gains (-) and losses	-104	-2 046	-1 011	-977	-562	-4 700
As at 31 December 2017	**12 461**	**70 725**	**14 778**	**12 412**	**13 505**	**123 881**
As at 1 January 2018	12 461	70 725	14 778	12 412	13 505	123 881
Charge for the year	1 322	4 158	1 285	1 928	866	9 559
Impairment losses	492	58	-	-	-	550
Reversal impairment losses and depreciations	-	-	-101	-	-	-101
Disposals and retirements		-778	-2 148	-	-8	-2 934
Deconsolidations	-37	-983	-	-	-19	-1 039
Transfers [1]	-	-	-	211	-211	-
Reclassification to (-) / from held for sale	-	-4	1 528	-	-	1 523
Exchange gains (-) and losses	0	143	-33	177	-92	195
As at 31 December 2018	**14 239**	**73 318**	**15 309**	**14 729**	**14 041**	**131 636**
Carrying amount as at 31 December 2017	**11 241**	**14 391**	**55 800**	**41 611**	**2 174**	**125 217**
Carrying amount as at 31 December 2018	**9 347**	**14 469**	**49 937**	**40 324**	**424**	**114 502**

[1] *Total transfers equal zero when aggregating the balances of 'Intangible assets' and 'Property, plant and equipment' (see note 6.3.).*

The software expenditure mainly relate to additional licenses for and implementations of the MES project (Manufacturing Excellence System), the GRC project (Governance, Risk & Compliance), two automation pilot projects in the manufacturing area and ERP software (SAP) in general.

In 2017 the rights to use land of the Bekaert (Huizhou) Steel Cord Co Ltd plant were classified as Held for Sale. As part of the closure of the plant these were effectively sold in 2018. Similar, as part of the restructuring of the operations in Malaysia, part of the rights to use land were sold as well. Additional information regarding the reclassification from held for sale is provided under note 6.11. 'Assets classified as held for sale and liabilities associated with those assets'.

The deconsolidation impact in 2018 relates to the divestment of Solaronics SA (drying business). For further information on the deconsolidations, please see note 7.2. 'Effect of business disposals'.

No intangible assets have been identified as having an indefinite useful life at the balance sheet date.

6.2. Goodwill

This note mainly relates to goodwill on acquisition of subsidiaries. Goodwill in respect of joint ventures and associates is disclosed in note 6.4. 'Investments in joint ventures and associates'.

Cost in thousands of €	**2017**	**2018**
As at 1 January	170 923	168 131
Deconsolidation	-	-13 176
Exchange gains and losses (-)	-2 792	-763
As at 31 December	**168 131**	**154 192**

Impairment losses in thousands of €	**2017**	**2018**
As at 1 January	18 578	18 236
Deconsolidation	-	-13 176
Exchange gains (-) and losses	-342	-123
As at 31 December	**18 236**	**4 937**
Carrying amount as at 31 December	**149 895**	**149 255**

Following the divestment of the drying activities, the related fully-impaired goodwill has been derecognized.

Goodwill by cash-generating unit (CGU)

Goodwill acquired in a business combination is allocated on acquisition to the cash-generating units (CGU) that are expected to benefit from that business combination. The carrying amount of goodwill and any related movements of the period have been allocated as follows:

Segment in thousands of €	**Group of cash-generating units**	**Carrying amount 1 Jan 2017**	**Increases**	**Impairments**	**Exchange differences**	**Carrying amount 31 Dec 2017**
Subsidiaries						
EMEA	Bekaert Bradford UK Ltd	2 615	-	-	-92	2 523
EMEA	Combustion - heating	3 027	-	-	-	3 027
EMEA	Building Products	71	-	-	-	71
EMEA	Rubber Reinforcement	4 255	-	-	-	4 255
North America	Orrville plant (USA)	11 128	-	-	-1 347	9 781
Latin America	Inchalam group	899	-	-	-38	861
Latin America	Bekaert Ideal SL companies	844	-	-	-	844
Asia Pacific	Bekaert (Qingdao) Wire Products Co Ltd	385	-	-	-	385
Asia Pacific	Bekaert Jiangyin Wire Products Co Ltd	47	-	-	-	47
BBRG	BBRG	129 074			-973	128 101
Subtotal		**152 345**	**-**	**-**	**-2 450**	**149 895**
Joint ventures and associates						
Latin America	Belgo Bekaert Arames Ltda	4 381	-	-	-598	3 783
Latin America	BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	-	2 679	-	-366	2 313
Subtotal		**4 381**	**2 679**	**-**	**-964**	**6 096**
Total		**156 726**	**2 679**	**-**	**-3 414**	**155 991**

Segment in thousands of €	**Group of cash-generating units**	**Carrying amount 1 Jan 2018**	**Increases**	**Impairments**	**Exchange differences**	**Carrying amount 31 Dec 2018**
Subsidiaries						
EMEA	Bekaert Bradford UK Ltd	2 523	-	-	-21	2 502
EMEA	Combustion - heating	3 027	-	-	-	3 027
EMEA	Building Products	71	-	-	-	71
EMEA	Rubber Reinforcement	4 255	-	-	-	4 255
North America	Orrville plant (USA)	9 781	-	-	464	10 245
Latin America	Inchalam group	861	-	-	-62	799
Latin America	Bekaert Ideal SL companies	844	-	-	-	844
Asia Pacific	Bekaert (Qingdao) Wire Products Co Ltd	385	-	-	-	385
Asia Pacific	Bekaert Jiangyin Wire Products Co Ltd	47	-	-	-	47
BBRG	BBRG	128 101	-	-	-1 021	127 080
Subtotal		**149 895**	**-**	**-**	**-640**	**149 255**
Joint ventures and associates						
Latin America	Belgo Bekaert Arames Ltda	3 783	-	-	-401	3 382
Latin America	BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	2 313	-	-	-245	2 068
Subtotal		**6 096**	**-**	**-**	**-646**	**5 450**
Total		**155 991**	**-**	**-**	**-1 286**	**154 705**

In relation to the impairment testing of goodwill arising from the BBRG business combination, the following model characteristics have been used:

» a 5-year forecast timeframe of cash flows (in line with the latest business plan update), followed by a terminal value assumption based on a nominal perpetual growth rate of 2% (in 2017: 2%), which mainly is based on a conservative industrial GDP evolution assumption;

» the cash flows are based on an indepth business plan which was prepared as part of the dialogue with the lenders' syndicate about the running financing structure of BBRG;

» the cash flows reflect the evolution taking into account agreed action plans and are based on the assets in their current condition, without including the impacts of future restructuring not yet committed;

» only capital expenditure required to maintain the assets in good working order are included; future capital expenditures improving or enhancing the assets in excess of their originally assessed standard of performance are not considered;

» no cost structure improvements are taken into account unless they can be substantiated; and

» the cash outflows relating to working capital are calculated as a percentage of incremental sales based on the past performance of BBRG.

The discount factor for all tests is based on a (long-term) pre-tax cost of capital, the risks being implicit in the cash flows. A weighted average cost of capital (WACC) is determined for euro, US dollar and Chinese renminbi regions. For countries or businesses with a higher perceived risk, the WACC is raised with a country or business specific risk factor. Following the buy-out of the minority stakeholder in BBRG and the refinancing of BBRG's financial debt, the specific equity risk premium for BBRG compared to the general Group business context has been considered not appropriate any longer. The WACC is pre-tax based, since relevant cash flows are also pre-tax based. In determining the weight of the cost of debt vs the cost of equity, a target gearing (net debt relative to equity) of 50% is used. For cash flow models stated in real terms (without inflation), the nominal WACC is adjusted for the expected inflation rate. For cash flow models in nominal terms, the nominal WACC is used. All parameters used for the calculation of the discount factors are reviewed at least annually.

Discount rates for impairment testing 2018			**EUR region**	**USD region**	**CNY region**
Group target ratios					
Gearing: net debt/equity		50%			
% debt		33%			
% equity		67%			
% LT debt		75%			
% ST debt		25%			
Cost of Bekaert debt			**2.0%**	**3.9%**	**5.4%**
Long term interest rate			2.4%	4.5%	5.6%
Short term interest rate			0.9%	2.2%	5.0%
Cost of Bekaert equity (post tax)	**$= R_f + \beta \,.\, E_m$**		**8.3%**	**10.6%**	**12.5%**
Risk free rate = R_f			0.8%	3.0%	4.9%
Beta = β		1.2			
Market equity risk premium = E_m		6.3%			
BBRG specific risk premium				0.0%	
Cost of BBRG equity (post tax)				**10.6%**	
Corporate tax rate		**27%**			
Cost of Bekaert equity before tax			**11.4%**	**14.5%**	**17.1%**
Cost of BBRG equity before tax				**14.5%**	
Bekaert WACC - nominal			**8.3%**	**10.9%**	**13.2%**
BBRG WACC - nominal				**10.9%**	
Expected inflation			1.6%	1.9%	2.4%
Bekaert WACC in real terms			**6.7%**	**9.0%**	**10.8%**
BBRG WACC in real terms				**9.0%**	

Specific for the BBRG related goodwill, management is convinced that the profit restoration plan represents an ambitious, but realistic scenario which will bring the projected results conditional to a strict execution and implementation of the various initiatives included in this plan. Based on this, the headroom for impairment, i.e. the excess of the recoverable amount over the carrying amount of the BBRG CGU, is estimated at € 121.7 million (2017: € 123.6 million). The following scenarios illustrate the sensitivity of this headroom to changes in the key assumptions of the business plan:

» If the sales level would be 10% lower in all periods of the business plan, then headroom would be € 28.6 million lower (remaining € 93.1 million);

» If the discount factor would be 1% higher, then headroom would be € 59.5 million lower (remaining € 62.3 million);

» If the Underlying EBIT-margin would be 1.5% lower for all periods of the business plan, then headroom would be € 96.6 million lower (remaining € 25.2 million);

» The combined effect of a lower sales level by 10% and a lower Underlying EBIT margin by 1.5%, would result in a reduction of headroom by € 115.5 million (remaining € 6.2 million);

» The combined effect of a lower sales level by 10%, a lower underlying EBIT margin by 1.5% and a higher discount factor with 1%, then an impairment loss of € 40.8 million would be incurred.

Based on current knowledge, reasonable changes in key assumptions (including discount rate, sales and margin evolution) would not generate impairments for any of the cash-generating units for which goodwill has been allocated.

Discount rates for impairment testing 2017			**EUR region**	**USD region**	**CNY region**
Group target ratios					
Gearing: net debt/equity		50%			
% debt		33%			
% equity		67%			
% LT debt		75%			
% ST debt		25%			
Cost of Bekaert debt			**2.1%**	**3.6%**	**5.7%**
Long term interest rate			2.5%	4.2%	5.9%
Short term interest rate			1.0%	1.9%	5.3%
Cost of Bekaert equity (post tax)	**$= R_f + \beta \cdot E_m$**		**8.9%**	**10.7%**	**13.2%**
Risk free rate = R_f			0.6%	2.4%	4.9%
Beta = β		1.2			
Market equity risk premium = E_m		6.9%			
BBRG specific risk premium				1.0%	
Cost of BBRG equity (post tax)				**11.7%**	
Corporate tax rate		**27%**			
Cost of Bekaert equity before tax			**12.2%**	**14.6%**	**18.0%**
Cost of BBRG equity before tax				**16.0%**	
Bekaert WACC - nominal			**8.8%**	**10.9%**	**13.9%**
BBRG WACC - nominal				**11.9%**	
Expected inflation			1.6%	1.9%	2.4%
Bekaert WACC in real terms			**7.3%**	**9.0%**	**11.5%**
BBRG WACC in real terms				**10.0%**	

6.3. Property, plant and equipment

Cost in thousands of €	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Finance leases	Other PP&E	Assets under construc-tion	Total
As at 1 January 2017	1 131 435	2 711 051	102 210	12 483	9 049	139 823	4 106 052
Expenditure	48 224	155 300	11 303	254	2 326	55 002	272 410
Disposals and retirements	-3 918	-32 140	-6 875	-92	-10	-8	-43 043
Deconsolidations	-26 174	-11 990	-421	-	-	-690	-39 275
Transfers [1]	-	990	-	-990	-	-304	-304
Reclassification to (-) / from held for sale	30 173	12 410	463	-	-	1 089	44 135
Exchange gains and losses (-)	-68 186	-155 871	-5 202	-732	-196	-10 574	-240 761
Inflation effects on opening balances	1 676	2 047	213	-	-	-	3 936
Other inflation effects	-	-	-	-	-	9	9
As at 31 December 2017	**1 113 229**	**2 681 797**	**101 692**	**10 922**	**11 170**	**184 349**	**4 103 159**
As at 1 January 2018	1 113 229	2 681 797	101 692	10 922	11 170	184 349	4 103 159
Expenditure	44 958	181 877	12 145	242	8 698	-49 472	198 449
Disposals and retirements	-17 174	-41 746	-5 158	22	-75	-271	-64 402
Deconsolidations	-395	-707	-330	-	-	-5	-1 437
Transfers [1]	-	-	-	-	-	-9	-9
Reclassification to (-) / from held for sale	16 727	-57	-19	-	-480	-	16 172
Exchange gains and losses (-)	-4 359	1 888	-629	-542	-136	-2 038	-5 815
Inflation effects on opening balances	1 817	2 219	230	-	-	-	4 266
As at 31 December 2018	**1 154 803**	**2 825 271**	**107 931**	**10 645**	**19 178**	**132 554**	**4 250 382**

Accumulated depreciation and impairment	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Finance leases	Other PP&E	Assets under construc-tion	Total
As at 1 January 2017	526 854	1 963 819	83 924	2 355	4 001	-	2 580 953
Charge for the year	41 847	142 431	7 623	441	505	-	192 846
Impairment losses	171	4 595	6	-	-	-	4 772
Reversal impairment losses and depreciations	-4 395	-3 817	92	-132	-	-	-8 252
Disposals and retirements	-3 528	-29 801	-6 526	-72	-10	-	-39 936
Transfers[1]	-	846	-	-846	-	-	-
Deconsolidations	-2 251	-4 018	-224	-	-	-	-6 494
Reclassification to (-) / from held for sale	3 251	3 747	190	-	-	-	7 188
Exchange gains (-) and losses	-28 754	-106 117	-4 200	-125	-165	-	-139 360
Inflation effects on opening balances	588	1 370	198	-	-	-	2 156
As at 31 December 2017	**533 783**	**1 973 056**	**81 082**	**1 620**	**4 332**	**-**	**2 593 874**
As at 1 January 2018	533 783	1 973 056	81 082	1 620	4 332	-	2 593 874
Charge for the year	41 139	146 068	9 171	486	1 493	-	198 358
Impairment losses	8 092	26 893	156	-	-	-	35 141
Reversal impairment losses and depreciations	-9 845	-4 321	43	-71	-	-	-14 193
Disposals and retirements	-6 104	-39 657	-4 909	22	-12	-	-50 660
Deconsolidations	-186	-595	-255	-	-	-	-1 035
Reclassification to (-) / from held for sale	16 727	-57	-19	-	-2	-	16 650
Exchange gains (-) and losses	1 116	2 532	-436	-66	-97	-	3 049
Inflation effects on opening balances	706	1 641	211	-	-	-	2 557
As at 31 December 2018	**585 428**	**2 105 560**	**85 045**	**1 993**	**5 714**	**-**	**2 783 740**

[1] *Total transfers equal zero when aggregating the balances of 'Intangible assets' (see note 6.1.) and 'Property, plant and equipment'.*

in thousands of €	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Finance leases	Other PP&E	Assets under construc-tion	Total
Carrying amount as at 31 December 2017 before investment grants and reclassification of leases	**579 446**	**708 741**	**20 609**	**9 302**	**6 839**	**184 349**	**1 509 285**
Net investment grants	-6 179	-2 079	-	-	-	-	-8 257
Finance leases by asset category	7 260	1 841	200	-9 301	-	-	-
Carrying amount as at 31 December 2017	**580 527**	**708 503**	**20 809**	**-**	**6 839**	**184 349**	**1 501 028**
Carrying amount as at 31 December 2018 before investment grants and reclassification of leases	**569 374**	**719 712**	**22 885**	**8 651**	**13 463**	**132 554**	**1 466 642**
Net investment grants	-5 701	-1 493	-	-	-	-	-7 194
Finance leases by asset category	6 534	1 730	387	-8 651	-	-	-
Carrying amount as at 31 December 2018	**570 208**	**719 950**	**23 272**	**-**	**13 463**	**132 554**	**1 459 449**

Capital expenditure included capacity expansions and equipment upgrades across the group, but particularly in Central and Eastern Europe, China, India, Indonesia, Chili and in Advanced Cords. Apart from the regular retirements of outdated, (almost) fully depreciated equipment, the net disposal impact related mainly to the sale of buildings as part of the closure of the Bekaert (Huizhou) Steel Cord Co Ltd plant and the restructuring of the Malaysian operations. Impairment losses were incurred as part of the ongoing restructuring and plant closure programs in Italy, Costa Rica, Brazil and Malaysia, as well on assets employed in the sawing wire business. Impairment losses previously recorded in the Bekaert (Huizhou) Steel Cord Co Ltd plant on assets disposed of as a part of the closure project, were reversed.

The deconsolidation impact in 2018 relates to the divestment of Solaronics SA (drying business). For further information on the deconsolidations, please see note 7.2. 'Effect of business disposals'.

Inflation effects relate to the application of inflation accounting in Venezuela.

No items of PP&E are pledged as securities.

6.4. Investments in joint ventures and associates

The Group has no investments in entities qualified as associates.

Investments excluding related goodwill

Carrying amount in thousands of €	**2017**	**2018**
As at 1 January	142 201	159 328
Capital increases and decreases	-	188
Result for the year	26 857	24 875
Dividends	-30 089	-19 951
New equity method consolidations	42 390	-
Exchange gains and losses	-22 047	-16 240
Other comprehensive income	16	21
As at 31 December	**159 328**	**148 221**

For an analysis of the result for the year, please refer to note 5.7. 'Share in the results of joint ventures and associates'.

Exchange gains and losses relate mainly to the substantial swing in closing rates of the Brazilian real versus the euro (4.4 in 2018 vs 4.0 in 2017).

Capital increases in 2018 relate to Servicios Ideal AGF Inttegra Cía Ltda a new 50/50 joint venture established in Ecuador by Ideal Alambrec SA and Steel-AGF Ecuador SA.
New equity method consolidations in 2017 relate to ArcelorMittal Sumaré Ltda (Brazil), a former subsidiary of which Bekaert sold 55.5% to ArcelorMittal on 21 June 2017. ArcelorMittal Sumaré Ltda was subsequently merged into BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda as from 1 November 2017.

Related goodwill

Cost in thousands of €	**2017**	**2018**
As at 1 January	4 381	6 096
New equity method consolidations	2 679	-
Exchange gains and losses	-964	-646
As at 31 December	**6 096**	**5 450**
Carrying amount of related goodwill as at 31 December	**6 096**	**5 450**
Total carrying amount of investments in joint ventures as at 31 December	**165 424**	**153 671**

The Group's share in the equity of joint ventures is analysed as follows:

in thousands of €		**2017**	**2018**
Joint ventures			
Belgo Bekaert Arames Ltda	Brazil	105 524	98 571
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	53 804	49 470
Servicios Ideal AGF Inttegra Cía Ltda [1]	Ecuador	-	180
Total for joint ventures excluding related goodwill		**159 328**	**148 221**
Carrying amount of related goodwill		**6 096**	**5 450**
Total for joint ventures including related goodwill		**165 424**	**153 671**

[1] *New 50/50 joint venture established by Ideal Alambrec SA and Steel-AGF Ecuador SA. Operations started in November 2018.*

The Brazilian joint ventures have been trying to compensate ICMS tax receivables with a total carrying amount of € 3.8 million (2017: € 1.2 million). They have also been facing claims relating to ICMS credits totaling € 7.5 million (2017: € 12.4 million). In 2018 about € 3.4 million were waived by paying € 2.2 million under an amnesty program (vs about € 13.2 million waived in 2017 by paying € 4.5 million). Several other tax claims, most of which date back several years, were filed for a total nominal amount of € 19.6 million (2017: € 20.1 million). Furthermore, as a result of a recent favorable court decision on COFINS (Federal VAT) amounts paid between 1992 and 2000, Belgo Bekaert Arames Ltda could recover € 3.1 million, provided it can present all required documentation underpinning its claim. Evidently, any potential gains and losses resulting from the above mentioned contingencies would only affect the Group to the extent of their interest in the joint ventures involved (i.e. 45%).
Unrecognized commitments to acquire property, plant and equipment amounted to € 9.1 million (2017: € 16.0 million), including € 7.4 million (2017: € 13.9 million) from other Bekaert companies. Furthermore, the Brazilian joint ventures have unrecognized commitments to purchase electricity over the next five years for an aggregate amount of € 56.4 million (2017: € 73.1 million).
In accordance with IFRS 12 'Disclosures of Interests in Other Entities', following information is provided on material joint ventures. The two Brazilian joint ventures have been aggregated in order to emphasize the predominance of the partnership with ArcelorMittal when analyzing the relative importance of the joint ventures.

Name of joint venture in thousands of €	**Country**	**Proportion of ownership interest (and voting rights) held by the Group at year-end** 2017	2018
Belgo Bekaert Arames Ltda	Brazil	45.0% (50.0%)	45.0% (50.0%)
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	44.5% (50.0%)	44.5% (50.0%)

Belgo Bekaert Arames Ltda manufactures and sells a wide variety of wire products mostly for industrial customers, and BMB manufactures and sells mainly wires and cables for rubber reinforcement in tires.

Brazilian joint ventures: income statement in thousands of €	**2017**	**2018**
Sales	783 602	819 005
Operating result (EBIT)	77 740	85 229
Interest income	5 240	7 108
Interest expense	-3 038	-10 197
Other financial income and expenses	-1 684	-1 151
Income taxes	-8 863	-12 842
Result for the period	69 395	68 147
Other comprehensive income for the period	35	46
Total comprehensive income for the period	69 430	68 193
Depreciation and amortization	19 117	21 718
EBITDA	96 857	106 947
Dividends received from the entity	30 089	19 951

Brazilian joint ventures: balance sheet in thousands of €	**2017**	**2018**
Current assets	258 529	263 364
Non-current assets	256 691	250 439
Current liabilities	-112 909	-132 774
Non-current liabilities	-48 713	-52 382
Net assets	**353 598**	**328 647**

Brazilian joint ventures: net debt elements in thousands of €	**2017**	**2018**
Non-current interest-bearing debt	1 841	12 333
Current interest-bearing debt	10 472	16 990
Total financial debt	**12 313**	**29 323**
Non-current financial receivables and cash guarantees	-23 585	-29 628
Cash and cash equivalents	-20 840	-20 520
Net debt	**-32 112**	**-20 825**

There are no restrictions to transfer funds in the form of cash and dividends.

Brazilian joint ventures: reconciliation with carrying amount in thousands of €	**2017**	**2018**
Net assets of Belgo Bekaert Arames Ltda	233 477	218 145
Proportion of the Group's ownership interest	45.0%	45.0%
Proportionate net assets	105 065	98 165
Consolidation adjustments	459	406
Carrying amount of the Group's interest in Belgo Bekaert Arames Ltda	**105 524**	**98 571**
Net assets of BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	120 121	110 502
Proportion of the Group's ownership interest	44.5%	44.5%
Proportionate net assets	53 454	49 173
Consolidation adjustments	350	297
Carrying amount of the Group's interest in BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	**53 804**	**49 470**
Carrying amount of the Group's interest in the Brazilian joint ventures	**159 328**	**148 041**

The following table reflects aggregate information for the other joint ventures which were not deemed material in this context.

Aggregate information of the other joint ventures in thousands of €	**2017**	**2018**
The Group's share in the result from continuing operations	-	-15
The Group's share of other comprehensive income	-	6
The Group's share of total comprehensive income	-	-9
Aggregate carrying amount of the Group's interests in these joint ventures	-	180

Bekaert has no contingent liabilities versus its Brazilian joint ventures.

6.5. Other non-current assets

in thousands of €	2017	2018
Non-current financial receivables and cash guarantees	6 259	7 332
Reimbursement rights and other non-current amounts receivable	6 369	2 958
Derivatives (cf. note 7.3.)	-	1 407
Overfunded employee benefit plans - non-current	12 915	11 428
Equity investments at FVTOCI	16 400	11 153
Total other non-current assets	**41 944**	**34 279**

The overfunded employee benefit plans mainly relate to the UK pension plans. For more information on this, please refer to note 6.15. ‘Employee benefit obligations’.

Equity investments at FVTOCI

Carrying amount in thousands of €	2017	2018
As at 1 January	17 499	16 400
Expenditure	342	133
Fair value changes	-1 389	-5 311
Exchange gains and losses	-52	-70
As at 31 December	**16 400**	**11 153**

The equity investments designated as at fair value through OCI (FVTOCI) in accordance with IFRS 9 ‘Financial Instruments’ mainly consist of:

» Shougang Concord Century Holdings Ltd, a Hong Kong Stock Exchange listed company. On this investment, a decrease in fair value of € -1.3 million was recognized through OCI (2017: € -1.4 million).
» Bekaert Xinyu Metal Products Co Ltd. On this investment, a decrease in fair value of € -4.0 million was recognized through OCI (2017: nil).
» Transportes Puelche Ltda, an investment held by Acma SA and Prodalam SA (Chile).

For more information on the revaluation reserve for investments designated as at fair value through equity, see note 6.13. ‘Retained earnings and other Group reserves’.

6.6. Deferred tax assets and liabilities

Carrying amount in thousands of €	Assets 2017	Assets 2018	Liabilities 2017	Liabilities 2018
As at 1 January	150 368	140 717	52 556	44 382
Increase or decrease via income statement	-12 453	5 475	-12 463	-1 597
Increase or decrease via OCI	1 025	-2 800	2 277	983
Deconsolidations	-2 003	-409	-6 926	75
Reclassification as held for sale	505	-	5 045	-
Change in accounting policies	-	-646	-	-646
Exchange gains and losses	-8 039	-1 431	-7 421	-2 802
Change in set-off of assets and liabilities	11 314	-2 503	11 314	-2 503
As at 31 December	**140 717**	**138 403**	**44 382**	**37 892**

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

in thousands of €	Assets 2017	Assets 2018	Liabilities 2017	Liabilities 2018	Net assets 2017	Net assets 2018
Intangible assets	47 825	30 846	10 661	10 050	37 164	20 796
Property, plant and equipment	49 534	50 966	37 858	36 146	11 676	14 820
Financial assets	84	78	17 386	15 872	-17 302	-15 794
Inventories	10 400	9 864	1 727	4 401	8 673	5 463
Receivables	8 862	3 832	1 339	145	7 523	3 687
Other current assets	309	99	3 787	4 351	-3 478	-4 252
Employee benefit obligations	21 570	19 849	28	173	21 542	19 676
Other provisions	2 951	5 394	862	1 685	2 089	3 709
Other liabilities	13 295	15 706	16 997	13 835	-3 702	1 871
Tax deductible losses carried forward, tax credits and recoverable income taxes	32 150	50 535	-	-	32 150	50 535
Tax assets / liabilities	**186 980**	**187 169**	**90 645**	**86 658**	**96 335**	**100 511**
Set-off of assets and liabilities	-46 263	-48 766	-46 263	-48 766	-	-
Net tax assets / liabilities	**140 717**	**138 403**	**44 382**	**37 892**	**96 335**	**100 511**

The deferred taxes on property, plant and equipment mainly relate to differences in useful lives between IFRS and tax books, whereas the deferred taxes on intangible assets are mainly generated by intercompany gains which have been eliminated in the consolidated statements. The deferred tax liabilities on financial assets mainly relate to temporary differences arising from undistributed profits from subsidiaries and joint ventures.

Movements in deferred tax assets and liabilities arise from the following:

2017 in thousands of €	**As at 1 January**	**Recognized via income statement**	**Recognized via OCI**	**Acquisitions and disposals [1]**	**Reclassifi-cations [2]**	**Exchange gains and losses**	**As at 31 December**
Temporary differences							
Intangible assets	33 689	3 308	-	-	-	167	37 164
Property, plant and equipment	-6 036	14 794	-	4 616	-4 941	3 243	11 676
Financial assets	-16 473	-1 018	-2 263	2 305	-98	245	-17 302
Inventories	6 514	1 637	-	-	-	522	8 673
Receivables	10 206	-2 157	-	-	-	-526	7 523
Other current assets	-3 356	-747	-77	-	-	702	-3 478
Employee benefit obligations	29 438	-7 454	1 087	-	-	-1 529	21 542
Other provisions	6 483	-2 589	-	-1 353	-	-452	2 089
Other liabilities	-8 698	6 203	1	-645	499	-1 062	-3 702
Tax deductible losses carried forward, tax credits and recoverable income taxes	46 045	-11 967	-	-	-	-1 928	32 150
Total	**97 812**	**10**	**-1 252**	**4 923**	**-4 540**	**-618**	**96 335**

2018 in thousands of €	**As at 1 January**	**Recognized via income statement**	**Recognized via OCI**	**Acquisitions and disposals [1]**	**Reclassifi-cations**	**Exchange gains and losses**	**As at 31 December**
Temporary differences							
Intangible assets	37 164	-16 361	-	3	-	-10	20 796
Property, plant and equipment	11 676	1 624	-	-78	-	1 598	14 820
Financial assets	-17 302	2 477	-982	-	-	13	-15 794
Inventories	8 673	-2 989	-	-148	-	-73	5 463
Receivables	7 523	-3 876	-	-4	-	44	3 687
Other current assets	-3 478	-1 411	-76	-	-	713	-4 252
Employee benefit obligations	21 542	1 012	-2 725	-158	-	5	19 676
Other provisions	2 089	1 639	-	-	-	-19	3 709
Other liabilities	-3 702	6 174	-	-	-	-601	1 871
Tax deductible losses carried forward, tax credits and recoverable income taxes	32 150	18 783	-	-99	-	-299	50 535
Total	**96 335**	**7 072**	**-3 783**	**-484**	**-**	**1 371**	**100 511**

[1] *The acquisitions and disposals in 2018 relate to the disposal of the drying activities In 2017, it relates to the disposal of the majority stake in the rubber reinforcement plant in Sumaré (Brazil).*

[2] *See note 6.11. ‘Assets classified as held for sale and liabilities associated with those assets’.*

Deferred taxes related to other comprehensive income (OCI)

2017 in thousands of €	Before tax	Tax impact	After tax
Exchange differences	-130 828	-	-130 828
Inflation adjustments	2 032	-	2 032
Cash flow hedges	-247	-76	-323
Available-for-sale investments	-1 389	-	-1 389
Remeasurement gains and losses on defined-benefit plans	15 089	-1 176	13 913
Share of OCI of joint ventures and associates	16	-	16
Total	**-115 327**	**-1 252**	**-116 579**

2018 in thousands of €	Before tax	Tax impact	After tax
Exchange differences	-36 324	-	-36 324
Inflation adjustments	2 535	-	2 535
Cash flow hedges	475	-76	399
Net fair value gain (+) / loss (-) on investments in equity instruments	-5 311	-	-5 311
Remeasurement gains and losses on defined-benefit plans	-1 387	-3 707	-5 094
Share of OCI of joint ventures and associates	21	-	21
Total	**-39 991**	**-3 783**	**-43 774**

Unrecognized deferred tax assets

Deferred tax assets related to deductible temporary differences have not been recognized for a gross amount of € 213.9 million (2017: € 178.9 million). The unrecognized deferred tax assets in respect of tax losses and tax credits are presented in the table by expiry date below.

Capital losses, trade losses and tax credits by expiry date

The following table presents the gross amounts of the tax losses and tax credits generating deferred tax assets of which some are unrecognized.

2017 in thousands of €		Expiring within 1 year	Expiring between 1 and 5 years	Expiring after more than 5 years	Not expiring	Total
Capital losses	*Gross value*	-	-	*11 836*	*13 262*	*25 098*
	Allowance	-	-	*-11 016*	*-13 262*	*-24 278*
	Net balance	-	-	820	-	820
Trade losses	*Gross value*	*28 236*	*127 117*	*41 559*	*578 677*	*775 589*
	Allowance	*-26 716*	*-110 578*	*-7 511*	*-519 845*	*-664 650*
	Net balance	1 520	16 539	34 048	58 832	110 939
Tax credits	*Gross value*	*58 010*	-	-	*20 904*	*78 914*
	Allowance	*-34 246*	-	-	*-20 592*	*-54 838*
	Net balance	23 764	-	-	312	24 076
Total	***Gross value***	***86 246***	***127 117***	***53 395***	***612 843***	***879 601***
	Allowance	***-60 962***	***-110 578***	***-18 527***	***-553 699***	***-743 766***
	Net balance	**25 284**	**16 539**	**34 868**	**59 144**	**135 835**

2018 in thousands of €		**Expiring within 1 year**	**Expiring between 1 and 5 years**	**Expiring after more than 5 years**	**Not expiring**	**Total**
Capital losses	*Gross value*	*1 051*	*-*	*1 919*	*29 792*	*32 762*
	Allowance	*-1 051*	*-*	*-1 919*	*-29 792*	*-32 762*
	Net balance	-	-	-	-	-
Trade losses	*Gross value*	*34 500*	*87 441*	*121 218*	*571 743*	*814 902*
	Allowance	*-21 880*	*-65 492*	*-60 717*	*-488 830*	*-636 919*
	Net balance	12 620	21 949	60 501	82 913	177 983
Tax credits	*Gross value*	*5 176*	*22 608*	*38 361*	*16 982*	*83 127*
	Allowance	*-2 307*	*-22 608*	*-16 035*	*-13 562*	*-54 512*
	Net balance	2 869	-	22 326	3 420	28 615
Total	***Gross value***	***40 727***	***110 049***	***161 498***	***618 517***	***930 791***
	Allowance	***-25 238***	***-88 100***	***-78 671***	***-532 184***	***-724 193***
	Net balance	**15 489**	**21 949**	**82 827**	**86 333**	**206 598**

6.7. Operating working capital

in thousands of €	2017	2018
Raw materials, consumables and spare parts	*253 508*	*301 538*
Work in progress and finished goods	*416 993*	*485 223*
Goods purchased for resale	*109 080*	*145 047*
Inventories	779 581	931 808
Trade receivables	836 809	772 731
Bills of exchange received	55 633	57 727
Advances paid	17 815	20 067
Trade payables	-665 196	-778 438
Advances received	-10 746	-11 259
Remuneration and social security payables	-120 341	-112 112
Employment-related taxes	-5 970	-5 867
Operating working capital	**887 586**	**874 657**

Carrying amount in thousands of €	2017	2018
As at 1 January	842 508	887 586
Organic increase or decrease	109 544	11 313
Write-downs and write-down reversals	8 588	-11 284
Deconsolidations	-26 472	-2 627
Impact inflation accounting	1 856	1 665
Reclassification to (-) / from assets held for sale	29 827	-
Exchange gains and losses (-)	-70 417	-11 996
Other	-7 849	-
As at 31 December	**887 586**	**874 657**

Weighted average operating working capital represented 20.4% of sales (2017: 21.4%).

Additional information is as follows:

» Inventories
The cost of sales includes expenses related to transport and handling of finished goods amounting to € 191.0 million (2017: € 184.1 million), which have never been capitalized in inventories. Movements in inventories in 2018 include write-downs of € -32.2 million (2017: € -18.0 million) and reversals of write-downs of € 21.3 million (2017: € 21.4 million).
Similar as in 2017, in 2018 no inventories were pledged as security for liabilities.

» Trade receivables and bills of exchange received
The following table presents the movements in the allowance for bad debt on trade receivables. No allowance is posted for bills of exchange received.

Allowance for bad debt in thousands of €	2017	2018
As at 1 January	-47 802	-40 880
Losses recognized in current year	-4 749	-4 167
Losses recognized in prior years - amounts used	4 965	401
Losses recognized in prior years - reversal of amounts not used	4 992	3 251
Deconsolidations	-	19
Reclassification to / from (-) assets held for sale	-954	-
Exchange gains and losses (-)	2 669	558
As at 31 December	**-40 880**	**-40 818**

More information about allowances and past-due receivables is provided in the following table:

Trade receivables and bills of exchange received in thousands of €	**2017**	**2018**
Gross amount	933 322	871 276
Allowance for bad debts (impaired)	-40 880	-40 818
Net carrying amount	892 442	830 458
of which past due but not impaired		
amount	*122 560*	*121 023*
average number of days outstanding	*84*	*83*

For more information on credit enhancement techniques, see note 7.3. 'Financial risk management and financial derivatives'.

6.8. Other receivables

Carrying amount in thousands of €	**2017**	**2018**
As at 1 January	108 484	126 876
Increase or decrease	20 173	5 038
Write-downs (-) and write-down reversals	-19	-1 155
Deconsolidations	-6 861	-733
Reclassifications	13 060	-
Exchange gains and losses	-7 960	353
As at 31 December	**126 876**	**130 379**

Other receivables mainly relate to income taxes (€ 49.5 million (2017: € 50.1 million)), VAT and other taxes (€ 65.0 million (2017: € 61.4 million)) and social loans to employees (€ 4.4 million (2017: € 4.3 million)). See also note 6.20. 'Tax positions'. Write-downs of other receivables are included in note 5.5. 'Other financial income and expense'.

6.9. Cash & cash equivalents and short-term deposits

Carrying amount in thousands of €	**2017**	**2018**
Cash & cash equivalents	418 779	398 273
Short-term deposits	50 406	50 036

For the changes in cash & cash equivalents, please refer to the consolidated cash flow statement and to note 7.1. 'Notes to the cash flow statement'. Cash equivalents and short-term deposits do not include any listed securities or equity instruments at the balance sheet date. Cash & cash equivalents held in Venezuela (€ 2.2 million vs € 2.0 million in 2017) are not available for use by the Group due to local capital controls and limited exchangeability.

6.10. Other current assets

Carrying amount in thousands of €	2017	2018
Current loans and receivables	8 447	20 186
Advances paid	17 815	20 067
Derivatives (cf. note 7.3.)	6 159	8 045
Deferred charges and accrued income	11 908	10 132
As at 31 December	**44 329**	**58 430**

The current loans and receivables mainly relate to receivables from the disposal of the majority stake in the rubber reinforcement plant Sumaré (Brazil) last year (€ 4.6 million, same amount as in 2017), the disposal of the drying activities in 2018 (€ 0.8 million), a receivable towards OVAM (€ 10.2 million) relating to an environmental provision in Belgium and various cash guarantees (€ 3.1 million (2017: € 2.1 million)).

6.11. Assets classified as held for sale and liabilities associated with those assets

Carrying amount (net) in thousands of €	2017	2018
As at 1 January	112 361	8 093
Increases and decreases (-)	-103 732	-7 524
Exchange gains and losses	-535	-23
As at 31 December	**8 093**	**546**

in thousands of €	2017	2018
Intangible assets	8 093	-
Property, plant and equipment	-	460
Trade receivables	-	5
Advances paid to vendors	-	66
Other current assets	-	15
Total assets classified as held for sale	**8 093**	**546**
Trade payables	-	45
Other current liabilities	-	40
Total liabilities associated with assets classified as held for sale	**-**	**85**

The assets classified as held for sale have decreased due to the disposal of rights to use land of Bekaert (Huizhou) Steel Cord Co Ltd (€ -8.1 million) (2017: € 8.1 million) and increased by property received as payment by customers in Ecuador and Peru (€ 0.5 million).

6.12. Ordinary shares, treasury shares and equity-settled share-based payments

Issued capital in thousands of €		2017 Nominal value	Number of shares	2018 Nominal value	Number of shares
1	As at 1 January	177 612	60 347 525	177 690	60 373 841
	Movements in the year				
	Issue of new shares	*78*	*26 316*	*103*	*34 600*
	As at 31 December	177 690	60 373 841	177 793	60 408 441
2	Structure				
2.1	Classes of ordinary shares				
	Ordinary shares without par value	*177 690*	*60 373 841*	*177 793*	*60 408 441*
2.2	Registered shares		402 538		21 857 284
	Non-material shares		59 971 303		38 551 157
Authorized capital not issued		**176 000**		**176 000**	

A total of 34 600 subscription rights were exercised under the Company's SOP 2005-2009 stock option plan in 2018, requiring the issue of a total of 34 600 new shares of the Company.

From the 3 636 280 treasury shares held as of 31 December 2017, the Company disposed of 86 248 shares in connection with share-based payment and personal shareholding requirement plans. A total of 352 000 treasury shares have been purchased. No treasury shares were cancelled in 2018. As a result, the Company held an aggregate 3 902 032 treasury shares as of 31 December 2018.

Stock option plans ('SOP')

Details of the stock option plans which showed an outstanding balance either at the balance sheet date or at the previous balance sheet date, are as follows:

Overview of SOP2 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options Granted	Exercised	Forfeited	Out-standing	First exercise period	Last exercise period
21.12.2006	19.02.2007	30.175	37 500	27 500	-	10 000	22.05 - 30.06.2010	15.11 - 15.12.2021
20.12.2007	18.02.2008	28.335	30 630	11 310	-	19 320	22.05 - 30.06.2011	15.11 - 15.12.2022
18.12.2008	16.02.2009	16.660	64 500	64 500	-	-	22.05 - 30.06.2012	15.11 - 15.12.2018
17.12.2009	15.02.2010	33.990	49 500	5 000	-	44 500	22.05 - 30.06.2013	15.11 - 15.12.2019
			182 130	**108 310**	**-**	**73 820**		

Overview of SOP 2005-2009 Stock Option Plan

Date offered	Date granted	Date of issue of subscription rights	Exercise price (in €)	Number of subscription rights: Granted	Exercised	Forfeited	Out-standing	First exercise period	Last exercise period
22.12.2005	20.02.2006	22.03.2006	23.795	190 698	184 283	15	6 400	22.05 - 30.06.2009	15.11 - 15.12.2020
21.12.2006	19.02.2007	22.03.2007	30.175	153 810	144 240	600	8 970	22.05 - 30.06.2010	15.11 - 15.12.2021
20.12.2007	18.02.2008	22.04.2008	28.335	215 100	147 550	12 700	54 850	22.05 - 30.06.2011	15.11 - 15.12.2022
18.12.2008	16.02.2009	20.10.2009	16.660	288 150	268 650	19 500	-	22.05 - 30.06.2012	15.11 - 15.12.2018
17.12.2009	15.02.2010	08.09.2010	33.990	225 450	69 600	52 500	103 350	22.05 - 30.06.2013	15.11 - 15.12.2019
				1 073 208	**814 323**	**85 315**	**173 570**		

Overview of SOP 2010-2014 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options: Granted	Exercised	Forfeited	Out-standing	First exercise period	Last exercise period
16.12.2010	14.02.2011	77.000	360 925	-	65 200	295 725	28.02 - 13.04.2014	Mid Nov.- 15.12.2020
22.12.2011	20.02.2012	25.140	287 800	231 100	2 600	54 100	27.02 - 12.04.2015	Mid Nov. - 21.12.2021
20.12.2012	18.02.2013	19.200	267 200	215 342	2 700	49 158	End Feb. - 10.04.2016	Mid Nov. - 19.12.2022
29.03.2013	28.05.2013	21.450	260 000	126 000	-	134 000	End Feb. - 09.04.2017	End Feb. - 28.03.2023
19.12.2013	17.02.2014	25.380	373 450	188 250	2 400	182 800	End Feb. - 09.04.2017	Mid Nov. - 18.12.2023
18.12.2014	16.02.2015	26.055	349 810	22 000	18 510	309 300	End Feb. - 08.04.2018	Mid Nov. - 17.12.2024
			1 899 185	**782 692**	**91 410**	**1 025 083**		

Overview of SOP 2015-2017 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options: Granted	Exercised	Forfeited	Out-standing	First exercise period	Last exercise period
17.12.2015	15.02.2016	26.375	227 250	-	4 500	222 750	End Feb. - 07.04.2019	Mid Nov. - 16.12.2025
15.12.2016	13.02.2017	39.426	273 325	-	3 000	270 325	End Feb. - 12.04.2020	Mid Nov. - 14.12.2026
21.12.2017	20.02.2018	34.600	225 475	-	-	225 475	End Feb. - 11.04.2021	Mid Nov. - 20.12.2027
			726 050	**-**	**7 500**	**718 550**		

SOP2 Stock Option Plan	2017 Number of options	2017 Weighted average exercise price (in €)	2018 Number of options	2018 Weighted average exercise price (in €)
Outstanding as at 1 January	87 820	29.549	87 820	29.549
Exercised during the year	-	-	-14 000	16.660
Outstanding as at 31 December	**87 820**	**29.549**	**73 820**	**31.993**

SOP 2005-2009 Stock Option Plan	2017 Number of subscription rights	2017 Weighted average exercise price (in €)	2018 Number of subscription rights	2018 Weighted average exercise price (in €)
Outstanding as at 1 January	234 486	29.120	208 170	29.142
Exercised during the year	-26 316	28.948	-34 600	16.660
Outstanding as at 31 December	**208 170**	**29.142**	**173 570**	**31.630**

SOP 2010-2014 Stock Option Plan	2017 Number of options	2017 Weighted average exercise price (in €)	2018 Number of options	2018 Weighted average exercise price (in €)
Outstanding as at 1 January	1 481 843	34.760	1 075 993	38.972
Exercised during the year	-403 150	23.577	-37 200	24.969
Forfeited during the year	-2 700	26.055	-13 710	26.055
Outstanding as at 31 December	**1 075 993**	**38.972**	**1 025 083**	**39.653**

SOP 2015-2017 Stock Option Plan	2017 Number of options	2017 Weighted average exercise price (in €)	2018 Number of options	2018 Weighted average exercise price (in €)
Outstanding as at 1 January	227 250	26.375	493 075	33.530
Granted during the year	273 325	39.426	225 475	34.600
Forfeited during the year	-7 500	31.595	-	-
Outstanding as at 31 December	**493 075**	**33.530**	**718 550**	**33.866**

Weighted average remaining contractual life in years	**2017**	**2018**
SOP2	2.2	1.4
SOP 2005-2009	2.7	2.0
SOP 2010-2014	5.2	4.2
SOP 2015-2017	8.5	8.0

The weighted average share price at the date of exercise in 2018 was € 22.26 for the SOP2 options (2017: n/a), € 25.49 for the SOP 2005-2009 subscription rights (2017: € 45.13) and € 38.22 for the SOP 2010-2014 options (2017: € 46.24). The exercise price of the subscription rights and options is equal to the lower of (i) the average closing price of the Company's share during the thirty days preceding the date of the offer, and (ii) the last closing price preceding the date of the offer. When subscription rights are exercised under the SOP 2005-2009 plan, equity is increased by the amount of the proceeds received. Under the terms of the SOP2 plan any subscription rights or options granted through 2004 were vested immediately.

Under the terms of the SOP 2010-2014 stock option plan, options to acquire existing Company shares have been offered to the members of the Bekaert Group Executive, the Senior Vice Presidents and senior executive personnel during the period 2010-2014. The grant dates of each offering were scheduled in the period 2011-2015. The exercise price of the SOP 2010-2014 options was determined in the same manner as in the previous plans. The vesting conditions of the SOP 2010-2014 grants, as well as of the SOP 2005-2009 grants and of the SOP2 grants beginning in 2006, are such that the subscription rights or options will be fully vested on 1 January of the fourth year after the date of the offer. In accordance with the Economic Recovery Act of 27 March 2009, the exercise period of the SOP2 options and SOP 2005-2009 subscription rights granted in 2006, 2007 and 2008 was extended by five years in favor of the persons who were plan beneficiaries and subject to Belgian income tax at the time such extension was offered. The incremental fair value granted as a result of this amounts to € 0.3 million.

The options granted under SOP2, SOP 2010-2014 and SOP 2015-2017 and the subscription rights granted under SOP 2005-2009 are recognized at fair value at grant date in accordance with IFRS 2 (see note 6.13. 'Retained earnings and other Group reserves'). The fair value of the options is determined using a binomial pricing model. For the tranches that entailed an expense in the current or prior period, inputs and outcome of this pricing model are detailed below:

Pricing model details ***Stock option plan 2015-2017***	**Granted in February 2016**	**Granted in February 2017**	**Granted in February 2018**
Inputs to the model			
Share price at grant date (in €)	27.25	39.39	37.40
Exercise price (in €)	26.38	39.43	34.60
Expected volatility	39%	39%	39%
Expected dividend yield	3%	3%	3%
Vesting period (years)	3.00	3.00	3.00
Contractual life (years)	10	10	10
Employee exit rate	3%	3%	3%
Risk-free interest rate	0.05%	-0.18%	0.08%
Exercise factor	1.40	1.40	1.40
Outcome of the model			
Fair value (in €)	7.44	10.32	10.61
Outstanding options	225 750	270 325	225 475

The model allows for the effects of early exercise through an exercise factor. An exercise factor of 1.40 stands for the assumption that the beneficiaries exercise the options and the subscription rights after the vesting date when the share price exceeds the exercise price by 40% (on average).

During 2018, 225 475 options (2017: 273 325) were granted under SOP 2015-2017 at a fair value per unit of € 10.61 (2017: € 10.32). The Group has recorded an expense against equity of € 2.6 million (2017: € 2.6 million) for the options granted, based on their fair value and vesting period.

Performance Share Plan ('PSP')

The members of the Bekaert Group Executive, the senior management and a limited number of management staff members of the Company and a number of its subsidiaries received during 2015, 2016 and 2017 Performance Share Units entitling the beneficiary to acquire Performance Shares subject to the conditions of the Performance Share Plan 2015-2017. These Performance Share Units will vest following a vesting period of three years, conditional to the achievement of a pre-set performance target. The performance target was set by the Board of Directors, in line with the Company strategy. For more information we refer to the 'Remuneration Report' in the 'Report of the Board of Directors'.

Overview of Performance Share Plan

		Number of units					
	Date granted	Granted	Delivered	Forfeited	Expired	Out-standing	Expiry date
PSP 2015-2017	17.12.2015	50 850	-	1 950	48 900	-	31.12.2018
PSP 2015-2017	29.02.2016	10 000	-	-	10 000	-	31.12.2018
PSP 2015-2017	30.06.2016	2 500	-	833	1 667	-	31.12.2018
PSP 2015-2017	15.12.2016	52 450	-	4 233	-	48 217	31.12.2019
PSP 2015-2017	06.03.2017	10 000	-	-	-	10 000	31.12.2019
PSP 2015-2017	01.09.2017	5 000	-	-	-	5 000	31.12.2019
PSP 2015-2017	21.12.2017	55 250	-	2 267	-	52 983	31.12.2020
		186 050	**-**	**9 283**	**60 567**	**116 200**	

The Performance Share Units granted under these plans are recognized at fair value at grant date in accordance with IFRS 2 (see note 6.13. 'Retained earnings and other Group reserves'). The fair value of the Performance Share Units under the Performance Share Plan 2015-2017 is determined using a binomial pricing model. For the outstanding tranches, inputs and outcome of the pricing model are detailed below:

	Granted in					
Pricing model details ***Performance Share Plan***	**February 2016**	**July 2016**	**December 2016**	**March 2017**	**September 2017**	**December 2017**
Inputs to the model						
Share price at grant date (in €)	32.00	38.38	39.49	46.90	40.58	34.60
Expected volatility	39%	39%	39%	39%	39%	39%
Expected dividend yield	3%	3%	3%	3%	3%	3%
Vesting period (years)	2.83	2.50	3.00	2.83	2.25	3.00
Employee exit rate	3%	3%	3%	0%	3%	3%
Risk-free interest rate	-0.41%	-0.56%	-0.53%	-0.53%	-0.55%	-0.46%
Outcome of the model						
Fair value (in €)	46.89	50.30	52.15	46.90	54.34	40.19
Outstanding PSP Units	-	-	48 217	10 000	5 000	52 983

In 2017 an offer of 55 250 Performance Share Units was made under the terms of the Performance Share Plan 2015-2017. The granted units represent a fair value of € 2.2 million. The Group has recorded an expense against equity of € 3.0 million (2017: € 2.0 million) for the Performance Share Units granted, based on their fair value and vesting period.

In 2019 an offer of 178 233 equity settled performance share units was made under the terms of the PSP 2018-2020 Performance Share Plan. See note 7.6. 'Events after the balance sheet date'.

Personal Shareholding Requirement Plan ('PSR')

In March 2016, the Company introduced a Personal Shareholding Requirement Plan for the Chief Executive Officer and the other members of the Bekaert Group Executive ('BGE'), pursuant to which they can build and maintain a personal shareholding in Company shares and whereby the acquisition of the number of Company shares is supported by a so-called Company matching mechanism. The Company matching mechanism provides that the Company will match the BGE member's investment in Company shares in year x, with a direct grant of a similar number of Company shares as acquired by the BGE member (such grant to be made at the end of year x + 2). These PSR units will vest following a vesting period of three years, conditional to a service condition subject to bad or good leaver conditions. For more information we refer to the 'Remuneration Report' in the 'Report of the Board of Directors'.

Overview of Personal Shareholding Requirement Plan

		Number of units				
	Date acquired	Acquired	Matched	Forfeited	Out-standing	Expiry date
PSR 2016	31.03.2016	18 324	17 796	528	-	31.12.2018
PSR 2016	30.06.2016	2 003	2 003	-	-	31.12.2018
PSR 2016	31.03.2017	14 668	1 012	1 240	12 416	31.12.2019
PSR 2016	01.09.2017	2 523	-	-	2 523	31.12.2019
PSR 2016	14.05.2018	15 251	530	1 060	13 661	31.12.2020
		52 769	**21 341**	**2 828**	**28 600**	

The matching shares to be granted under the Personal Shareholding Requirement Plan 2016 are recognized at fair value at start date in accordance with IFRS 2 (see note 6.13. 'Retained earnings and other Group reserves'). The fair value of the matching shares is determined using a binomial pricing model. For the outstanding tranches, inputs and outcome of this pricing model are detailed below:

Pricing model details ***Personal Shareholding Requirement plan***	**To be matched in December 2018**		**To be matched in December 2019**		**To be matched in December 2020**
	Start date March 2016	**Start date June 2016**	**Start date March 2017**	**Start date Sep 2017**	**Start date May 2018**
Inputs to the model					
Share price at start date (in €)	35.71	38.97	45.87	40.04	34.00
Expected volatility	39%	39%	39%	39%	39%
Expected dividend yield	3%	3%	3%	3%	3%
Vesting period (years)	2.75	2.50	2.75	2.33	2.60
Employee exit rate	4%	4%	4%	4%	4%
Risk-free interest rate	-0.40%	-0.01%	-0.51%	-0.54%	-0.39%
Outcome of the model					
Fair value (in €)	29.27	32.16	37.60	33.20	27.95
Outstanding PSR Units	-	-	12 416	2 523	13 661

The matching shares to be granted represent a fair value of € 0.9 million (2017: € 1.1 million). The Group has recorded an expense against equity of € 0.6 million (2017: € 0.2 million) for the matching shares to be granted, based on their fair value and vesting period.

BBRG Management Incentive Plan ('MIP')

As from 2016, members of the BBRG management were granted the right to acquire a certain number of shares in BBRG Holding (UK) Ltd (the parent company of BBRG) under the Management Incentive Program ('MIP'), the conditions of which were set by the Board of Directors of BBRG. After the acquisition of all interests held by Ontario Teachers' Pension Plan ('OTPP') in BBRG, the MIP was unwound and all beneficiaries transferred their shares back to their employer. The MIP constituted a form of equity-settled share-based payment under IFRS 2. Consequently, the Group has recorded an expense against equity of € 0.6 million (2017: € 0.3 million) for the shares granted, based on their grant-date fair value and vesting period.

6.13. Retained earnings and other Group reserves

Carrying amount in thousands of €	**2017**	**2018**
Hedging reserve	*-296*	*-*
Revaluation reserve for non-consolidated equity investments	*1 057*	*-14 489*
Remeasurement reserve for defined-benefit plans	*-70 683*	*-68 267*
NCI put option reserve	*-8 206*	*-8 206*
Deferred tax reserve	*30 307*	*26 694*
Other reserves	-47 821	-64 268
Cumulative translation adjustments	-105 723	-130 102
Total other Group reserves	**-153 544**	**-194 370**
Treasury shares	**-103 037**	**-108 843**
Retained earnings	**1 529 268**	**1 484 600**

In the following sections of this disclosure, the movements in the Group reserves and in retained earnings are presented and commented.

Hedging reserve in thousands of €	**2017**	**2018**
As at 1 January	-148	-296
Recycled to income statement	-209	296
Fair value changes to hedging instruments	61	-
As at 31 December	**-296**	**-**
Of which		
FX contracts	*-296*	*-*

Changes in the fair value of hedging instruments designated as effective cash flow hedges are recognized directly in equity. In accordance with IFRSs hedge accounting policies for cash flow hedges, exchange gains or losses arising from translating the hedged items at the closing rate are offset by recycling the equivalent amounts to the income statement. All cash flow hedges expired in 2018.

Revaluation reserve for non-consolidated equity investments in thousands of €	**2017**	**2018**
As at 1 January (as reported)	2 446	1 057
Restatement	-	-10 240
As at 1 January (restated)	2 446	-9 183
Fair value changes	-1 389	-5 306
As at 31 December	**1 057**	**-14 489**
Of which		
Investment in Xinyu Xinsteel Metal Products Co. Ltd	*-*	*-3 980*
Investment in Shougang Concord Century Holdings Ltd	*1 057*	*-10 601*
Other investments	*-*	*92*

The revaluation of the investment in Shougang Concord Century Holdings Ltd is based on the closing price of the share on the Hong Kong Stock Exchange. The restatement relates to IFRS 9 superseding IAS 39 (see note 2.8. 'Restatement and reclassification effects'). The fair value of the investment in Xinyu Xinsteel Metal Products Co Ltd is determined using a discounted cash flow model based on the company's most recent strategic plan for 2019-2023. See also note 6.5. 'Other non-current assets'.

Remeasurement reserve for defined-benefit plans in thousands of €	**2017**	**2018**
As at 1 January	-80 743	-70 683
Remeasurements of the period	10 629	-3 410
Inflation effects	-534	-578
Changes in Group structure	-35	6 404
As at 31 December	**-70 683**	**-68 267**

The remeasurements originate from using different actuarial assumptions in calculating the defined-benefit obligation, from differences with actual returns on plan assets at the balance sheet date and any changes in unrecognized assets due to the asset ceiling principle (see note 6.15. 'Employee benefit obligations').

NCI put option reserve

The 'NCI put option reserve' primarily consists of a liability of € 8.2 million that has initially been set up at fair value versus equity, which represents the put option granted to Maccaferri on its remaining non-controlling interests in Bekaert Maccaferri Underground Solutions BVBA. Any subsequent changes in fair value of this financial liability are recognized through income statement in accordance with IFRS.

Deferred tax reserve in thousands of €	**2017**	**2018**
As at 1 January	30 832	30 307
Deferred taxes relating to other comprehensive income	-705	-2 824
Inflation effects	181	197
Changes in Group structure	-1	-986
As at 31 December	**30 307**	**26 694**

Deferred taxes relating to other comprehensive income are also recognized in OCI (see note 6.6. 'Deferred tax assets and liabilities').

Treasury shares in thousands of €	**2017**	**2018**
As at 1 January	-127 974	-103 037
Shares purchased	-6 301	-12 961
Shares sold	31 238	7 155
As at 31 December	**-103 037**	**-108 843**

352 000 shares were bought back in 2018 (2017: 172 719), both to anticipate any dilution and to hedge the cash flow risk on share-based payment plans, while 86 248 treasury shares were sold to the beneficiaries of the share-based payment plans of the Group (2017: 421 885). Treasury shares are accounted for using the FIFO principle (first-in, first-out). Gains and losses on disposals of treasury shares are directly recognized through retained earnings (see movements in retained earnings on the next page). See also note 6.12. 'Ordinary shares, treasury shares and equity-settled share-based payments'.

Cumulative translation adjustments in thousands of €	**2017**	**2018**
As at 1 January	4 286	-105 723
Exchange differences on dividends declared	-4 043	-7 158
Recycled to income statement - relating to disposed entities or step acquisitions	6 895	599
Changes in Group structure	-2 372	6 670
Movements arising from exchange rate fluctuations	-110 489	-24 490
As at 31 December	**-105 723**	**-130 102**
Of which relating to entities with following functional currencies		
Chinese renminbi	*102 425*	*96 904*
US dollar	*18 140*	*29 659*
Brazilian real	*-146 811*	*-166 524*
Chilean peso	*-5 377*	*-12 345*
Venezuelan bolivar	*-57 338*	*-59 691*
Indian rupee	*-5 076*	*-6 535*
Czech koruna	*9 605*	*9 272*
British pound	*-15 210*	*-10 986*
Russian ruble	*-2 850*	*-5 140*
Other currencies	*-3 231*	*-4 716*

The swings in CTA reflect both the exchange rate evolution and the relative importance of the net assets denominated in the presented currencies.

Retained earnings in thousands of €	**Notes**	**2017**	**2018**
As at 1 January (as reported)		1 432 394	1 529 268
Restatement	2.8.	-	7 655
As at 1 January (restated)		1 432 394	1 536 923
Equity-settled share-based payments	6.12.	5 003	6 599
Result for the period attributable to equity holders of Bekaert		184 720	39 768
Dividends		-62 441	-62 153
Inflation adjustments		2 363	2 827
Treasury shares transactions	6.12.	-20 959	-5 475
Changes in Group structure		-11 812	-33 889
As at 31 December		**1 529 268**	**1 484 600**

Inflation adjustments reflect the use of inflation accounting in Venezuela, as required under IFRS in a hyperinflationary economy. Treasury shares transactions (€ -5.4 million vs € -21.0 million in 2017) represent the difference between the proceeds and the FIFO book value of the shares that were sold. Changes in Group structure in 2018 predominantly relate to the purchase of NCI in BBRG (€ -33.7 million), while in 2017 (€ -11.8 million) this mainly related to purchases of non-controlling interests (€ -18.2 million), disposal of non-controlling interests (€ +4.2 million) and business disposals (€ +2.4 million).

6.14. Non-controlling interests

Carrying amount in thousands of €	**2017**	**2018**
As at 1 January	130 801	95 381
Changes in Group structure	-2 800	66 715
Share of the result for the period	-2 220	-36 980
Share of other comprehensive income excluding CTA	4 236	1 766
Dividend pay-out	-27 949	-2 881
Equity-settled share-based payments	123	93
Capital increases	9 870	71
Exchange gains and losses (-)	-16 680	-5 094
As at 31 December	**95 381**	**119 071**

The changes in Group structure in 2018 almost exclusively relate to the purchase of virtually all non-controlling interests ('NCI') in the Bridon Bekaert Ropes Group ('BBRG'), the carrying amount of which amounted to € -66.7 million at the transaction date. The changes in 2017 mainly related to movements in NCI held by Chinese partners.

The share of the result for the period mainly declined due to the bigger negative contribution from BBRG, amplified by the lower contribution from nearly all other entities in which NCI are held.

In accordance with IFRS 12 'Disclosures of Interests in Other Entities', following information is provided on subsidiaries that have non-controlling interests that are material to the Group. The objective of IFRS 12 is to require an entity to disclose information that enables users of its financial statements to evaluate (a) the nature and risks associated with its interests in other entities, and (b) the effects of those interests on its financial position, financial performance and cash flows. Bekaert has many partnerships across the world, most entities of which would not individually meet any reasonable materiality criterion. Therefore, the Group has identified three non-wholly owned groups of entities which are interconnected through their line of business and shareholder structure: (1) the BBRG entities, a global business in which Bekaert has expanded its worldwide footprint since mid 2016 and acquired the remaining 40% non-controlling interests in October 2018; (2) the Wire entities in Chile and Peru, where the non-controlling interests are mainly held by the Chilean partners, and (3) the Wire entities in the Andina region, where the non-controlling interests are mainly held by the Ecuadorian Kohn family and ArcelorMittal. In presenting aggregated information for these entity groups, only intercompany effects within each entity group have been eliminated, while all other entities of the Group have been treated as third parties.

Entities included in material NCI disclosure	Country	Proportion of NCI at year-end 2017	2018
BBRG entities			
Acma Inversiones SA	Chile	40.0%	0.0%
BBRG (Purchaser) Ltd	United Kingdom	40.0%	0.0%
BBRG (Subsidiary) Ltd	United Kingdom	40.0%	0.0%
BBRG Finance (UK) Ltd	United Kingdom	40.0%	0.0%
BBRG Holding (UK) Ltd	United Kingdom	40.0%	0.0%
BBRG Operations (UK) Ltd	United Kingdom	40.0%	0.0%
BBRG Production (UK) Ltd	United Kingdom	40.0%	0.0%
BBRG - Macaé Cabos Ltda	Brazil	40.1%	0.0%
BBRG - Osasco Cabos Ltda	Brazil	40.0%	0.0%
Bekaert (Shenyang) Advanced Cords Co Ltd	China	40.0%	0.0%
Bekaert Advanced Cords Aalter NV	Belgium	40.0%	0.0%
Bekaert Wire Rope Industry NV	Belgium	40.0%	0.0%
Bekaert Wire Ropes Pty Ltd	Australia	40.0%	0.0%
Bridon (Hangzhou) Ropes Co Ltd	China	40.1%	0.0%
Bridon (South East Asia) Ltd	China	40.1%	0.0%
Bridon Coatbridge Ltd	United Kingdom	40.0%	0.0%
Bridon Holdings Ltd	United Kingdom	40.1%	0.0%
Bridon Hong Kong Ltd	China	40.1%	0.0%
Bridon International GmbH	Germany	40.0%	0.0%
Bridon International Ltd	United Kingdom	40.0%	0.0%
Bridon Ltd	United Kingdom	40.0%	0.0%
Bridon New Zealand Ltd	New Zealand	40.1%	0.0%
Bridon Ropes NV/SA	Belgium	40.1%	0.0%
Bridon Scheme Trustees Ltd	United Kingdom	40.0%	0.0%
Bridon Singapore Pte Ltd	Singapore	40.1%	0.0%
Bridon-American Corporation	United States	40.0%	0.0%
Bridon-Bekaert Ropes Group (UK) Ltd	United Kingdom	40.0%	0.0%
Bridon-Bekaert Ropes Group Ltd	United Kingdom	40.0%	0.0%
Bridon-Bekaert Scanrope AS	Norway	40.1%	0.0%
British Ropes Ltd	United Kingdom	40.0%	0.0%
Inversiones BBRG Lima SA	Peru	42.4%	3.9%
Procables SA	Peru	42.3%	3.9%
Procables Wire Ropes SA	Chile	40.0%	0.0%
Prodinsa SA	Chile	40.0%	0.0%
PT Bridon	Indonesia	40.1%	0.0%
Wire Rope Industries Ltd/Industries de Câbles d'Acier Ltée	Canada	40.0%	0.0%
Wire entities Chile and Peru			
Acma SA	Chile	48.0%	48.0%
Acmanet SA	Chile	48.0%	48.0%
Industrias Acmanet Ltda	Chile	48.0%	48.0%
Industrias Chilenas de Alambre - Inchalam SA	Chile	48.0%	48.0%
Inversiones Impala Perú SA Cerrada	Peru	48.0%	48.0%
Procercos SA	Chile	48.0%	48.0%
Prodalam SA	Chile	48.0%	48.0%
Prodac Contrata SAC	Peru	62.5%	62.5%
Prodac Selva SAC	Peru	62.5%	62.5%
Productos de Acero Cassadó SA	Peru	62.5%	62.5%
Wire entities Andina region			
Bekaert Ideal SL	Spain	20.0%	20.0%
Bekaert Costa Rica SA	Costa Rica	41.6%	41.6%
Bekaert Trade Latin America NV	Antilles	41.6%	0.0%
BIA Alambres Costa Rica SA	Costa Rica	41.6%	41.6%
Ideal Alambrec SA	Ecuador	41.6%	41.6%
InverVicson SA	Venezuela	20.0%	20.0%
Productora de Alambres Colombianos Proalco SAS	Colombia	20.0%	20.0%
Vicson SA	Venezuela	20.0%	20.0%

The principal activity of the main entities listed above is manufacturing and selling wire, ropes and other wire products, mainly for the local market. Following entities are essentially holdings, having interests in one or more of the other entities listed above: Acma Inversiones SA, Procables Wire Ropes SA, Bekaert Wire Rope Industry NV, BBRG (Purchaser) Ltd, BBRG (Subsidiary) Ltd, BBRG Finance (UK) Ltd, BBRG Holding (UK) Ltd, BBRG Operations (UK) Ltd, BBRG Production (UK) Ltd, Bridon Holdings Ltd, Bridon-Bekaert Ropes Group (UK) Ltd, Bridon-Bekaert Ropes Group Ltd, Industrias Acmanet Ltda, Procercos SA, Inversiones Impala Perú SA Cerrada and Bekaert Ideal SL. The following table shows the relative importance of the entity groups with material NCI in terms of results and equity attributable to NCI.

Material and other NCI	**Result attributable to NCI**		**Equity attributable to NCI**	
in thousands of €	**2017**	**2018**	**2017**	**2018**
BBRG entities	-21 482	-39 058	-18 275	270
Wire entities Chile and Peru	7 692	6 006	71 877	75 481
Wire entities Andina region	4 388	-1 577	16 878	16 356
Consolidation adjustments on material NCI	-15	1 895	-37 854	-28 552
Contribution of material NCI to consolidated NCI	-9 417	-32 734	32 626	63 555
Other NCI	7 197	-4 246	62 755	55 516
Total consolidated NCI	-2 220	-36 980	95 381	119 071

The substantial consolidation adjustments to the equity attributable to material NCI are largely due to the wire entities in Chile and Peru.

The following tables show concise basic statements of the non-wholly owned groups of entities.

BBRG entities in thousands of €	**2017**	**2018**
Current assets	254 193	257 289
Non-current assets	360 631	337 623
Current liabilities	161 658	149 563
Non-current liabilities	498 561	565 103
Equity attributable to equity holders of Bekaert	**-27 120**	**-120 024**
Equity attributable to NCI	**-18 275**	**270**

Shortly after the acquisition of all interests held by Ontario Teachers' Pension Plan (OTPP) in BBRG, Bekaert completed the refinancing of the outstanding financial debt incurred by BBRG, including:

(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.

BBRG entities in thousands of €	2017	2018
Sales	457 531	465 933
Expenses	-511 327	-582 350
Result for the period	-53 796	-116 417
Result for the period attributable to equity holders of Bekaert	-32 314	-77 359
Result for the period attributable to NCI	-21 482	-39 058
Other comprehensive income for the period	-2 456	-11 064
OCI attributable to equity holders of Bekaert	-1 460	-9 185
OCI attributable to NCI	-996	-1 879
Total comprehensive income for the period	-56 252	-127 481
Total comprehensive income attributable to equity holders of Bekaert	-33 774	-86 544
Total comprehensive income attributable to NCI	-22 478	-40 937
Net cash inflow (outflow) from operating activities	24 767	10 485
Net cash inflow (outflow) from investing activities	-10 176	-19 230
Net cash inflow (outflow) from financing activities	-29 410	11 735
Net cash inflow (outflow)	-14 819	2 990

The 2018 result for the period of the BBRG entities was impacted by on the one hand one-time non-cash transactions, mainly related to inventory write-downs for slow moving and obsolescence (recorded in Underlying EBIT), and on the other hand restructuring expenses. Moreover a contractual extension service fee related to the intra-group financing taken out by BBRG as well as significant accounting losses were incurred as part of the refinancing operation of the Senior Facilities Agreement. The investing cash flows in 2018 essentially reflected a higher investment program in PP&E. The 2018 financing cash inflows mainly originate from taking on additional debt through the refinancing operation, partially offset by costs to service the debt.

Wire entities Chile and Peru in thousands of €	2017	2018
Current assets	202 072	238 595
Non-current assets	142 277	139 880
Current liabilities	152 059	197 941
Non-current liabilities	55 447	37 067
Equity attributable to equity holders of Bekaert	**64 966**	**67 986**
Equity attributable to NCI	**71 877**	**75 481**

Wire entities Chile and Peru in thousands of €	2017	2018
Sales	451 644	498 007
Expenses	-436 429	-485 760
Result for the period	15 215	12 246
Result for the period attributable to equity holders of Bekaert	7 524	6 241
Result for the period attributable to NCI	7 692	6 006
Other comprehensive income for the period	-11 380	-5 623
OCI attributable to equity holders of Bekaert	-5 068	-3 242
OCI attributable to NCI	-6 312	-2 381
Total comprehensive income for the period	3 835	6 623
Total comprehensive income attributable to equity holders of Bekaert	2 456	2 999
Total comprehensive income attributable to NCI	1 380	3 625
Dividends paid to NCI	-15 676	-
Net cash inflow (outflow) from operating activities	12 290	13 377
Net cash inflow (outflow) from investing activities	-18 763	-13 379
Net cash inflow (outflow) from financing activities	-5 143	7 841
Net cash inflow (outflow)	-11 616	7 839

The changes in balance sheet composition mainly followed the increase in inventories on the one hand and trade payables on the other hand, both impacted by price increases of raw materials.
Sales increased in Chile, but remained rather constant in Peru, resulting in higher operating results. Unfavourable FX impacts, as well as higher tax expenses caused the result of the period to be lower than the year before. Other comprehensive income mainly includes losses from exchange differences due to the weakened Chilean peso and US dollar (the functional currency of the entities in Peru).

Wire entities Andina region in thousands of €	**2017**	**2018**
Current assets	88 692	102 723
Non-current assets	57 456	46 172
Current liabilities	84 790	93 608
Non-current liabilities	19 639	15 769
Equity attributable to equity holders of Bekaert	**24 841**	**23 162**
Equity attributable to NCI	**16 878**	**16 356**

Current items, both at the assets side (trade receivables and cash) as at the liability side (trade payables and credit institutions), were higher without a material net effect on equity.

Wire entities Andina region in thousands of €	**2017**	**2018**
Sales	187 585	203 928
Expenses	-178 590	-208 517
Result for the period	8 996	-4 589
Result for the period attributable to equity holders of Bekaert	4 608	-3 012
Result for the period attributable to NCI	4 388	-1 577
Other comprehensive income for the period	-7 774	2 398
OCI attributable to equity holders of Bekaert	-4 880	1 381
OCI attributable to NCI	-2 894	1 016
Total comprehensive income for the period	1 222	-2 191
Total comprehensive income attributable to equity holders of Bekaert	-272	-1 631
Total comprehensive income attributable to NCI	1 494	-561
Dividends paid to NCI	-2 258	-606
Net cash inflow (outflow) from operating activities	6 446	-4 957
Net cash inflow (outflow) from investing activities	-3 020	800
Net cash inflow (outflow) from financing activities	-5 022	11 131
Net cash inflow (outflow)	-1 596	6 974

The Result of the period in 2017 included the one-time positive impact of the elimination of the provision related to a wire rod supply contract (€ 10.4 million), while the results in 2018 were impacted by the one-off expenses related to the closure of the Dramix plant in Costa Rica.

Vicson SA (Venezuela) remains exposed to restrictions on the repatriation of cash due to foreign exchange regulations in Venezuela, although these restrictions were recently softened by the authorities. Cash & cash equivalents and short-term deposits amounted to € 2.0 million at 31 December 2018 (vs € 2.0 million at 31 December 2017). See also note 6.9. 'Cash & cash equivalents and short-term deposits'.

6.15. Employee benefit obligations

The total net liabilities for employee benefit obligations, which amounted to € 248.5 million as at 31 December 2018 (€ 268.1 million as at year-end 2017), are as follows:

in thousands of €	2017	2018
Liabilities for		
Post-employment defined-benefit plans	*144 312*	*136 080*
Other long-term employee benefits	*5 966*	*4 535*
Cash-settled share-based payment employee benefits	*2 702*	*877*
Short-term employee benefits	*120 341*	*112 112*
Termination benefits	*7 693*	*6 374*
Total liabilities in the balance sheet	**281 015**	**259 977**
of which		
Non-current liabilities	*150 810*	*141 550*
Current liabilities	*130 204*	*118 427*
Assets for		
Defined-benefit pension plans	-12 915	-11 428
Total assets in the balance sheet	**-12 915**	**-11 428**
Total net liabilities	**268 100**	**248 549**

Post-employment benefit plans

In accordance with IAS 19, ‘Employee benefits’, plans are classified as either defined-contribution plans or defined-benefit plans.

Defined-contribution plans

For defined-contribution plans, Bekaert pays contributions to publicly or privately administered pension funds or insurance companies. Once the contributions have been paid, the Group has no further payment obligation. These contributions constitute an expense for the year in which they are due.

The Belgian defined-contribution pension plans are by law subject to minimum guaranteed rates of return. Pension legislation defines the minimum guaranteed rate of return as a variable percentage linked to government bond yields observed in the market as from 1 January 2016 onwards. As of 2016 the minimum guaranteed rate of return became 1.75% on both employer contributions and employee contributions. The old rates (3.25% on employer contributions and 3.75% on employee contributions) continue to apply to the accumulated past contributions in the group insurance as at 31 December 2015. As a consequence, the defined-contribution plans are reported as defined benefit obligations at year end, whereby an actuarial valuation was performed.

Bekaert participates in a multi employer defined benefit plan in the Netherlands funded through the Pensioenfonds Metaal & Techniek (‘PMT’). This plan is treated as a defined contribution plan because no information is available with respect to the plan assets attributable to Bekaert. Contributions for the plan amounted to € 1.8 million (2017: € 1.4 million). Employer contributions are set every five years by PMT, they are equal for all participating companies and are expressed as a percentage of pensionable salary. Bekaert’s total contribution represents less than 0.1% of the overall PMT contribution. The financing rules specify that an employer is not obliged to pay any further contributions in respect of previously accrued benefits. The funded status of PMT was 102.3% at 31 December 2018 (2017: 100.6%). During the five year period 2015 to 2019 there is no obligation for participating companies to fund any deficit of PMT (nor to receive any surplus). After 2019, PMT has some flexibility to set the employer contribution above the required minimum should it wish to improve its funded status.

Defined-contribution plans in thousands of €	2017	2018
Expenses recognized	13 894	15 149

Defined-benefit plans

Several Bekaert companies operate retirement benefit and other post-employment benefit plans. These plans generally cover all employees and provide benefits which are related to salary and length of service.

The latest actuarial valuations under IAS 19 were carried out as of 31 December 2018 for all significant post-employment defined-benefit plans by independent actuaries. The Group's largest defined-benefit obligations are in Belgium, the United States and the United Kingdom. They account for 87.3% (2017: 86.4%) of the Group's defined-benefit obligations and 99.5% (2017: 99.7%) of the Group's plan assets.

Plans in Belgium

The funded plans in Belgium mainly relate to retirement plans representing a defined-benefit obligation of € 198.4 million (2017: € 185.1 million) and € 176.6 million assets (2017: € 172.1 million). This is including the defined-contribution plans funded through a group insurance.

The traditional defined-benefit plans foresee in a lump sum payment upon retirement and in risk benefits in case of death or disability prior to retirement. The plans are externally funded through two self-administrated institutions for occupational retirement provision (IORP). On a regular basis, an Asset Liability Matching (ALM) study is performed in which the consequences of strategic investment policies are analyzed in terms of risk-and-return profiles. Statement of investment principles and funding policy are derived from this study. The purpose is to have a well-diversified asset allocation to control the risk. Investment risk and liability risk are monitored on a quarterly basis. Funding policy targets to be at least fully funded in terms of the technical provision (this is a prudent estimate of the pension liabilities).

Other plans mainly relate to pre-retirement pensions (defined-benefit obligation € 11.2 million (2017: € 19.8 million)) which are not externally funded. An amount of € 4.6 million (2017: € 9.6 million) relates to employees in active service who have not yet entered into any pre-retirement agreement.

Plans in the United States

The funded plans in the United States mainly relate to pension plans representing a defined-benefit obligation of € 116.2 million (2017: € 122.2 million) and assets of € 81.0 million (2017: € 85.9 million). The plans provide for benefits for the life of the plan members but have been closed for new entrants. Plan assets are invested, in fixed-income funds and in equities. Based on an ALM study the strategic asset allocation has been shifted more towards long duration fixed income funds. Funding policy targets to be sufficiently funded in terms of Pension Protection Act requirements and thus to avoid benefit restrictions or at-risk status of the plans.

Unfunded plans include medical care plans (defined-benefit obligation € 3.9 million (2017: € 4.7 million)).

Plans in the United Kingdom

The funded plan in the United Kingdom relates to a pension scheme closed for new entrants and further accrual representing a defined-benefit obligation of € 79.7 million (2017: 86.1) and assets of € 91.2 million (2017: 99.0 million). The scheme is administrated by a separate board of Trustees which is legally separate from the company. The Trustees are composed of representatives of both employer and employees. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day to day administration of the benefits. On 26 October 2018, the High Court handed down its judgement relating to equalization of member benefits for the gender effects of Guaranteed Minimum Pension (GMP). The estimated impact on the scheme's liabilities is € 1.7 million. This additional liability has been recognized as a past service cost in the 2018 income statement.

The defined benefit obligation solely includes benefits for deferred pensioners and current pensioners. Broadly, about 80% of the liabilities are attributable to non-pensioners and 20% to current pensioners (2017: 20% pensioners).

UK legislation requires that pension schemes are funded prudently. The funding valuation of the scheme carried out as at 31 December 2016 by a qualified actuary showed a deficit of € 6.5 million. The company entered into a funding agreement in order to make good this shortfall. As part of the funding agreement the company did not make any funding contributions during 2018, but will start making payments of € 0.8 million p.a. over the period 1 January 2019 to 31 August 2021. The above contributions are excluding administration costs which are reported separately from IAS 19.

The amounts recognized in the balance sheet are as follows:

in thousands of €	2017	2018
Belgium		
Present value of funded obligations	185 156	198 425
Fair value of plan assets	-172 087	-176 557
Deficit / surplus (-) of funded obligations	**13 069**	**21 868**
Present value of unfunded obligations	19 819	11 176
Total deficit / surplus (-) of obligations	**32 888**	**33 044**
United States		
Present value of funded obligations	122 177	116 221
Fair value of plan assets	-85 953	-81 043
Deficit / surplus (-) of funded obligations	**36 224**	**35 178**
Present value of unfunded obligations	9 706	8 831
Total deficit / surplus (-) of obligations	**45 930**	**44 009**
United Kingdom		
Present value of funded obligations	86 125	79 749
Fair value of plan assets	-99 027	-91 167
Deficit / surplus (-) of funded obligations	**-12 902**	**-11 418**
Present value of unfunded obligations	-	-
Total deficit / surplus (-) of obligations	**-12 902**	**-11 418**
Other		
Present value of funded obligations	1 227	1 346
Fair value of plan assets	-947	-1 582
Deficit / surplus (-) of funded obligations	**280**	**-236**
Present value of unfunded obligations	65 200	59 253
Total deficit / surplus (-) of obligations	**65 480**	**59 017**
Total		
Present value of funded obligations	394 685	395 741
Fair value of plan assets	-358 014	-350 350
Deficit / surplus (-) of funded obligations	**36 671**	**45 391**
Present value of unfunded obligations	94 725	79 260
Total deficit / surplus (-) of obligations	**131 396**	**124 651**

The movement in the defined-benefit obligation, plan assets, net liability and asset over the year is as follows:

in thousands of €	Defined-benefit obligation	Plan assets	Amount not recognized as an asset	Net liability / asset (-)
As at 1 January 2017	**537 263**	**-365 093**		**172 170**
Current service cost	18 648	-		18 648
Past service cost	-6 151	-		-6 151
Gains (-) / losses from settlements	-12 526	12 434		-92
Interest expense / income (-)	13 187	-8 802		4 385
Net benefit expense / income (-) recognized in profit and loss	**13 158**	**3 632**	**-**	**16 789**
Components recognized in EBIT				*12 405*
Components recognized in financial result				*4 385*
Remeasurements				
Return on plan assets, excluding amounts included in interest expense / income (-)	*-*	*-12 633*		*-12 633*
Gain (-) / loss from change in demographic assumptions	*-3 750*	*-*		*-3 750*
Gain (-) / loss from change in financial assumptions	*1 684*	*-*		*1 684*
Experience gains (-) / losses	*-424*	*-*		*-424*
Changes recognized in equity	**-2 490**	**-12 633**	**-**	**-15 123**
Contributions				
Employer contributions / direct benefit payments	-	-31 633		-31 633
Employee contributions	173	-173		-
Payments from plans				
Benefit payments	-32 418	32 418		-
Reclassifications	**143**	**-**	**-**	**143**
Foreign-currency translation effect	**-26 420**	**15 469**	**-**	**-10 951**
As at 31 December 2017	**489 409**	**-358 013**	**-**	**131 396**
As at 1 January 2018	**489 409**	**-358 013**		**131 396**
Current service cost	17 219	-		17 219
Past service cost	-4 103	-		-4 103
Gains (-) / losses from settlements	-755	685		-71
Interest expense / income (-)	11 982	-8 393		3 588
Net benefit expense / income (-) recognized in profit and loss	**24 342**	**-7 709**	**-**	**16 634**
Components recognized in EBIT				*13 045*
Components recognized in financial result				*3 588*
Remeasurements				
Return on plan assets, excluding amounts included in interest expense / income (-)	*-*	*18 467*		*18 467*
Gain (-) / loss from change in demographic assumptions	*-4 631*	*-*		*-4 631*
Gain (-) / loss from change in financial assumptions	*-19 093*	*-*		*-19 093*
Experience gains (-) / losses	*6 644*	*-*		*6 644*
Changes recognized in equity	**-17 080**	**18 467**		**1 387**
Contributions				
Employer contributions / direct benefit payments	-	-25 637		-25 637
Employee contributions	127	-127		-
Payments from plans				
Benefit payments	-25 712	25 712		**-**
Disposals	**-549**	**-**		**-549**
Foreign-currency translation effect	**4 473**	**-3 042**	**-**	**1 431**
As at 31 December 2018	**475 011**	**-350 350**	**-**	**124 661**

The past service cost mainly relates to a terminated plan in Ecuador, legislative changes for bridge pension in Belgium and GMP equalization in UK. In the income statement, current and past service cost, including gains or losses from settlements are included in the operating result (EBIT), and interest expense or income is included in interest expense, under interest element of interest-bearing provisions.

Reimbursement rights arising from reinsurance contracts covering retirement pensions, death and disability benefits in Germany amount to € 0.2 million (2017: € 0.2 million).

Estimated contributions and direct benefit payments for 2019 are as follows:

Estimated contributions and direct benefit payments in thousands of €	**2019**
Pension plans	25 698
Total	**25 698**

Fair values of plan assets at 31 December were as follows:

in thousands of €	**2017**	**2018**
Belgium		
Bonds	**42 706**	**42 925**
Equity	**64 313**	**60 638**
Cash	**6 038**	**9 906**
Insurance contracts	**59 031**	**63 088**
Total Belgium	**172 088**	**176 557**
United States		
Bonds		
USD Long Duration Bonds	46 035	30 559
USD Fixed Income	12 447	8 296
Equity		
USD Equity	19 307	28 714
Non-USD Equity	8 164	13 474
Total United States	**85 953**	**81 043**
United Kingdom		
Bonds	**20 363**	**1 092**
Derivatives	**44 925**	**59 782**
Equity	**33 145**	**27 107**
Cash	**594**	**3 186**
Total United Kingdom	**99 027**	**91 167**
Other		
Bonds	**946**	**1 583**
Total Other	**946**	**1 583**
Total	**358 014**	**350 350**

In the USA, investments are primarily made through mutual fund investments and insurance company separate accounts, in quoted equity and debt instruments. In Belgium, the investments are made through mutual fund investments in quoted equity and debt instruments. Investments are well-diversified so that the failure of any single investment would not have a material impact on the overall level of assets. In UK, investments are primarily made in Liability Driven Investments. The Group's plan assets include no direct positions in Bekaert shares or bonds, nor do they include any property used by a Bekaert entity.

The principal actuarial assumptions on the balance sheet date (weighted averages based on outstanding DBO) were:

Actuarial assumptions	2017	2018
Discount rate	2.5%	2.8%
Future salary increases	3.0%	3.2%
Underlying inflation rate	1.5%	2.2%
Health care cost increases (initial)	7.0%	6.8%
Health care cost increases (ultimate)	4.7%	4.7%
Health care (years to ultimate rate)	9	8

The discount rate for the UK, USA and Belgium is reflective both of the current interest rate environment and the plan's distinct liability characteristics. The plan's projected cash flows are matched to spot rates, after which an associated present value is developed. A single equivalent discount rate is then determined that produces that same present value. The underlying yield curve for deriving spot rates is based on high quality AA-credit rated corporate bonds issues denominated in the currency of the applicable regional market.

This resulted into the following discount rates:

Discount rates	2017	2018
Belgium	1.6%	1.7%
United States	3.5%	4.2%
United Kingdom	2.7%	2.9%
Other	3.2%	3.8%

Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into the following average life expectancy in years for a pensioner retiring at age 65.

	2017	2018
Life expectancy of a man aged 65 (years) at balance sheet date	20.4	20.4
Life expectancy of a woman aged 65 (years) at balance sheet date	23.0	22.9
Life expectancy of a man aged 65 (years) ten years after balance sheet date	21.2	21.2
Life expectancy of a woman aged 65 (years) ten years after balance sheet date	23.9	23.7

Sensitivity analyses show the following effects:

Sensitivity analysis in thousands of €	Change in assumption	Impact on defined-benefit obligation		
Discount rate	-0.50%	Increase by	29 567	6.2%
Salary growth rate	0.50%	Increase by	10 763	2.3%
Health care cost	0.50%	Increase by	165	0.03%
Life expectancy	1 year	Increase by	6 139	1.3%

The above analyses were done on a mutually exclusive basis, while holding all other assumptions constant.

Through its defined-benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.
Changes in bond yields	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
Salary risk	The majority of the plans' benefit obligations are calculated by reference to the future salaries of plan members. As such, a salary increase of plan members higher than expected will lead to higher liabilities.
Longevity risk	Belgian pension plans provide for lump sum payments upon retirement. As such, there is limited or no longevity risk. Pension plans in the US and UK provide for benefits for the life of the plan members, so increases in life expectancy will result in an increase in the plans' liabilities.

The weighted average durations of the defined-benefit obligations are as follows:

Weighted average durations of the DBO in years	**2017**	**2018**
Belgium	13.6	14.6
United States	12.4	11.6
United Kingdom	22.9	23.0
Other	10.8	9.3
Total	**14.5**	**14.6**

Other long-term employee benefits

The other long-term employee benefits relate to service awards.

Cash-settled share-based payment employee benefits

Stock appreciation rights ('SAR')

The Group issues stock appreciation rights (SARs) for certain management employees, granting them the right to receive the intrinsic value of the SARs at the date of exercise. These SARs are accounted for as cash-settled share-based payments in accordance with IFRS 2. The fair value of each grant is recalculated at balance sheet date, using the same binomial pricing model as for the equity-settled share-based payments (see note 6.12. 'Ordinary shares, treasury shares and equity-settled share-based payments'). Based on local regulations, the exercise price for any grant under the USA SAR plan is equal to the average closing price of the Company's share during the thirty days following the date of the offer. The exercise price for the other SAR plans is determined in the same way as for the equity-settled stock option plans: it is equal to the lower of (i) the average closing price of the Company's share during the thirty days preceding the date of the offer, and (ii) the last closing price preceding the date of the offer.

Following inputs to the model are used for all grants: share price at balance sheet date: € 21.06 (2017: € 36.45), expected volatility of 36% (2017: 39%), expected dividend yield of 3.0% (2017: 3.0%), vesting period of 3 years, contractual life of 10 years, no employee exit rate (2017: 4% in Asia and 3% in other countries), and no exercise factor (2017: 1.40). Inputs for risk-free interest rates vary by grant and are based on the return of Belgian OLO's (Obligation Linéaire / Lineaire Obligatie) with a term equal to the maturity of the SAR grant under consideration.

Exercise prices and fair values of outstanding SARs by grant are shown below:

USA SAR Plan details by grant in €	**Exercise price**	**Fair value as at 31 Dec 2017**	**Fair value as at 31 Dec 2018**
Grant 2011	83.43	1.22	0.01
Grant 2012	27.63	10.66	2.36
Grant 2013	22.09	14.55	3.92
Exceptional grant 2013	22.51	14.26	4.13
Grant 2014	25.66	11.90	3.43
Grant 2015	25.45	12.11	3.76
Grant 2016	28.38	11.74	3.53
Grant 2017	38.86	9.01	2.64
Grant 2018	37.06	9.77	3.07

Other SAR Plans details by grant in €	**Exercise price**	**Fair value as at 31 Dec 2017**	**Fair value as at 31 Dec 2018**
Grant 2009	16.66	18.73	-
Grant 2010	33.99	7.03	0.29
Grant 2011	77.00	1.49	0.02
Grant 2012	25.14	12.15	2.86
Grant 2013	19.20	17.27	4.71
Exceptional grant 2013	21.45	15.14	4.31
Grant 2014	25.38	12.12	3.52
Grant 2015	26.06	11.77	3.69
Grant 2016	26.38	12.45	3.82
Grant 2017	39.43	8.64	2.58
Grant 2018	34.60	9.99	3.32

At 31 December 2018, the total liability for the USA SAR plan amounted to € 0.2 million (2017: € 0.7 million), while the total liability for the other SAR plans amounted to € 0.4 million (2017: € 1.5 million).

The Group recorded a total income of € 1.6 million (2017: income of € 1.1 million) during the year in respect of SARs.

Performance Share Units ('PSU')

Certain management employees received cash-settled Performance Share Units (PSUs) during 2015, 2016 and 2017 entitling the beneficiary to receive the value of Performance Share Units subject to the conditions of the Performance Share Plan 2015-2017. These Performance Share Units will vest following a vesting period of three years, conditional to the achievement of a pre-set performance target. The performance target was set by the Board of Directors, in line with the Company strategy.

These Performance Share Units are accounted for as cash-settled share-based payments in accordance with IFRS 2. The fair value of each grant is recalculated at balance sheet date, using the same binomial pricing model as for the equity-settled share-based payments (see note 6.12. 'Ordinary shares, treasury shares and equity-settled share-based payments').

Following inputs to the model are used for all grants: share price at balance sheet date: € 21.06 (2017: € 36.45), expected volatility of 36% (2017: 39%), expected dividend yield of 3.0% (2017: 3.0%), vesting period of 3 years. Inputs for risk-free interest rates vary by grant and are based on the return of Belgian OLO's with a term equal to the maturity of the PSU grant under consideration.

The fair value of outstanding Performance Share Units by grant is shown below:

Performance Share Units details by grant in €	**Fair value as at 31 Dec 2017**	**Fair value as at 31 Dec 2018**
Grant 2015	71.18	-
Grant 2016	39.40	0.89
Grant 2017	44.45	5.28

At 31 December 2018, the total liability for the USA PSUs amounted to nearly nil (2017: € 0.3 million), while the total liability for the other PSUs amounted to nearly nil (2017: € 0.5 million).

The Group recorded a total income of € 0.7 million (2017: expense of € 0.5 million) during the year in respect of PSUs.

In 2019 an offer of 51 995 cash settled performance share units was made under the terms of the PSU 2018-2020 Performance Share Plan. See note 7.6. 'Events after the balance sheet date'.

Short-term employee benefit obligations

Short-term employee benefit obligations relate to liabilities for remuneration and social security that are due within twelve months after the end of the period in which the employees render the related service.

6.16. Provisions

in thousands of €	Restructuring	Claims	Environment	Other	Total
As at 1 January 2018	**2 395**	**7 379**	**29 591**	**15 890**	**55 255**
Additional provisions	15 343	5 353	8 483	738	29 917
Unutilized amounts released	-254	-3 777	-4 248	-2 429	-10 708
Increase in present value	-	-	-	562	562
Charged to the income statement	**15 089**	**1 576**	**4 235**	**-1 129**	**19 771**
Deconsolidations	-	-589	-	-	-589
Amounts utilized during the year	-1 502	-1 551	-494	-4 478	-8 025
Transfers	222	-	-	-222	-
Exchange gains (-) and losses	1	-23	-42	-124	-188
As at 31 December 2018	**16 205**	**6 792**	**33 290**	**9 937**	**66 224**
Of which					
current	*16 146*	*5 331*	*14 628*	*1 089*	*37 194*
non-current - between 1 and 5 years	*59*	*1 138*	*2 423*	*6 520*	*10 140*
non-current - more than 5 years	*-*	*323*	*16 239*	*2 328*	*18 890*

The increase of the restructuring programs mainly relates to the closure of the rubber reinforcement plant in Figline (Italy).

Provisions for claims mainly relate to product warranty programs and various product quality claims in several entities. Deconsolidations are due to the disposal of the drying activities.

The environmental provisions mainly relate to sites in EMEA. The expected soil sanitation costs are reviewed at each balance sheet date, based on external expert assessments. Timing of settlement is uncertain as it is often triggered by decisions on the destination of the premises.

The decrease of other provisions mainly relates to the phasing out of the internal reinsurance of insurance programs and a reduction of a property lease provision.

6.17. Interest-bearing debt

An analysis of the carrying amount of the Group's interest-bearing debt by contractual maturity is presented below:

2018 in thousands of €	**Due within 1 year**	**Due between 1 and 5 years**	**Due after 5 years**	**Total**
Interest-bearing debt				
Finance leases	*810*	*1 854*	*-*	*2 664*
Credit institutions	*746 231*	*159 449*	*125 727*	*1 031 407*
Bonds	*195 000*	*45 614*	*-*	*240 614*
Convertible bonds	*-*	*354 021*	*-*	*354 021*
Total financial debt	**942 041**	**560 938**	**125 727**	**1 628 705**

2017 **in thousands of €**	**Due within 1 year**	**Due between 1 and 5 years**	**Due after 5 years**	**Total**
Interest-bearing debt				
Finance leases	*582*	*2 564*	*-*	*3 146*
Credit institutions	*353 819*	*423 699*	*172 106*	*949 624*
Bonds	*100 000*	*240 614*	*-*	*340 614*
Convertible bonds	*-*	*341 364*	*-*	*341 364*
Total financial debt	**454 401**	**1 008 241**	**172 106**	**1 634 748**

An analysis of the undiscounted outflows relating to the Group's financial liabilities by contractual maturity is presented in note 7.3. 'Financial risk management and financial derivatives'. The financial debt due within one year more than doubled as a result of the refinancing of the BBRG long term debt and the matured Eurobond with a temporary refinancing through a financial covenant-free bridge loan (€ 410 million) with a group of banks for a maximum maturity of two years, preceding a permanent long-term funding decision.

As a general principle, loans are entered into by Group companies in their local currency to avoid currency risk. If funding is in another currency without an offsetting position on the balance sheet, the companies hedge the currency risk through derivatives (cross-currency interest-rate swaps or forward exchange contracts). Bonds, commercial paper and debt towards credit institutions are unsecured, except for the factoring program that has been set up with KBC and BNP Paribas Fortis at 31 December 2017. In 2018, the factoring program has been changed into an off-balance factoring program without recourse and as a result factored receivables give rise to a decrease in financial debt.

For further information on financial risk management, we refer to note 7.3. 'Financial risk management and financial derivatives'.

Net debt calculation

The derivative representing the conversion option (€ 0.2 million vs € 17.6 million in 2017) embedded in the convertible bond is not included in the net debt (see note 6.18. 'Other non-current liabilities'). The table below summarizes the calculation of the net debt.

in thousands of €	**2017**	**2018**
Non-current interest-bearing debt	1 180 347	686 665
Current interest-bearing debt	454 401	942 041
Total financial debt	**1 634 748**	**1 628 705**
Non-current financial receivables and cash guarantees	-6 259	-7 332
Current loans	-8 447	-20 186
Short-term deposits	-50 406	-50 036
Cash and cash equivalents	-418 779	-398 273
Net debt	**1 150 857**	**1 152 878**

Changes in liabilities arising from financing activities

In accordance with the disclosure requirements of IAS 7 'Statement of Cash Flows', this section presents an overview of the changes in liabilities arising from financing activities. The qualification as long-term vs short-term debt is based on the initial maturity of the debt. In the consolidated cash flow statement, the cash flows from long-term interest-bearing debt are analyzed between proceeds and repayments. Acquisitions and disposals in 2017 relate to the disposal of the majority stake in the rubber reinforcement plant in Sumaré (Brazil). In 2018, other changes in financial debt mainly relate to the conversion of the shareholders' loan into capital for € -52.6 million (see note 6.14. 'Non-controlling interest'), interest accruals from amortizations on liabilities using the effective interest method, and the effect of the changed accounting for a modification or exchange of debt under IFRS 9 (€ 2.6 million). Derivatives held to hedge financial debt include swaps and options that provide (economic) hedges for interest-rate risk, see note 7.3. 'Financial risk management and financial derivatives'. Other changes in 2017 relate to interest accruals from amortizations on liabilities using the effective interest method, and reclassifications.

			Non-cash changes				
in thousands of €	As at 1 January 2017	Cash flows	Acquisitions & disposals	Cumulative translation adjust-ments	Fair value changes	Other changes	As at 31 December 2017
Financial debt							
Long-term interest-bearing debt	1 179 663	149 445	406	-19 926	-	23 039	1 332 628 [1]
Finance leases	*3 855*	*-629*	*-*	*-334*	*-*	*254*	*3 146*
Credit institutions	*502 353*	*150 075*	*406*	*-19 592*	*-*	*14 262*	*647 503*
Bonds	*342 504*	*-*	*-*	*-*	*-*	*-1 890*	*340 614*
Convertible bonds	*330 951*	*-*	*-*	*-*	*-*	*10 413*	*341 364*
Short-term interest bearing debt	279 562	69 629	2	-29 874	-	-17 199	302 121
Total financial debt	**1 459 225**	**219 074**	**408**	**-49 800**	**-**	**5 840**	**1 634 748**
Derivatives held to hedge financial debt							
Interest-rate swaps	436	-	-	-	4	-	440
Cross-currency interest-rate swaps	5 702	15	-	-20	-10 602	-	-4 905
Interest-rate options	19	-	-	-	5	-	24
Other liabilities from financing activities							
Put options of NCI	8 846	-	-	-	287	-	9 133
Conversion derivative	35 207	-	-	-	-17 662	-	17 545
Total liabilities from financing activities	**1 509 435**	**219 090**	**408**	**-49 820**	**-27 967**	**5 840**	**1 656 986**

[1] *Including the current portion of non-current interest-bearing debt of € 18.4 million as at 1 January and € 152.3 million as at 31 December.*

in thousands of €	As at 1 January 2018	Cash flows	Non-cash changes: Acquisitions & disposals	Cumulative translation adjust-ments	Fair value changes	Other changes	As at 31 December 2018
Financial debt							
Long-term interest-bearing debt	1 332 628	59 576	-	-407	-	-19 037	1 372 759 [1]
Finance leases	*3 146*	*-683*	-	*-75*	-	*275*	*2 664*
Credit institutions	*647 503*	*160 259*	-	*-332*	-	*-31 969*	*775 461*
Bonds	*340 614*	*-100 000*	-	-	-	-	*240 614*
Convertible bonds	*341 364*	-	-	-	-	*12 656*	*354 021*
Short-term interest bearing debt	302 121	-62 590	-32	16 448	-	-	255 946
Total financial debt	**1 634 748**	**-3 014**	**-32**	**16 041**	**-**	**-19 037**	**1 628 705**
Derivatives held to hedge financial debt							
Interest-rate swaps	440	-	-	-	-440	-	-
Cross-currency interest-rate swaps	-4 905	-	-	-32	5 459	-	522
Interest-rate options	24	-	-	-	-24	-	-
Other liabilities from financing activities							
Put options of NCI	9 133	-	-	-	1 900	-	11 033
Conversion derivative	17 545	-	-	-	-17 325	-	220
Total liabilities from financing activities	**1 656 986**	**-3 014**	**-32**	**16 009**	**-10 431**	**-19 037**	**1 640 480**

[1] *Including the current portion of non-current interest-bearing debt of € 152.3 million as at 1 January and € 686.1 million as at 31 December.*

6.18. Other non-current liabilities

Carrying amount in thousands of €	**2017**	**2018**
Other non-current amounts payable	153	149
Derivatives (cf. note 7.3.)	17 835	220
Put options on NCI (cf. note 7.3.)	9 133	11 033
Total	**27 121**	**11 402**

The derivatives relate to the embedded financial instrument (€ 0.2 million (2017: € 17.6 million)) of the convertible bond (see notes 6.17. 'Interest-bearing debt' and 7.3. 'Financial risk management and financial derivatives'). The put option (€ 11.0 million (2017: € 9.1 million)) is for a non-controlling interest in an investment. The amount of 2017 has been reclassified from derivatives to put options on NCI.

6.19. Other current liabilities

Carrying amount in thousands of €	**2017**	**2018**
Other amounts payable	10 394	10 355
Derivatives (cf. note 7.3.)	6 525	4 734
Advances received	10 746	11 259
Other taxes	26 312	28 841
Accruals and deferred income	8 406	7 445
Total	**62 382**	**62 634**

The derivatives include forward-exchange contracts (€ 1.5 million (2017: € 6.5 million)) and CCIRSs (€ 3.2 million). Other taxes predominantly relate to VAT payable, employment-related taxes withheld and other non-income taxes payable.

6.20. Tax positions

The table below provides an overview of the tax receivables, tax payables and uncertain tax positions recognized at balance sheet closing date. The tax receivables and payables include both current income taxes, VAT and other taxes.

in thousands of €	**2017**	**2018**
Tax receivables	106 682	114 412
Certain tax liabilities	35 502	35 464
Uncertain tax positions	65 350	64 687

7. Miscellaneous items

7.1. Notes to the cash flow statement

Summary in thousands of €	**2017**	**2018**
Operating result (EBIT)	*318 062*	*146 880*
Non-cash items added back to operating result (EBIT)	*191 541*	*239 624*
EBITDA	*509 603*	*386 504*
Other gross cash flows from operating activities	*-153 304*	*-107 956*
Gross cash flows from operating activities	*356 299*	*278 548*
Changes in operating working capital [1]	*-109 544*	*-28 948*
Other operating cash flows	*-2 609*	*-5 880*
Cash from operating activities	244 146	243 720
Cash from investing activities	-209 246	-102 375
Cash from financing activities	30 171	-157 293
Net increase or decrease in cash and cash equivalents	**65 071**	**-15 948**

[1] The value for 2018 differs from the organic increase reported in note 6.7. 'Operating working capital' due to a reclassification of € -17.6 million for capex related to trade payables balances at year-end.

The cash flow from operating activities is presented using the indirect method, whereas the direct method is used for the cash flows from other activities. The direct method focuses on classifying gross cash receipts and gross cash payments by category.

Cash from operating activities

Details of selected operating items in thousands of €	**2017**	**2018**
Non-cash items included in operating result (EBIT)		
Depreciation and amortization [1]	*194 952*	*218 173*
Impairment losses on assets	*-3 411*	*21 451*
Non-cash items added back to operating result (EBIT)	191 541	239 624
Gains (-) and losses on business disposals (portion retained)	*-14 552*	*-*
Employee benefits: set-up / reversal (-) of amounts not used	*13 318*	*10 543*
Provisions: set-up / reversal (-) of amounts not used	*-10 740*	*10 814*
CTA recycled on business disposals	*6 895*	*599*
Equity-settled share-based payments	*5 126*	*6 692*
Other non-cash items included in operating result (EBIT)	47	28 648
Total	**191 588**	**268 272**
Investing items included in operating result (EBIT)		
Gains (-) and losses on business disposals (portion sold)	-18 149	-1 478
Gains (-) and losses on disposals of intangible assets + PP&E	1 955	-29 783
Total	**-16 194**	**-31 261**
Amounts used on provisions and employee benefit obligations		
Employee benefits: amounts used	-35 528	-28 346
Provisions: amounts used	-14 570	-8 025
Total	**-50 098**	**-36 371**
Income taxes paid		
Current income tax expense	-69 286	-65 536
Increase or decrease (-) in net income taxes payable	-17 773	-3 436
Total	**-87 059**	**-68 972**
Other operating cash flows		
Movements in other current assets and liabilities	-2 101	-3 551
Other	-508	-2 329
Total	**-2 609**	**-5 880**

[1] Including € -11.3 million (2017: € -8.6 million) write-downs / (reversals of write-downs) on inventories and trade receivables (see note 6.7. 'Operating working capital').

Gross cash flows from operating activities decreased by € 77.8 million as a result of lower operating performance (€ -123.1 million EBITDA) and lower investing items (€ -15.1 million), offset by lower cash-outs on income taxes (€ +18.1 million), higher add-backs for other non-cash items (€ 28.6 million, mainly provisions and effects of the Sumaré disposal in 2017) and lower usage of provisions (€ 13.7 million). The gain on retained interests in business disposals in 2017 relates to the loss of control in the rubber reinforcement plant in Sumaré (Brazil).

Investing items in 2018 (€ 31.3 million) consist of (1) the cash gain on the disposal of the drying activities and (2) gains and losses on disposals of assets, mainly related to the sale of property as part of the closure of the Huizhou plant (China) and the Shah Alam plant (Malaysia).

Increases in working capital fueled by higher sales generated cash-outs amounting to € -28.9 million in 2018 (2017: € -109.5 million) (see organic increase in note 6.7. 'Operating working capital'). Other operating cash flows mainly relate to swings in other receivables and payables not included in working capital and not arising from investing or financing activities.

Income taxes paid were € 18.1 million lower than in 2017. Less taxes were paid primarily in China (€ 6.2 million), Brazil (€ 5.7 million), Spain (€ 4.6 million), Indonesia (€ 3.4 million), Peru (€ 3.1 million), Czech Republic (€ 2.3 million) and The Netherlands (€ 2.2 million), while more taxes were paid in Turkey (€ -6.8 million).

Cash from investing activities

The net consideration received for the disposal of the drying activities is presented in 'Proceeds from disposals of investments' (see note 7.2. 'Effect of business disposals'). (2017: net consideration received for the disposal of the rubber reinforcement plant in Sumaré (Brazil)'. Cash-outs from capital expenditure for property, plant and equipment decreased from € 272.7 million in 2017 to € 181.3 million in 2018.

The following table presents more details on selected investing cash flows:

Details of selected investing items in thousands of €	**2017**	**2018**
Other portfolio investments		
Other investments	-342	-411
Total	**-342**	**-411**
Proceeds from disposals of fixed assets		
Proceeds from disposals of intangible assets	148	24 297
Proceeds from disposals of property, plant and equipment	1 256	31 791
Total	**1 404**	**56 088**

Proceeds from sales of fixed assets relate to the sale of (1) rights to use land and (2) buildings and equipment of the closure of the Huizhou plant (China) and the Shah Alam plant (Malaysia).

Cash from financing activities

New long-term debt issued (€ 468.4 million) mainly related to financing transactions in Belgium and China (2017: € 179.3 million, mainly in Belgium, China and Chile). Repayments of long-term debt (€ -408.8 million) mainly related to BBRG financing (€ -258.3 million), loans in China (€ -41.2 million), in Belgium (€ -100.0 million), in Chile (€ -4.2 million) and in Australia € -3.5 million). Last year's repayments of long-term debt (€ -29.8 million) mainly related to BBRG financing (€ -12.3 million), loans in China (€ -8.4 million) and Turkey (€ -6.0 million). Cash-outs from short-term debt amounted to € 62.6 million in 2018, while there was an increase (€ 69.6 million) in short-term debt in 2017. For an overview of the movements in liabilities arising from financing activities, see note 6.17. 'Interest-bearing debt'.
Treasury shares transactions in 2018 (€ -11.3 million vs € 4.0 million in 2017) consisted of share buy-backs (€ -13.0 million vs € -6.3 million in 2017) and proceeds from options being exercised (€ 1.7 million vs € 10.3 million in 2017).
In 2017, 'Sales and purchases of non-controlling interests' mainly consists of the net consideration paid (€ 17.0 million) for the purchase of the 50% non-controlling interest in Bekaert (Chongqing) Steelcord Co Ltd. This year (€ -7.4 million) this mainly relates to the purchase of the non-controlling interest of the BBRG entities.

The following table presents more details about selected financing items:

Details of selected financing items in thousands of €	**2017**	**2018**
Other financing cash flows		
New shares issued following exercise of subscription rights	762	576
Capital paid in by non-controlling interestholders	9 870	205
Increase (-) or decrease in current and non-current loans and receivables	9 097	-2 313
Increase (-) or decrease in current financial assets	-45 218	365
Other financial income and expenses	-3 427	-9 067
Total	**-28 916**	**-10 234**

As for other financing cash flows, cash-ins resulted from capital increases in the parent company (€ 0.6 million vs € 0.8 million in 2017), minor capital contributions paid by non-controlling interestholders (2017: capital contributions by the Chinese partner in Bekaert (Jining) Steelcord Co Ltd) and net receipts from loans and receivables (€ -2.3 million vs € 9.1 million in 2017). Net investments in short-term deposits amounted to € 0.4 million (2017: net disposals of € 45.2 million). Other financial income and expenses mainly relates amongst others to taxes and bank charges on financial transactions (€ -7.7 million vs € -2.9 million in 2017).

7.2. Effect of business disposals

Disposal of the drying activities

On 9 July 2018 Bekaert and Argynnis Group AB of Sweden signed and closed an agreement regarding the sale of all shares of Solaronics SA to Argynnis. The transaction covers the production facility in Armentières (France) and an international sales & services network. An in-depth analysis showed that the further growth potential of the drying business be best secured by entrusting its future potential to an organization combining the competences of two complementary industry players.
The divestment of the drying activities is a confirmation of Bekaert's strategic focus on steel wire transformation and coating technologies, the Group's core competences.

The Solaronics plant accounted for € 5.9 million in consolidated revenue over the first half of 2018, representing nil in net result. A transaction gain of € 1.2 million was recognized in one-off items, including a loss of € 0.3 million on recycling CTA. The table below presents the net assets disposed by balance sheet caption, the gain recognized on the transaction and the proceeds shown in the consolidated cash flow statement.

in thousands of €	**Total disposals**
Intangible assets	54
Property, plant and equipment	401
Other non-current assets	141
Deferred tax assets	409
Inventories	3 027
Trade receivables	3 112
Advances paid	102
Other receivables	733
Cash and cash equivalents	4
Other current assets	56
Non-current employee benefit obligations	-518
Non-current provisions	-331
Deferred tax liabilities	75
Current interest-bearing debt	-1 177
Trade payables	-1 302
Advances received	-1 033
Current employee benefit obligations	-1 279
Current provisions	-258
Other current liabilities	-48
Total net assets disposed	**2 168**
Gain or loss (-) on disposal recognized in income	1 161
CTA recycled on disposal (non-cash loss)	317
Cash disposed	-4
Deferred proceeds	-807
Proceeds from disposals of investments	**2 835**

7.3. Financial risk management and financial derivatives

Principles of financial risk management

The Group is exposed to risks from movements in exchange rates, interest rates and market prices that affect its assets and liabilities. Financial risk management within the Group aims at reducing the impact of these market risks through ongoing operational and financing activities. Selected derivative hedging instruments are used depending on the assessment of risk involved. The Group mainly hedges the risks that affect the Group's cash flows. Derivatives are used exclusively as hedging instruments and not for trading or other speculative purposes. To reduce the credit risk, hedging transactions are generally only concluded with financial institutions whose credit rating is at least A.

The guidelines and principles of the Bekaert financial risk policy are defined by the Audit and Finance Committee and overseen by the Board of the Group. Group Treasury is responsible for implementing the financial risk policy. This encompasses defining appropriate policies and setting up effective control and reporting procedures. The Audit and Finance Committee is regularly kept informed as to the currency and interest-rate exposure.

Currency risk

The Group's currency risk can be split into two categories: translational and transactional currency risk.

Translational currency risk
A translational currency risk arises when the financial data of foreign subsidiaries are converted into the Group's presentation currency, the euro. The main currencies are Chinese renminbi, US dollar, Czech koruna, Brazilian real, Chilean peso, Russian ruble, Indian rupee and pound sterling. Since there is no impact on the cash flows, the Group usually does not hedge against such risk.

Transactional currency risk
The Group is exposed to transactional currency risks resulting from its investing, financing and operating activities.

Foreign currency risk in the area of investment results from the acquisition and disposal of investments in foreign companies, and sometimes also from dividends receivable from foreign investments. If material, these risks are hedged by means of forward exchange contracts.

Foreign currency risk in the financing area results from financial liabilities in foreign currencies. In line with its policy, Group Treasury hedges these risks using cross-currency interest-rate swaps and forward exchange contracts to convert financial obligations denominated in foreign currencies into the entity's functional currency. At the reporting date, the foreign currency liabilities for which currency risks were hedged mainly consisted of intercompany loans in euro and US dollar.

Foreign currency risk in the area of operating activities arises from commercial activities with sales and purchases in foreign currencies, as well as payments and receipts of royalties. The Group uses forward-exchange contracts to limit the currency risk on the forecasted cash inflows and outflows for the coming three months. Significant exposures and firm commitments beyond that time frame may also be covered.

Currency sensitivity analysis
The reasonably possible changes used in this calculation were based on annualized volatility relating to the daily movement of the exchange rate of the reported year, with a 95% confidence interval.

Currency sensitivity relating to the operating, investing and financing activities
The following table summarizes the Group's net foreign currency positions of operating, investing and financing receivables and payables at the reporting date for the most important currency pairs. The net currency positions are presented before intercompany eliminations. Positive amounts indicate that the Group has a net future cash inflow in the first currency. In the table, the 'Total exposure' column represents the position on the balance sheet, while the 'Total derivatives' column includes all financial derivatives hedging those balance sheet positions as well as forecasted transactions.

Currency pair - 2018
in thousands of €

	Total exposure	Total derivatives	Open position
AUD/USD	4 555	-3 262	1 293
CZK/EUR	10 569	-6 906	3 663
EUR/BRL	-15 031	-	-15 031
EUR/CNY	-117 627	42 191	-75 436
EUR/GBP	-17 789	9 019	-8 770
EUR/INR	-31 591	18 254	-13 337
EUR/MYR	-15 524	15 000	-524
EUR/RON	-48 369	4 787	-43 582
EUR/USD	4 882	-	4 882
HKD/EUR	-7 355	-	-7 355
IDR/USD	11 206	-	11 206
JPY/CNY	6 810	-2 010	4 800
JPY/EUR	2 734	-2 401	334
NOK/GBP	5 817	-	5 817
NZD/USD	-9 687	-778	-10 465
RUB/EUR	28 314	-28 307	7
TRY/EUR	18 885	-	18 885
USD/BRL	-14 105	-	-14 105
USD/CLP	7 460	-	7 460
USD/CNY	-87 148	117 106	29 958
USD/COP	-15 393	21 607	6 213
USD/EUR	358 915	-311 637	47 278
USD/GBP	82 347	-	82 347
USD/INR	-79 818	-	-79 818

Currency pair - 2017
in thousands of €

	Total exposure	Total derivatives	Open position
AUD/USD	9 200	-3 579	5 621
CZK/EUR	5 220	-666	4 554
EUR/BRL	-13 726	-	-13 726
EUR/CAD	-6 907	13	-6 894
EUR/CNY	-69 459	33 310	-36 149
EUR/GBP	-12 990	-2 870	-15 860
EUR/MYR	-18 544	-	-18 544
EUR/RON	-25 120	19 320	-5 801
EUR/USD	-5 952	-	-5 952
HKD/EUR	-6 720	-	-6 720
IDR/USD	8 609	-	8 609
JPY/CNY	4 514	-741	3 774
JPY/EUR	-84	-1 668	-1 752
NOK/GBP	3 670	-	3 670
NZD/USD	-10 110	-839	-10 949
RUB/EUR	27 902	-24 499	3 403
TRY/EUR	15 992	-	15 992
USD/BRL	-10 416	-	-10 416
USD/CAD	230	-	230
USD/CLP	7 738	-	7 738
USD/CNY	-70 962	93 473	22 512
USD/COP	-11 634	15 739	4 105
USD/EUR	248 150	-219 010	29 140
USD/GBP	87 698	-3 550	84 148
USD/INR	-84 082	52 265	-31 817
USD/PEN	4 269	-	4 269
USD/SGD	-21 807	-	-21 807

If rates had weakened/strengthened by reasonably possible changes with all other variables constant, the result for the period before taxes would have been € 3.7 million lower/higher (2017: € 3.8 million).

Currency sensitivity in relation to hedge accounting
At 31 December 2018 the Group does no longer apply hedge accounting. The limited number of cash flow hedges in Bridon International Ltd (UK) have been discontinued. As a consequence, there is no longer an impact of a weakened/strengthened GBP on the hedging reserve at year-end 2018 (2017: € 0.9 million).

Interest-rate risk

The Group is exposed to interest-rate risk, mainly on debt denominated in US dollar, Chinese renminbi and euro. To minimize the effects of interest-rate fluctuations in these regions, the Group manages the interest-rate risk for net debt denominated in the respective currencies of these countries separately. General guidelines are applied to cover interest-rate risk:
» The target average life of long-term debt is four years.
» The allocation of long-term debt between floating and fixed interest rates must remain within the defined limits approved by the Audit and Finance Committee.

Group Treasury uses interest-rate swaps and cross-currency interest-rate swaps to ensure that the floating and fixed portions of the long-term debt remain within the defined limits.

The following table summarizes the weighted average interest rates, including the effects of any swaps, at the balance sheet date.

The convertible bond is carried at amortized cost using the effective interest method so as to spread the separate recognition of the conversion option and any transaction fees over time via interest charges. This results in effective interest charges exceeding the nominal interest charges.

	Long-term				
2018	**Fixed rate**	**Floating rate**	**Total**	**Short-term**	**Total**
US dollar	4.20%	3.36%	3.50%	3.26%	3.29%
Chinese renminbi	-	4.63%	4.63%	4.56%	4.62%
Euro	1.76%	1.03%	1.72%	0.41%	1.30%
Other	8.52%	-	8.52%	4.92%	5.63%
Total	**2.02%**	**2.85%**	**2.12%**	**2.16%**	**2.14%**

	Long-term				
2017	**Fixed rate**	**Floating rate**	**Total**	**Short-term**	**Total**
US dollar	9.26%	4.72%	5.64%	3.00%	3.72%
Chinese renminbi	6.00%	4.71%	5.34%	4.57%	4.82%
Euro	2.60%	6.23%	3.20%	2.44%	3.19%
Other	8.54%	-	8.54%	4.10%	5.59%
Total	**3.12%**	**5.63%**	**3.71%**	**2.99%**	**3.57%**

Interest-rate sensitivity analysis

Interest-rate sensitivity of the financial debt
As disclosed in note 6.17. ‘Interest-bearing debt’, the total financial debt of the Group as of 31 December 2018 amounted to € 1 628.7 million (2017: € 1 634.8 million). The following table shows the currency and interest rate profile, i.e. the percentage distribution of the total financial debt by currency and by type of interest rate (fixed, floating), including the effect of any swaps.

Currency and interest rate profile	Long-term		Short-term	
2018	**Fixed rate**	**Floating rate**	**Floating rate**	**Total**
US dollar	0.50%	2.60%	17.70%	20.80%
Chinese renminbi	-	1.40%	0.40%	1.80%
Euro	44.30%	2.20%	22.50%	69.00%
Other	1.60%	-	6.80%	8.40%
Total	**46.40%**	**6.20%**	**47.40%**	**100.00%**

Currency and interest rate profile	Long-term		Short-term	
2017	**Fixed rate**	**Floating rate**	**Floating rate**	**Total**
US dollar	1.30%	5.40%	18.20%	24.90%
Chinese renminbi	0.60%	0.70%	2.90%	4.20%
Euro	52.60%	10.30%	0.50%	63.40%
Other	2.60%	-	4.90%	7.50%
Total	**57.10%**	**16.40%**	**26.50%**	**100.00%**

On the basis of the annualized daily volatility of the 3-month Interbank Offered Rate in 2018 and 2017, the reasonable estimates of possible interest rate changes, with a 95% confidence interval, are set out for the main currencies in the table below.

Currency	Interest rate at 31 December 2018	Reasonably possible changes (+/-)
Chinese renminbi [1]	2.72%	0.45%
Euro	0.00%	0.00%
US dollar	2.80%	0.27%

Currency	Interest rate at 31 December 2017	Reasonably possible changes (+/-)
Chinese renminbi [1]	4.25%	0.70%
Euro	0.00%	0.00%
US dollar	1.69%	0.17%

[1] *For the Chinese renminbi, the interest rate is the PBOC benchmark interest rate for lending up to six months.*

Applying the estimated possible changes in the interest rates to the floating rated debt, with all other variables constant, the result for the period before tax would have been € 1.6 million higher/lower (2017: € 2.3 million higher/lower). Since the EURIBOR was negative and Bekaert has a 0% floor in place, reasonably possible changes in the EURIBOR will not generate any effect.

Interest-rate sensitivity in relation to hedge accounting

At 31 December 2018, the Group does not apply hedge accounting (2017: none) and no sensitivity analysis was done.

Credit risk

The Group is exposed to credit risk from its operating activities and certain financing activities. In respect of its operating activities, the Group has a credit policy in place, which takes into account the risk profiles of the customers in terms of the market segment to which they belong. Based on activity platform, product sector and geographical area, a credit risk analysis is made of customers and a decision is taken regarding the covering of the credit risk. The exposure to credit risk is monitored on an ongoing basis and credit evaluations are made of all customers. In terms of the characteristics of some steel wire activities with a limited number of global customers, the concentration risk is closely monitored and, in combination with the existing credit policy, appropriate action is taken when needed. In accordance with IFRS 8 §34, none of the specified disclosures on individual customers (or groups of customers under common control) are required, since none of the Group's customers accounts for more than 10% of its revenues. At 31 December 2018, 47.4% (2017: 64.5%) of the credit risk exposure was covered by credit insurance policies and by trade finance techniques. In respect of financing activities, transactions are normally concluded with counterparties that have at least an A credit rating. There are also limits allocated to each counterparty which depend on their rating. Due to this approach, the Group considers the risk of counterparty default to be limited in both operating and financing activities.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as they come due because of an inability to liquidate assets or obtain adequate funding. To ensure liquidity and financial flexibility at all times, the Group, in addition to its available cash, has several uncommitted short-term credit lines at its disposal in the major currencies and in amounts considered adequate for current and near-future financing needs. These facilities are generally of the mixed type and may be utilized, for example, for advances, overdrafts, acceptances and discounting. The Group also has committed credit facilities at its disposal up to a maximum equivalent of € 100 million (2017: € 100 million) at floating interest rates with fixed margins. At year-end, nothing was outstanding under these facilities (2017: nil). In addition, the Group has a commercial paper and medium-term note program available for a maximum of € 123.9 million (2017: € 123.9 million). At the end of 2018, no commercial paper notes were outstanding (2017: nil). At year-end, no external bank debt was subject to debt covenants (2017: € 291 million). The Group has a joint factoring agreement with BNP Paribas Fortis and KBC and has discounted outstanding receivables per 31 December 2018 for a total amount of € 73.9 million (2017: nil). In the course of 2018, the factoring program has been modified and Bekaert transfers substantially all risks and rewards of ownership of the receivables to the factor. As a consequence, at the end of 2018, the factored receivables are derecognized, and the factoring program no longer leads to the recognition of a financial debt.

BBRG has become a wholly-owned group of entities of Bekaert in 2018. On October 12, 2018 the bank syndicated debt and the RCF have been fully repaid and replaced by a new Bridge Financing for 310 million EUR without covenants and hence is no longer ring-fenced. BBRG has entered into separate non-recourse factoring agreements with BNP Paribas Fortis in the UK and Germany. Since Bekaert has transferred substantially all risks and rewards of ownership of the factored receivables, these are derecognized at time of transfer.

As the Senior Facilities Agreement from BBRG has been repaid, BBRG has no longer obligations towards a lending syndicate.

The following table shows the Group's contractually agreed (undiscounted) outflows in relation to financial liabilities (including financial liabilities reclassified as liabilities associated with assets held for sale). Only net interest payments and principal repayments are included.

2018 in thousands of €	**2019**	**2020**	**2021-2023**	**2024 and thereafter**
Financial liabilities - principal				
Trade payables	*-773 751*	-	-	-
Other payables	*-21 614*	*-150*	-	-
Interest-bearing debt	*-942 041*	*-163 964*	*-422 953*	*-125 727*
Derivatives - gross settled	*-256 452*	*-13 687*	-	
Financial liabilities - interests				
Trade and other payables	-	-	-	-
Interest-bearing debt	*-31 009*	*-5 618*	*-5 423*	*-2 119*
Derivatives - net settled	-	-	-	-
Derivatives - gross settled	*-7 123*	*-1 514*	-	-
Total undiscounted cash flow	**-2 031 989**	**-184 933**	**-428 376**	**-127 846**

2017 in thousands of €	**2018**	**2019**	**2020-2022**	**2023 and thereafter**
Financial liabilities - principal				
Trade payables	*-665 196*	*-*	*-*	*-*
Other payables	*-21 139*	*-153*	*-*	*-*
Interest-bearing debt	*-454 401*	*-303 959*	*-756 982*	*-180 652*
Derivatives - gross settled	*-239 568*	*-4 753*	*-14 245*	
Financial liabilities - interests				
Trade and other payables	*-*	*-*	*-*	*-*
Interest-bearing debt	*-50 135*	*-38 513*	*-64 071*	*-29 398*
Derivatives - net settled	*228*	*114*	*-*	*-*
Derivatives - gross settled	*-5 748*	*-2 093*	*-1 576*	*-*
Total undiscounted cash flow	**-1 435 959**	**-349 357**	**-836 874**	**-210 050**

All instruments held at the reporting date and for which payments had been contractually agreed are included. Forecasted data relating to future, new liabilities have not been included. Amounts in foreign currencies have been translated at the closing rate at the reporting date. The variable interest payments arising from the financial instruments were calculated using the applicable forward interest rates.

Hedging

All financial derivatives the Group enters into, relate to an underlying transaction or forecasted exposure. In function of the expected impact on the income statement and if the stringent IFRS 9 criteria are met, the Group decides on a case-by-case basis whether hedge accounting will be applied. The following sections describe the transactions whereby hedge accounting is applied and transactions which do not qualify for hedge accounting but constitute an economic hedge.

Hedge accounting

In 2017, the Group has applied hedge accounting only in a very limited number of cases, notably in Bridon International Ltd, which hedges its currency risk on operating cash flows through foreign-exchange contracts designated as cash flow hedges. These cash flow hedges have expired in 2018.

Fair value hedges

There were no fair value hedges in 2018 and 2017.

Cash flow hedges

The limited number of cash flow hedges have expired in 2018.

Economic hedging and other derivatives

The Group also uses financial instruments that represent an economic hedge but for which no hedge accounting is applied, either because the criteria to qualify for hedge accounting defined in IFRS 9 ‘Financial Instruments’ are not met or because the Group has elected not to apply hedge accounting. These derivatives are treated as free-standing instruments held for trading.

» The Group uses cross-currency interest-rate swaps and forward-exchange contracts to hedge the currency risk on intercompany loans involving two entities with different functional currencies. Until now, the Group has elected not to apply hedge accounting as defined in IFRS 9. Since nearly all cross-currency interest-rate swaps are floating-to-floating, the fair value gain or loss on the financial instruments is expected to offset the foreign-exchange result arising from the remeasurement of the intercompany loans. The major currencies involved are US dollars, euros and Russian rubles.
» To manage its interest-rate exposure, the Group uses interest-rate swaps to convert its floating-rate debt to a fixed rate debt. In 2018 the existing interest-rate swaps have been stopped as a result of the refinancing of the BBRG debt (2018: nil - 2017: USD 73.0 million).
» The Group uses forward exchange contracts to limit currency risks on its various operating and financing activities. For all forward exchange contracts, the fair value change is recorded immediately under other financial income and expenses.
» In June 2016, a € 380 million convertible bond maturing in 2021 was issued with a zero coupon interest. The characteristics of the convertible bond are such that the conversion option constitutes a non-closely related embedded derivative which, in accordance with IFRS 9, is separated from the host contract. The fair value of the conversion derivative on the bond amounted to € 0.2 million at 31 December 2018 (2017: € 17.6 million), as a result of which a gain of € 17.3 million was recognized in other financial income (2017: a gain of € 17.6 million). The host contract (the plain vanilla debt without the conversion option)

is recognized at amortized cost using the effective interest method; its effective interest expense amounts to € 10.1 million (2017: € 10.4 million).

» The put option relating to the 2014 business combination with Maccaferri qualifies as a non-current financial liability measured at fair value through profit or loss. The change in fair value recorded in other financial income and expenses amounted to a loss of € 1.9 million (2017: loss of € 0.3 million).

Derivatives

The following table analyzes the notional amounts of the derivatives according to their maturity date. For derivatives designated for hedge accounting as set out in IFRS 9, a distinction is made depending on whether these are part of a fair value hedge (FVH) or cash flow hedge (CFH):

2018 in thousands of €	**Due within one year**	**Due between one and 5 years**	**Due after more than 5 years**
Hedge accounting			
Forward exchange contracts (CFH)	-	-	-
Held for trading			
Forward exchange contracts	252 776	-	-
Interest-rate swaps	-	-	-
Cross-currency interest-rate swaps	341 308	13 687	-
Conversion derivative	-	380 000	-
Total	**594 084**	**393 687**	**-**

2017 in thousands of €	**Due within one year**	**Due between one and 5 years**	**Due after more than 5 years**
Hedge accounting			
Forward exchange contracts (CFH)	12 386	-	-
Held for trading			
Forward exchange contracts	226 441	-	-
Interest-rate swaps	-	60 869	-
Cross-currency interest-rate swaps	273 805	18 998	-
Conversion derivative	-	380 000	-
Total	**512 632**	**459 867**	**-**

The following table summarizes the fair values of the various derivatives carried. For derivatives designated for hedge accounting as set out in IFRS 9, a distinction is made depending on whether these are part of a fair value hedge (FVH) or cash flow hedge (CFH):

Fair value of current and non-current derivatives in thousands of €	**Assets**		**Liabilities**	
	2017	**2018**	**2017**	**2018**
Financial instruments				
Hedge accounting				
Forward exchange contracts (CFH)	-	-	468	-
Held for trading				-
Forward exchange contracts	518	6 748	6 019	1 507
Interest-rate swaps	432	-	-	-
Interest-rate caps	-	-	24	-
Cross-currency interest-rate swaps	5 208	2 704	303	3 226
Conversion derivative	-	-	17 545	220
Total	**6 159**	**9 452**	**24 359**	**4 953**
Non-current	-	1 407	17 835	220
Current	6 159	8 045	6 525	4 734
Total	**6 159**	**9 452**	**24 359**	**4 954**

The Group has no financial assets and financial liabilities that are presented net in the balance sheet due to set-off in accordance with IAS 32. The Group enters into ISDA (International Swaps and Derivatives Association) master agreements with its counterparties for all of its derivatives, allowing the counterparties to net derivative assets with derivative liabilities when settling in case of default. Under these agreements, no collateral is being exchanged, neither in cash nor in securities.

The potential effect of the netting of derivative contracts is shown below:

Effect of enforceable netting agreements in thousands of €	**Assets**		**Liabilities**	
	2017	**2018**	**2017**	**2018**
Total derivatives recognized in balance sheet	6 159	9 452	24 359	4 954
Enforceable netting	-14	-1 297	-14	-1 297
Net amounts	**6 145**	**8 155**	**24 345**	**3 657**

Additional disclosures on financial instruments by class and category

The following tables list the different classes of financial assets and liabilities with their carrying amounts and their respective fair values, analyzed by their measurement category in accordance with IFRS 9 ‘Financial Instruments’.

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

The following abbreviations are used for the new IFRS 9 categories and last year’s IAS 39 categories:

Abbreviation	Category in accordance with IAS 39
L&R	Loans & Receivables
AfS	Available for Sale
HfT	Financial assets or financial liabilities Held for Trading
FLMaAC	Financial Liabilities Measured at Amortized Cost
Hedge accounting	Hedge accounting
FVTPL	Financial liabilities measured as at fair value through profit or loss

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

Carrying amount vs fair value in thousands of €	Category in accordance with IAS 39	Category in accordance with IFRS 9	31-Dec-17 Carrying amount	31-Dec-17 Fair value	31-Dec-18 Carrying amount	31-Dec-18 Fair value
Assets						
Non-current financial assets						
- Financial & other receivables and cash guarantees	L&R	AC	12 326	12 326	10 021	10 021
- Equity investments	AfS	FVTOCI/Eq	16 400	16 400	11 153	11 153
- Derivatives						
- Held for trading	HfT	FVTPL/Mnd	-	-	-	-
Current financial assets						
- Financial receivables and cash guarantees	L&R	AC	8 447	8 447	20 186	20 186
- Cash and cash equivalents	L&R	AC	418 779	418 779	398 273	398 273
- Short term deposits	L&R	AC	50 406	50 406	50 036	50 036
- Trade receivables	L&R	AC	836 809	836 809	772 731	772 731
- Bills of exchange received	L&R	AC	55 633	55 633	57 727	57 727
- Other current assets						
- Other receivables	L&R	AC	20 015	20 015	15 929	15 929
- Derivatives						
- Held for trading	HfT	FVTPL/Mnd	6 159	6 159	8 045	8 045
Liabilities						
Non-current interest-bearing debt						
- Finance leases	FLMaAC	AC	2 564	2 564	1 854	1 854
- Credit institutions	FLMaAC	AC	595 805	595 805	285 176	285 176
- Bonds	FLMaAC	AC	581 978	621 083	399 635	410 729
Current interest-bearing debt						
- Finance leases	FLMaAC	AC	582	582	810	810
- Credit institutions	FLMaAC	AC	353 819	353 819	746 231	746 231
- Bonds	FLMaAC	AC	100 000	103 112	195 000	199 626
Other non-current liabilities						
- Conversion option	HfT	HfT	17 545	17 545	220	220
- Put option	FVTPL	FVTPL	9 133	9 133	11 033	11 033
- Other derivatives	HfT	HfT	290	290	-	-
- Other payables	FLMaAC	AC	153	153	150	150
Trade payables	FLMaAC	AC	665 196	665 196	773 751	773 751
Other current liabilities						
- Other payables	FLMaAC	AC	10 394	10 394	10 355	10 355
- Derivatives						
- Held for trading	HfT	HfT	6 057	6 057	4 734	4 734
- Hedging instruments	Hedge accounting	HfT	468	468	-	-
Aggregated by category in accordance with IFRS 9						
Financial assets		AC	1 402 416	1 402 416	1 324 903	1 324 903
		FVTOCI/Eq	16 400	16 400	11 153	11 153
		FVTPL/Mnd	6 159	6 159	8 045	8 045
Financial liabilities		AC	2 310 491	2 352 708	2 412 961	2 428 682
		HfT	24 360	24 360	4 954	4 954
		FVTPL	9 133	9 133	11 033	11 033

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

Financial instruments by fair value measurement hierarchy

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

- ‘Level 1’ fair value measurement: the fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices in these active markets for identical assets and liabilities. This mainly relates to financial assets at fair value through other comprehensive income such as the investment in Shougang Concord Century Holdings Ltd (see note 6.5. ‘Other non-current assets’).

- ‘Level 2’ fair value measurement: the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. This mainly relates to derivative financial instruments. Forward exchange contracts are measured using quoted forward-exchange rates and yield curves derived from quoted interest rates with matching maturities. Interest-rate swaps are measured at the present value of future cash flows estimated and discounted using the applicable yield curves derived from quoted interest rates. The fair value measurement of cross-currency interest-rate swaps is based on discounted estimated cash flows using quoted forward-exchange rates, quoted interest rates and applicable yield curves derived therefrom.

- ‘Level 3’ fair value measurement: the fair value of the remaining financial assets and financial liabilities is derived from valuation techniques which include inputs that are not based on observable market data. The share conversion option in the convertible bond issued in June 2016 is a non-closely related embedded derivative that has to be separated from the host debt instrument and measured at fair value through profit or loss. The fair value of the conversion option is determined as the difference between the fair value of the convertible bond as a whole (mid – source: Bloomberg) and the fair value of the host debt contract using a valuation model based on the prevailing market interest rate for similar plain vanilla debt instruments. The main factors determining the fair value of the conversion bond are the Bekaert share price (level 1), the reference swap rate (level 2), the volatility of the Bekaert share (level 3) and the credit spread (level 3). Consequently, the conversion option is classified as a level-3 financial instrument. Similarly, the fair value of the put option relating to non-controlling interests has not been based on observable market data but on an updated business plan as initially agreed between the partners in the business combination with Maccaferri. The fair value was established using discounted cash flows.

Convertible bond issued in 2016	At issue date	At 31 Dec 2017	At 31 Dec 2018
Level 1 inputs			
Share price	€ 37.97	€ 36.45	€ 21.06
Level 2 inputs			
Reference swap rate	0.03%	0.08%	-0.13%
Level 3 inputs			
Volatility	29.00%	26.75%	22.00%
Credit spread	225 bps	80 bps	200 bps

Outcome of the model in thousands of €			
Fair value of the convertible debt	380 000	386 202	363 432
Fair value of the plain vanilla debt	339 509	368 656	363 212
Fair value of the conversion option	40 491	17 545	220

Put option Maccaferri	At 31 Dec 2018
Level 3 inputs	
Discount rate	10.0%
Terminal value growth	2.0%
Average EBITDA / sales	2.9%

The carrying amount (i.e. the fair value) of the level-3 liabilities has evolved as follows:

Level-3 Financial liabilities in thousands of €	2017	2018
At 1 January	44 052	26 678
(Gain) / loss in fair value	-17 375	-15 425
At 31 December	26 678	11 253

Gains and losses in fair value are reported in other financial income and expenses. None of the level-3 financial liabilities were derecognized during the period.

The following table shows the sensitivity of the fair value calculation to the most significant level-3 inputs for the conversion option and the put option.

Sensitivity analysis in thousands of €	Change	Impact on conversion option	
Volatility	3.5%	increase by	266
	-3.5%	decrease by	-76
Credit spread	25 bps	increase by	1
	-25 bps	decrease by	19

Sensitivity analysis in thousands of €	Change	Impact on put option	
Discount rate	+1%	decrease by	-1 231
Terminal value growth	-0.5%	decrease by	-333
Average EBITDA / sales	-0.5%	decrease by	-1 330

The following table provides an analysis of financial instruments measured at fair value in the balance sheet, in accordance with the fair value measurement hierarchy described above:

2018 in thousands of €	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets mandatorily measured as at fair value through profit or loss				
Derivative financial assets	*-*	*9 452*	*-*	*9 452*
Equity instruments designated as at fair value through OCI				
Equity investments	*5 241*	*5 913*		*11 154*
Total assets	**5 241**	**15 365**	**-**	**20 606**
Financial liabilities held for trading				
Conversion option	*-*	*-*	*220*	*220*
Other derivative financial liabilities	*-*	*4 734*	*-*	*4 734*
Financial liabilities designated as at fair value through profit or loss				
Put option relating to non-controlling interests	*-*	*-*	*11 033*	*11 033*
Total liabilities	**-**	**4 734**	**11 253**	**15 986**

2017 in thousands of €	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Derivative financial assets	*-*	*6 159*	*-*	*6 159*
Financial assets at fair value through OCI				
Equity investments	*6 562*	*9 838*		*16 400*
Total assets	**6 562**	**15 997**	**-**	**22 559**
Financial liabilities - hedge accounting				
Conversion option	*-*	*-*	*17 545*	*17 545*
Other derivative financial liabilities	*-*	*6 815*	*-*	*6 815*
Financial liabilities designated as at fair value through profit or loss				
Put option relating to non-controlling interests	*-*	*-*	*9 133*	*9 133*
Total liabilities	**-**	**6 815**	**26 678**	**33 493**

There were no transfers between level 1 and 2 in the period.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the net debt and equity balance. The Group's overall strategy remains unchanged from 2017.

The capital structure of the Group consists of net debt, as defined in note 6.17. 'Interest-bearing debt', and equity (both attributable to the Group and to non-controlling interests).

Gearing ratio

The Group's Audit and Finance Committee reviews the capital structure on a semi-annual basis. As part of this review, the committee assesses the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 50% determined as the proportion of net debt to equity. To realize this target (excluding the impact of IFRS 16 (Leases), the Group is following systematically a number of guidelines, a.o. strict cost control to improve profitability, managing working capital levels by operational excellence on the one hand and factoring programs on the other hand, prioritization of capital investment programs and active business portfolio management, including M&A and divestments.

Gearing in thousands of €	**2017**	**2018**
Net debt	1 150 857	1 152 878
Equity	1 583 036	1 516 002
Net debt to equity ratio	**72.7%**	**76.0%**

7.4. Contingencies and commitments

As at 31 December, the important contingencies and commitments were:

in thousands of €	2017	2018
Contingent liabilities	27 073	704
Commitments to purchase fixed assets	47 080	28 107
Commitments to invest in venture capital funds	6 256	9 437

At year-end 2018, there are no outstanding bank guarantees linked to environmental obligations.

The Group has entered into several rental contracts classified as operating leases mainly with respect to vehicles and buildings, predominantly in Europe. A large portion of the contracts for buildings contain a renewal clause. The assets are not subleased to a third party.

Future payments in thousands of €	2017	2018
Within one year	22 657	21 580
Between one and five years	38 267	41 673
More than five years	29 378	33 318
Total	**90 302**	**96 571**

Expenses in thousands of €	2017	2018
Vehicles	9 624	10 823
Industrial buildings	9 878	8 816
Equipment	5 684	5 920
Offices	3 825	4 802
Land	-	156
Other	617	741
Total	**29 628**	**31 258**

Weighted average lease term in years	2017	2018
Vehicles	4	4
Industrial buildings	7	7
Equipment	3	4
Offices	3	3
Land	-	1
Other	1	1

7.5. Related parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated in the consolidation and are accordingly not disclosed in this note. Transactions with other related parties are disclosed below.

Transactions with joint ventures in thousands of €	**2017**	**2018**
Sales of goods	14 735	20 247
Purchases of goods	18 886	29 107
Services rendered	161	193
Royalties and management fees received	7 779	13 172
Dividends received	60 020	19 408

Outstanding balances with joint ventures in thousands of €	**2017**	**2018**
Trade receivables	5 507	11 287
Other current receivables	3 347	-
Trade payables	3 588	7 372
Other current payables	51	-

None of the related parties have entered into any other transactions with the Group that meet the requirements of IAS 24 'Related Party Disclosures'.

Key Management includes the Board of Directors, the CEO, the members of the Bekaert Group Executive (BGE) and the Senior Vice Presidents (see last page of the Financial Review).

Key Management remuneration in thousands of €	**2017**	**2018**
Number of persons	37	38
Short-term employee benefits		
Basic remuneration	*6 912*	*7 108*
Variable remuneration	*4 990*	*3 602*
Remuneration as directors of subsidiaries	*581*	*516*
Post-employment benefits		
Defined-benefit pension plans	*479*	*524*
Defined-contribution pension plans	*707*	*761*
Share-based payment benefits	3 989	4 251
Total gross remuneration	**17 658**	**16 762**
Average gross remuneration per person	477	441
Number of options and stock appreciation rights granted	210 500	163 750
Number of performance share units granted (cash-settled and equity-settled)	57 750	-
Number of matching share units acquired	17 191	15 251

The disclosures relating to the Belgian Corporate Governance Code are included in the Corporate Governance Statement of this annual report.

7.6. Events after the balance sheet date

» A grant of 178 233 equity settled performance share units was made on 15 February 2019 under the terms of the PSP 2018-2020 Performance Share Plan. The granted performance share units represent a fair value of € 4.2 million.

» A grant of 51 995 cash settled performance share units was made on 15 February 2019 under the terms of the PSU 2018-2020 Performance Share Plan. The granted performance share units represent a fair value of € 1.2 million.

» In line with the organizational changes announced on 1 March 2019, 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.

The new reporting segments are:

- The Business Unit Rubber Reinforcement (serving industries that use tire cord, bead wire, hose reinforcement wire and transportation belt reinforcement),
- The Business Unit Steel Wire Solutions (serving industrial, agricultural, consumer and construction markets with a broad range of steel wire products and solutions),
- The Business Unit Specialty Businesses (including building products, fiber technologies, combustion technology and sawing wire), and
- Bridon-Bekaert Ropes Group (BBRG, including the ropes and advanced cords businesses).

7.7. Services provided by the statutory auditor and related persons

During 2018, the statutory auditor and persons professionally related to him performed additional services for fees amounting to € 1 451 580.

These fees essentially relate to further assurance services (€ 280 916), tax advisory services (€ 1 124 438) and other non-audit services (€ 46 226). The additional services were approved by the Audit and Finance Committee.

The audit fees for NV Bekaert SA and its subsidiaries amounted to € 2 303 459.

7.8. Subsidiaries, joint ventures and associates

Companies forming part of the Group as at 31 December 2018

Subsidiaries

Industrial companies	*Address*	*FC*[1]	*%*[2]
EMEA			
Bekaert Advanced Cords Aalter NV	Aalter, Belgium	EUR	100
Bekaert Bohumín sro	Bohumín, Czech Republic	CZK	100
Bekaert Bradford UK Ltd	Bradford, United Kingdom	GBP	100
Bekaert Combustion Technology BV	Assen, Netherlands	EUR	100
Bekaert Figline SpA	Milano, Italy	EUR	100
Bekaert Heating Romania SRL	Negoiesti, Brazi Commune, Romania	RON	100
Bekaert Hlohovec as	Hlohovec, Slovakia	EUR	100
Bekaert Izmit Çelik Kord Sanayi ve Ticaret AS	Izmit, Turkey	EUR	100
Bekaert Kartepe Çelik Kord Sanayi ve Ticaret AS	Kartepe, Turkey	EUR	100
Bekaert Petrovice sro	Petrovice, Czech Republic	CZK	100
Bekaert Sardegna SpA	Assemini, Italy	EUR	100
Bekaert Slatina SRL	Slatina, Romania	RON	80
Bekaert Slovakia sro	Sládkovičovo, Slovakia	EUR	100
Bekintex NV	Wetteren, Belgium	EUR	100
Bridon International GmbH	Gelsenkirchen, Germany	EUR	100
Bridon International Ltd	Doncaster, United Kingdom	GBP	100
Industrias del Ubierna SA	Burgos, Spain	EUR	100
OOO Bekaert Lipetsk	Gryazi, Russian Federation	RUB	100
North America			
Bekaert Corporation	Wilmington (Delaware), United States	USD	100
Bridon-American Corporation	New York, United States	USD	100
Wire Rope Industries Ltd/Industries de Câbles d'Acier Ltée	Pointe-Claire, Canada	CAD	100
Latin America			
Acma SA	Santiago, Chile	CLP	52
Acmanet SA	Talcahuano, Chile	CLP	52
BBRG - Osasco Cabos Ltda	São Paulo, Brazil	BRL	100
Bekaert Costa Rica SA	San José-Santa Ana, Costa Rica	USD	58
BIA Alambres Costa Rica SA	San José-Santa Ana, Costa Rica	USD	58
Ideal Alambrec SA	Quito, Ecuador	USD	58
Industrias Chilenas de Alambre - Inchalam SA	Talcahuano, Chile	CLP	52
Prodinsa SA	Maipú, Chile	CLP	100
Productora de Alambres Colombianos Proalco SAS	Bogotá, Colombia	COP	80
Productos de Acero Cassadó SA	Callao, Peru	USD	38
Vicson SA	Valencia, Venezuela	VES	80
Asia Pacific			
Bekaert Applied Material Technology (Shanghai) Co Ltd	Shanghai, China	CNY	100
Bekaert Binjiang Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	CNY	90
Bekaert (China) Technology Research and Development Co Ltd	Jiangyin (Jiangsu province), China	CNY	100
Bekaert (Chongqing) Steel Cord Co Ltd	Chongqing, China	CNY	100
Bekaert Heating Technology (Suzhou) Co Ltd	Taicang City (Jiangsu province), China	CNY	100
Bekaert (Huizhou) Steel Cord Co Ltd	Huizhou (Guangdong province), China	CNY	100
Bekaert Industries Pvt Ltd	Taluka Shirur, District Pune, India	INR	100
Bekaert Ipoh Sdn Bhd	Kuala Lumpur, Malaysia	MYR	100
Bekaert (Jining) Steel Cord Co Ltd	Jining City, Yanzhou district (Shandong Province), China	CNY	60
Bekaert Jiangyin Wire Products Co Ltd	Jiangyin (Jiangsu province), China	CNY	100
Bekaert Mukand Wire Industries Pvt Ltd	Pune, India	INR	100
Bekaert New Materials (Suzhou) Co Ltd	Suzhou (Jiangsu province), China	CNY	100
Bekaert (Qingdao) Wire Products Co Ltd	Qingdao (Shandong province), China	CNY	100
Bekaert Shah Alam Sdn Bhd	Kuala Lumpur, Malaysia	MYR	100
Bekaert (Shandong) Tire Cord Co Ltd	Weihai (Shandong province), China	CNY	100
Bekaert (Shenyang) Advanced Cords Co Ltd	Shenyang (Liaoning province), China	CNY	100
Bekaert Shenyang Advanced Products Co Ltd	Shenyang (Liaoning province), China	CNY	100
Bekaert Toko Metal Fiber Co Ltd	Tokyo, Japan	JPY	70
Bekaert Vietnam Co Ltd	Son Tinh District, Quang Ngai Province	USD	100
Bekaert Wire Ropes Pty Ltd	Mayfield East, Australia	AUD	100
Bridon (Hangzhou) Ropes Co Ltd	Hangzhou (Zhejiang province), China	CNY	100
China Bekaert Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	CNY	90
PT Bekaert Indonesia	Karawang, Indonesia	USD	100
PT Bekaert Wire Indonesia	Karawang, Indonesia	USD	100
PT Bridon	Bekasi, West Java, Indonesia	USD	100

[1] *Functional currency*

[2] *Financial interest percentage*

Sales offices, warehouses and others	*Address*	*FC[1]*	*%[2]*
EMEA			
Bekaert AS	Hellerup, Denmark	DKK	100
Bekaert Emirates LLC	Dubai, United Arab Emirates	AED	49
Bekaert France SAS	Lille, France	EUR	100
Bekaert Ges mbH	Vienna, Austria	EUR	100
Bekaert GmbH	Neu-Anspach, Germany	EUR	100
Bekaert Maccaferri Underground Solutions BVBA	Aalst (Erembodegem), Belgium	EUR	50
Bekaert Maccaferri Underground Solutions Srl	Zola Predosa, Bologna, Italy	EUR	50
Bekaert Middle East LLC	Dubai, United Arab Emirates	AED	49
Bekaert Norge AS	Oslo, Norway	NOK	100
Bekaert Poland Sp z oo	Warsaw, Poland	PLN	100
Bekaert (Schweiz) AG	Baden, Switzerland	CHF	100
Bekaert Svenska AB	Gothenburg, Sweden	SEK	100
Bridon-Bekaert ScanRope AS	Tonsberg, Norway	NOK	100
Bridon Coatbridge Ltd	Doncaster, United Kingdom	GBP	100
Bridon Ropes NV/SA	Zwevegem, Belgium	EUR	100
Bridon Scheme Trustees Ltd	Doncaster, United Kingdom	GBP	100
British Ropes Ltd	Doncaster, United Kingdom	GBP	100
Leon Bekaert SpA	Milano, Italy	EUR	100
OOO Bekaert Wire	Moscow, Russian Federation	RUB	100
Rylands-Whitecross Ltd	Bradford, United Kingdom	GBP	100
Scheldestroom NV	Zwevegem, Belgium	EUR	100
Twil Company	Bradford, United Kingdom	GBP	100
Latin America			
Bekaert Guatemala SA	Ciudad de Guatemala, Guatemala	GTQ	58
Bekaert Specialty Films de Mexico SA de CV	Monterrey, Mexico	MXN	100
Bekaert Trade Mexico S de RL de CV	Mexico City, Mexico	MXN	100
Inversiones BBRG Lima SA	Lima, Peru	PEN	96
Procables SA	Callao, Peru	PEN	96
Prodac Contrata SAC	Callao, Peru	USD	38
Prodac Selva SAC	Ucayali, Peru	USD	38
Prodalam SA	Santiago, Chile	CLP	52
Prodinsa Ingeniería y Proyectos SA	Santiago, Chile	CLP	100
Specialty Films de Services Company SA de CV	Monterrey, Mexico	MXN	100
Asia Pacific			
Bekaert Advanced Products (Shanghai) Co Ltd	Shanghai, China	CNY	100
Bekaert Japan Co Ltd	Tokyo, Japan	JPY	100
Bekaert Korea Ltd	Seoul, Korea	KRW	100
Bekaert Management (Shanghai) Co Ltd	Shanghai, China	CNY	100
Bekaert Singapore Pte Ltd	Singapore	SGD	100
Bekaert Taiwan Co Ltd	Taipei, Taiwan	TWD	100
Bekaert (Thailand) Co Ltd	Tambol Pluakdaeng, Amphur Pluakdaeng, Thailand	USD	100
BOSFA Pty Ltd	Port Melbourne, Australia	AUD	100
Bridon Hong Kong Ltd	Hong Kong, China	HKD	100
Bridon New Zealand Ltd	Aukland, New Zealand	NZD	100
Bridon Singapore (Pte) Ltd	Singapore	SGD	100
PT Bekaert Trade Indonesia	Karawang, Indonesia	USD	100

[1] *Functional currency*

[2] *Financial interest percentage*

Financial companies	Address	FC[1]	%[2]
Acma Inversiones SA	Maipú, Chile	CLP	100
BBRG Finance (UK) Ltd	Doncaster, United Kingdom	EUR	100
BBRG Holding (UK) Ltd	Doncaster, United Kingdom	EUR	100
BBRG MIPCo Ltd	Bradford, United Kingdom	GBP	100
BBRG Operations (UK) Ltd	Doncaster, United Kingdom	EUR	100
BBRG Production (UK) Ltd	Doncaster, United Kingdom	EUR	100
BBRG (Purchaser) Ltd	Doncaster, United Kingdom	EUR	100
BBRG (Subsidiary) Ltd	Doncaster, United Kingdom	EUR	100
Becare DAC	Dublin, Ireland	EUR	100
Bekaert Building Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Carding Solutions Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Coördinatiecentrum NV	Zwevegem, Belgium	EUR	100
Bekaert do Brasil Ltda	Contagem, Brazil	BRL	100
Bekaert Holding Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Ibérica Holding SL	Burgos, Spain	EUR	100
Bekaert Ideal SL	Burgos, Spain	EUR	80
Bekaert Investments NV	Zwevegem, Belgium	EUR	100
Bekaert Investments Italia SpA	Milano, Italy	EUR	100
Bekaert North America Management Corporation	Wilmington (Delaware), United States	USD	100
Bekaert Services Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Singapore Holding Pte Ltd	Singapore	SGD	100
Bekaert Specialty Wire Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Stainless Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Steel Cord Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Strategic Partnerships Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Wire Products Hong Kong Ltd	Hong Kong, China	EUR	100
Bekaert Wire Rope Industry NV	Aalst (Erembodegem), Belgium	EUR	100
Bridon-Bekaert Ropes Group Ltd	Doncaster, United Kingdom	EUR	100
Bridon-Bekaert Ropes Group (UK) Ltd	Doncaster, United Kingdom	EUR	100
Bridon Holdings Ltd	Doncaster, United Kingdom	GBP	100
Bridon Ltd	Doncaster, United Kingdom	GBP	100
Bridon (South East Asia) Ltd	Hong Kong, China	HKD	100
Industrias Acmanet Ltda	Talcahuano, Chile	CLP	52
Inversiones Bekaert Andean Ropes SA	Santiago, Chile	CLP	100
Inversiones Impala Perú SA Cerrada	Lima, Peru	USD	52
InverVicson SA	Valencia, Venezuela	VES	80
Procables Wire Ropes SA	Maipú, Chile	CLP	100
Procercos SA	Talcahuano, Chile	CLP	52

Joint ventures

Industrial companies	Address	FC[1]	%[2]
Latin America			
Belgo Bekaert Arames Ltda	Contagem, Brazil	BRL	45
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Vespasiano, Brazil	BRL	45
Servicios Ideal AGF Inttegra Cia Ltda	Quito, Ecuador	USD	29

Sales offices, warehouses and others	Address	FC[1]	%[2]
EMEA			
Netlon Sentinel Ltd	Blackburn, United Kingdom	GBP	50
Asia Pacific			
Bekaert Engineering (India) Pvt Ltd	New Delhi, India	INR	40

No items of PP&E of subsidiaries and joint ventures are pledged as securities.

[1] *Functional currency*

[2] *Financial interest percentage*

Changes in 2018

1. New investments

Subsidiaries	*Address*	*%*
BBRG MIPCo Ltd	Bradford, United Kingdom	100
Bekaert Heating Romania SRL	Negoiesti, Brazi Commune, Romania	100
Bekaert Heating Technology (Suzhou) Co Ltd	Taicang City (Jiangsu province), China	100
Bekaert (Thailand) Co Ltd	Tambol Pluakdaeng, Amphur Pluakdaeng, Thailand	100
Bekaert Vietnam Co Ltd	Son Tinh District, Quang Ngai Province, Vietnam	100

Joint ventures	*Address*	*%*
Servicios Ideal AGF Inttegra Cía Ltda	Quito, Ecuador	29

2. Disposals

Subsidiaries	*Address*	
Solaronics SA	Armentières, France	From 100% to 0%

3. Changes in ownership without change in control

Subsidiaries	*Address*	
Acma Inversiones SA	Maipú, Chile	From 60% to 100%
BBRG Finance (UK) Ltd	Doncaster, United Kingdom	From 60% to 100%
BBRG Holding (UK) Ltd	Doncaster, United Kingdom	From 60% to 100%
BBRG Operations (UK) Ltd	Doncaster, United Kingdom	From 60% to 100%
BBRG - Osasco Cabos Ltda	São Paulo, Brazil	From 60% to 100%
BBRG Production (UK) Ltd	Doncaster, United Kingdom	From 60% to 100%
BBRG (Purchaser) Ltd	Doncaster, United Kingdom	From 60% to 100%
BBRG (Subsidiary) Ltd	Doncaster, United Kingdom	From 60% to 100%
Bekaert Advanced Cords Aalter NV	Aalter, Belgium	From 60% to 100%
Bekaert Guatemala SA	Ciudad de Guatemala, Guatemala	From 100% to 58%
Bekaert (Shenyang) Advanced Cords Co Ltd	Shenyang (Liaoning province), China	From 60% to 100%
Bekaert Wire Rope Industry NV	Aalst (Erembodegem), Belgium	From 60% to 100%
Bekaert Wire Ropes Pty Ltd	Mayfield East, Australia	From 60% to 100%
Bridon-American Corporation	New York, United States	From 60% to 100%
Bridon-Bekaert Ropes Group Ltd	Doncaster, United Kingdom	From 60% to 100%
Bridon-Bekaert Ropes Group (UK) Ltd	Doncaster, United Kingdom	From 60% to 100%
Bridon-Bekaert ScanRope AS	Tonsberg, Norway	From 60% to 100%
Bridon Coatbridge Ltd	Doncaster, United Kingdom	From 60% to 100%
Bridon (Hangzhou) Ropes Ltd	Hangzhou (Zhejiang province), China	From 60% to 100%
Bridon Holdings Ltd	Doncaster, United Kingdom	From 60% to 100%
Bridon Hong Kong Ltd	Hong Kong, China	From 60% to 100%
Bridon International GmbH	Gelsenkirchen, Germany	From 60% to 100%
Bridon International Ltd	Doncaster, United Kingdom	From 60% to 100%
Bridon Ltd	Doncaster, United Kingdom	From 60% to 100%
Bridon New Zealand Ltd	Aukland; New Zealand	From 60% to 100%
Bridon Ropes NV/SA	Zwevegem, Belgium	From 60% to 100%
Bridon Scheme Trustees Ltd	Doncaster, United Kingdom	From 60% to 100%
Bridon Singapore (Pte) Ltd	Singapore	From 60% to 100%
Bridon (South East Asia) Ltd	Hong Kong, China	From 60% to 100%
British Ropes Ltd	Doncaster, United Kingdom	From 60% to 100%
Inversiones BBRG Lima SA	Lima, Peru	From 58% to 96%
Procables SA	Callao, Peru	From 58% to 96%
Procables Wire Ropes SA	Maipú, Chile	From 60% to 100%
Prodinsa Ingeniería y Proyectos SA	Santiago, Chile	From 60% to 100%
Prodinsa SA	Maipú, Chile	From 60% to 100%
PT Bridon	Bekasi, West Java, Indonesia	From 60% to 100%
Wire Rope Industries Ltd/Industries de Câbles d'Acier Ltée	Pointe-Claire, Canada	From 60% to 100%

4. Mergers / conversions

Subsidiaries	*Merged into*
BBRG - Macaé Cabos Ltda	BBRG - Osasco Cabos Ltda

5. Closed down

Companies	***Address***
Bekaert Carding Solutions Inc / Bekaert Solutions de Cardage Inc	Saint John, Canada
Bekaert Ltd	Bradford, United Kingdom
Bekaert Trade Latin America NV	Curaçao, Netherlands Antilles
Bekaert Xinyu Hong Kong Ltd	Hong Kong, China
Bridon Pension Trust (No Two) Ltd	Doncaster, United Kingdom
Gloucester Rope & Tackle Company Ltd	Doncaster, United Kingdom

In accordance with Belgian legislation, the table below lists the registered numbers of the Belgian companies.

Companies	***Company number***
Bekaert Advanced Cords Aalter NV	BTW BE 0645 654 071 RPR Gent, division Gent
Bekaert Coördinatiecentrum NV	BTW BE 0426.824.150 RPR Gent, division Kortrijk
Bekaert Investments NV	BTW BE 0406.207.096 RPR Gent, division Kortrijk
Bekaert Maccaferri Underground Solutions BVBA	BTW BE 0561.750.457 RPR Gent, division Dendermonde
Bekaert Wire Rope Industry NV	BTW BE 0550 983 358 RPR Gent, division Dendermonde
Bekintex NV	BTW BE 0452.746.609 RPR Gent, division Dendermonde
Bridon Ropes NV/SA	BTW BE 0401 637 507 RPR Gent, division Kortrijk
NV Bekaert SA	BTW BE 0405.388.536 RPR Gent, division Kortrijk
Scheldestroom NV	BTW BE 0403.676.188 RPR Gent, division Kortrijk

PARENT COMPANY INFORMATION

Annual report of the Board of Directors and financial statements of NV Bekaert SA

The report of the Board of Directors and the financial statements of the parent company, NV Bekaert SA (the 'Company'), are presented below in a condensed form.

The report of the Board of Directors ex Article 96 of the Belgian Companies Code is not included in full in the report ex Article 119.

Copies of the full directors' report and of the full financial statements of the Company are available free of charge upon request from:

NV Bekaert SA
Bekaertstraat 2
BE-8550 Zwevegem
Belgium
www.bekaert.com

The statutory auditor has issued an unqualified report on the financial statements of the Company.

The directors' report and financial statements of the Company, together with the statutory auditor's report, will be deposited with the National Bank of Belgium as provided by law.

Condensed income statement

in thousands of € - Year ended 31 December	2017	2018
Sales	409 874	375 395
Operating result before non-recurring items	22 854	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	-116 236
Financial result after non-recurring items	15 307	270 299
Profit before income taxes	87 748	311 236
Income taxes	3 657	3 372
Result for the period	**91 405**	**314 608**

Condensed balance sheet after profit appropriation

in thousands of € - 31 December	2017	2018
Fixed assets	**1 926 329**	**2 155 481**
Formation expenses, intangible fixed assets	84 083	79 648
Tangible fixed assets	45 775	46 571
Financial fixed assets	1 796 471	2 029 263
Current assets	**381 320**	**391 227**
Total assets	**2 307 649**	**2 546 708**
Shareholders' equity	**783 732**	**1 059 361**
Share capital	177 690	177 793
Share premium	37 278	37 751
Revaluation surplus	1 995	1 995
Statutory reserve	17 769	17 779
Unavailable reserve	103 027	82 177
Reserves available for distribution, retained earnings	445 974	741 865
Provisions and deferred taxes	**53 710**	**36 102**
Creditors	**1 470 207**	**1 451 246**
Amounts payable after one year	820 764	625 764
Amounts payable within one year	649 443	825 482
Total equity and liabilities	**2 307 649**	**2 546 708**

Valuation principles

Valuation and foreign currency translation principles applied in the parent company's financial statements are based on Belgian accounting legislation.

Summary of the annual report of the Board of Directors

The Belgium-based entity's sales amounted to € 375.4 million, a decrease of 8% compared to 2017.

The operating profit before non-recurring items was € 42.3 million, compared with a gain of € 22.9 million last year. The strong increase of the operating result was mainly driven by higher royalties received and a decrease of provisions.

Non-recurring items included in the operating result amounted to € -0.7 million in 2018, compared to € 49.6 million last year. Last year this was mainly driven by a gain on the disposal of intangible assets (intellectual property w.r.t. sawing wire) of € 51.6 million.

The financial result before non-recurring items was € 386.5 million compared to € 19.3 million last year. Amongst others higher dividend income (€ 396 million) is the main elements explaining this evolution.

The non-recurring financial items amounted to € -116.2 million in 2018, mainly driven by write-downs on portfolio, against € -4.0 million in the previous year.

The income taxes of € 3.4 million are stable compared to last year and positive due to tax credit on intangible fixed assets.

This led to a result for the period of € 314.6 million compared with € 91.4 million in 2017.

Environmental programs

The provisions for environmental programs decreased to € 18.5 million (2017: € 19.9 million).

Information on research and development

Information on the company’s research and development activities can be found in the ‘Technology and Innovation’ section in the ‘Report of the Board of Directors’.

Interests in share capital

In connection with the entry into force of the Act of 2 May 2007 on the disclosure of significant participations (the Transparency Act), the Company has in its Articles of Association set the thresholds of 3% and 7.50% in addition to the legal thresholds of 5% and each multiple of 5%. In 2018, the Company did not receive any transparency notifications. On 31 December 2018, the total number of securities conferring voting rights was 60 408 441.

Detailed information can be found on: www.bekaert.com/other-regulated-information.

Proposed appropriation of NV Bekaert SA 2018 result

The after-tax result for the year was € 314 608 988, compared with € 91 404 574 for the previous year.

The Board of Directors has proposed that the Annual General Meeting to be held on 8 May 2019 appropriate the above result as follows:

	in €
Result of the year to be appropriated	314 608 988
Transfer to statutory reserves	-10 300
Transfer to other reserves	-275 041 892
Profit for distribution	**39 556 796**

The Board of Directors has proposed that the Annual General Meeting approve the distribution of a gross dividend of € 0.70 per share (2017: € 1.10 per share).

The dividend will be payable in euros on 13 May 2019 by the following banks:

» BNP Paribas Fortis, ING Belgium, Bank Degroof Petercam, KBC Bank, Belfius Bank in Belgium;
» Société Générale in France;
» ABN AMRO Bank in The Netherlands;
» UBS in Switzerland.

Appointments pursuant to the Articles of Association

The term of office of the Chairman of the Board of Directors, Mr Bert De Graeve, and of the Directors Leon Bekaert, Grégory Dalle, Charles de Liedekerke, Hubert Jacobs van Merlen and Maxime Jadot will expire at the close of the Annual General Meeting of 8 May 2019. Messrs De Graeve, Leon Bekaert and Maxime Jadot seek no re-election. Ms Martina Merz will resign as Director at the close of the Annual General Meeting of 8 May 2019.

The Board of Directors has proposed that the General Meeting:
» reappoint Mr Grégory Dalle as Director of the Board for a term of four years, up to and including the Annual General Meeting to be held in 2023;
» reappoint Mr Charles de Liedekerke as Director of the Board for a term of three years, up to and including the Annual General Meeting to be held in 2022;
» reappoint Mr Hubert Jacobs van Merlen as Director of the Board for a term of three years, up to and including the Annual General Meeting to be held in 2022;
» appoint Ms Caroline Storme as Director of the Board for a term of four years, up to and including the Annual General Meeting to be held in 2023; and
» appoint Mr Jürgen Tinggren as independent Director of the Board for a term of four years, up to and including the Annual General Meeting to be held in 2023.

Subject to his appointment as independent Director by and effective as from the close of the Annual General Meeting of 8 May 2019, Mr Tinggren will succeed Mr De Graeve as Chairman of the Board of Directors.

AUDITOR'S REPORT

Deloitte.

NV Bekaert SA | 31 December 2018

Statutory auditor's report to the shareholders' meeting of NV Bekaert SA for the year ended 31 December 2018 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of NV Bekaert SA ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 11 May 2016, in accordance with the proposal of the board of directors issued upon recommendation of the audit committee and presentation of the works council. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2018. Due to a lack of online archives dating back prior to 1997, we have not been able to determine exactly the first year of our appointment. We have performed the statutory audit of the consolidated financial statements of NV Bekaert SA for at least 22 consecutive periods.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 4 449 million EUR and the consolidated statement of comprehensive income shows a profit for the year then ended of 3 million EUR.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2018 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Valuation of goodwill - BBRG Cash Generating Unit At 31 December 2018, goodwill amounts to 149 million EUR. The majority of this goodwill (127 million EUR) relates to the Bridon Bekaert Ropes group ('BBRG') cash-generating unit. The company defines annually the carrying amounts of non-current assets allocated to the BBRG cash-generating unit. Bekaert assesses the recoverable amount by calculating the value in use of the assets within the cash-generating unit, using a discounted cash flow method ("DCF"). This method is complex and requires significant judgment in making estimates of cash flow projections, sales growth, margin evolution and discount rates. Due to the inherent uncertainty involved in forecasting and discounting cash flows, we consider this assessment as a key audit matter. The company disclosed the nature and the value of the assumptions used in the impairment analyses in note 3.2 and 6.2 to the consolidated financial statements.	In our audit, we assessed and tested, with the assistance of our valuation experts, management's critical assumptions used in the discounted cash flow model. We challenged the key drivers of projected future cash flows, including estimated sales growth, estimated gross margin and the applied discount rate. Our procedures furthermore include the evaluation of the design and implementation of controls over the preparation and approval of BBRG's budget, which serves as the basis in the DCF model. We critically assessed the budgets considering historical accuracy of management estimates and by evaluating the analysis prepared by Bekaert's management external experts. Moreover, we specifically focused on the sensitivity in the available headroom of BBRG's CGU and whether a reasonable possible change in assumptions could cause the carrying amount to exceed its recoverable amount. We assessed the adequacy of the company's disclosure note to the consolidated financial statements.
Control Assumption Venezuelan operations The group equity shows translation adjustments amounting to 59,7 million EUR (debit) relating to the Venezuelan subsidiaries Vicson and Invervicson. The group periodically evaluates the assumption of control over the Venezuelan subsidiaries taking into account the political and monetary instability in the country. A loss of control over the Venezuelan subsidiaries would lead to a disposal of controlling interest and the necessary adjustments in this respect in accordance with IFRS 10 including, amongst others, the reclassification to profit and loss of any amounts relating to the assets and liabilities of the subsidiaries previously recognized in other comprehensive income. The cumulative translation adjustment reserve would in this case be recorded in profit and loss ("recycling"). Given the uncertainty of the Venezuelan business environment and the potential material impact on the group result, we consider the company's assumption of control over the Venezuelan subsidiaries to be a key audit matter. The group disclosed the outcome of this evaluation in 3.1 and note 6.13 to the consolidated financial statements.	We assessed and challenged the group's assessment of control over the Venezuelan subsidiaries and evaluated the design and implementation of internal controls over the related process. We assessed and challenged the group's position and arguments supporting the assumption of control over the Venezuelan subsidiaries taking into consideration the restrictions to transfer funds to the parent company. More specifically, we assessed the ability of the Venezuelan subsidiaries to source raw materials, steer the local production and operations and generate cash flows.

Income taxes payable – Uncertain tax positions Uncertain tax positions recognized as income taxes payable amount to 64,7 million EUR as at 31 December 2018. The group operates across a number of different tax jurisdictions and is subject to periodic challenges by local tax authorities in the normal course of business, including transaction-related taxes and transfer pricing arrangements. In those cases where the amount of tax payable is uncertain, the group accrues based on its judgment of the probable amount of the liability. Management exercises judgment in assessing the level of accruals for uncertain tax positions. The group disclosed the outcome of its assessment in note 3.2 and 6.20 to the consolidated financial statements.	We obtained a detailed understanding of the group's tax strategy as well as key technical tax issues and risks related to business and legislative developments. We assessed the status of ongoing local tax authority audits. We evaluated and challenged management's judgment in relation to uncertain tax positions and the determination of related tax accruals. We considered advice received by management from external parties to support their position. We evaluated the process and internal controls framework around uncertain tax positions, including how judgment and estimates are derived, approved and accounted for.
Income taxes – recoverability of deferred tax assets The group has recognized deferred tax assets for an amount of 138,4 million EUR. Bekaert is required to estimate the recoverability of its deferred tax asset position. The assessment of the recoverability of deferred tax assets depends on key assumptions applied by the group, such as budgeted and forecasted profitability on an entity-by-entity basis, including assumptions about the applicable tax rates. The recoverability of deferred tax assets is considered a key audit matter as the amount is material to the financial statements and the assessment process is judgmental and requires careful consideration in relation to expected future market and economic conditions. The group disclosed deferred tax assets in note 3.2, 5.6 and 6.6 of the consolidated financial statements.	As part of our audit procedures, we assessed and challenged management's assumptions to determine the probability that the recognized deferred tax assets are expected to be recovered through future taxable income. During these procedures, we evaluated management's budgets and forecasts and considered relevant tax laws. Where applicable, we critically assessed the consistency of the group's budgets and forecasts as well as the assessment of tax rates.
Employee benefit plan measurement The group has defined benefit plans in various countries, but primarily in Belgium, US, UK and Ecuador, which give rise to defined benefit obligations of 124,7 million EUR as detailed in note 6.15 to the consolidated financial statements. The valuation of defined benefit obligations is sensitive to changes in key assumptions such as salary increase, discount rate, inflation and mortality estimates. We considered the measurement of defined benefit plans to be a key audit matter given the magnitude of the amounts, management's judgment applied in setting assumptions for salary increase, inflation, discount rates and mortality rates and given the technical expertise required to determine these amounts.	We evaluated and challenged the key actuarial and demographic assumptions and valuation methodologies used by management to assess pension obligations. With support of our own actuarial expert we considered the process applied by the group's internal and external actuaries, the scope of the valuation performed and the key assumptions applied. We benchmarked key variables used by the group and tested payroll data as well as reconciled the membership census data used in the actuarial models to the payroll data. We also assessed the adequacy of the company's disclosure note 3.2 and 6.15 to the consolidated financial statements.

Responsibilities of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (revised in 2018) to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements, as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 119 of the Companies Code.

In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the annual report, i.e. chapter 1 to 4 of this annual report, is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement.

The non-financial information as required by article 119, § 2 of the Companies Code, has been disclosed in a separate report, attached to the directors' report on the consolidated financial statements. This statement on non-financial information includes all the information required by article 119, § 2 of the Companies Code and is in accordance with the consolidated financial statements for the financial year then ended. The non-financial information has been established by the company in accordance with the GRI standards. In accordance with article 144, § 1, 6° of the Companies Code we do not express any opinion on the question whether this non-financial information has been established in accordance with the GRI standards mentioned in the directors' report on the consolidated financial statements.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 134 of the Companies Code, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Other statements

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Gent, 27 March 2019

The statutory auditor

Vanrobaeys

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Charlotte Vanrobaeys

As of end of March 2019:

Bekaert Group Executive

Matthew Taylor	Chief Executive Officer
Frank Vromant	CFO ad interim
Rajita D'Souza	Chief Human Resources Officer
Curd Vandekerckhove	Chief Operations Officer
Lieven Larmuseau	ad interim Divisional CEO Rubber Reinforcement
Stijn Vanneste	Divisional CEO Steel Wire Solutions
Jun Liao	Divisional CEO Specialty Businesses
Brett Simpson (1)	CEO Bridon-Bekaert Ropes Group

Senior Vice Presidents

Jan Boelens	Senior Vice President Steel Wire Solutions EMEA
Bruno Cluydts	Chief Strategy Officer BBRG
Philip Eyskens	Senior Vice President General Counsel, Legal, IP & GRC
Oliver Forberich	Senior Vice President Stainless Technologies
Patrick Louwagie	Senior Vice President Global Engineering
Dirk Moyson	Senior Vice President Global Operations Rubber Reinforcement
Steven Parewyck	Senior Vice President Latin America
Raf Rentmeesters	Senior Vice President Brazil
Luc Vankemmelbeke	Senior Vice President Procurement
Piet Van Riet	Executive Vice President Steel Wire Solutions South & Central America
Geert Voet	Executive Vice President Ropes BBRG
Zhigao Yu	Senior Vice President Technology Rubber Reinforcement

Company Secretary

Isabelle Vander Vekens

Auditors

Deloitte Bedrijfsrevisoren

Communications & Investor relations

Katelijn Bohez

Documentation

www.bekaert.com
corporate@bekaert.com
T +32 56 76 61 00
press@bekaert.com
investor.relations@bekaert.com

The annual report for the 2018 financial year is available in English and Dutch on annualreport.bekaert.com

Editor & Coordination: Katelijn Bohez, Chief Communications & Investor Relations Officer

1 *standing invitation to attend the meetings of the BGE*

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 annual report on the consolidated financial statements gives a fair overview of the development and the results of the business and of the position of the whole of the companies included in the consolidation, as well as a description of the principal risks and uncertainties faced by them.

On behalf of the Board of Directors:

Matthew Taylor
Chief Executive Officer

Bert De Graeve
Chairman of the Board of Directors

Disclaimer

This report 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 report as of this date and does not undertake any obligation to update any forward-looking statements contained in this report 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 report or press release issued by Bekaert.

Financial calendar

Visit: www.bekaert.com/financialcalendar

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www.bekaert.com

Shareholders' Guide 2018: investor's data center on bekaert.com

NV Bekaert SA
Bekaertstraat 2
BE-8550 Zwevegem
Belgium
T +32 56 76 61 00

corporate@bekaert.com
www.bekaert.com