

## 4. Segment reporting

Except for BBRG which is described below, the Group uses a geographical segmentation since this is the best way to evaluate the nature and financial performance of the business as a whole. The segmentation reflects the importance of the regions for the Group's global growth strategy. The Group's regional businesses are typically characterized by common cost drivers, a product portfolio that is tailored to regional industry requirements, and specific distribution channels. They distinguish themselves in terms of political, economic and currency risks and in terms of geographic market trends and growth patterns. Adding to the relevance of the segmentation is the fact that the Group sells the vast majority of its production volumes in the region where they are manufactured.

In addition to the four regional segments, the Bridon-Bekaert Ropes Group ('BBRG') is considered as a separate reportable segment in accordance with IFRS 8 'Operating Segments', since its financial information is regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess its performance.

The following five reporting segments are presented:

1. EMEA – Europe, Middle-East and Africa: 31% of consolidated sales (2016: 31%)
2. North America: 14% of consolidated sales (2016: 14%)
3. Latin America: 16% of consolidated sales (2016: 18%)
4. Asia Pacific: 28% of consolidated sales (2016: 28%)
5. BBRG: 11% of consolidated sales (2016: 9%)

In 2016 Bridon business only contributed to the operating results for half a year since the merger was finalized on 28 June 2016.

### 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.

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
<b>Operating result (EBIT)</b>	<b>143 929</b>	<b>33 350</b>	<b>80 285</b>	<b>103 819</b>	<b>2 734</b>	<b>12 267</b>	<b>-58 322</b>	<b>318 062</b>
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
<b>EBITDA</b>	<b>202 278</b>	<b>46 699</b>	<b>99 840</b>	<b>192 888</b>	<b>7 029</b>	<b>38 178</b>	<b>-77 310</b>	<b>509 602</b>
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
<b>Total assets</b>								<b>4 444 731</b>
Segment liabilities	299 465	88 246	120 297	197 280	122 075	108 410	-133 521	802 252
Unallocated liabilities								2 059 443
<b>Total liabilities</b>								<b>2 861 695</b>
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) <sup>1</sup>	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) <sup>2</sup>	6 699	1 349	3 218	9 851	1 928	2 587	-	25 631

2016 in thousands of €	EMEA	North America	Latin America	Asia Pacific	Group & Business support	BBRG	Intersegment eliminations	Consolidated
Net sales	1 148 308	512 331	681 834	1 052 364	-	320 380	-	3 715 217
<b>Operating result (EBIT)</b>	<b>135 527</b>	<b>26 043</b>	<b>66 599</b>	<b>100 431</b>	<b>-63 438</b>	<b>-8 699</b>	<b>3 191</b>	<b>259 654</b>
EBIT - Underlying	140 660	26 009	66 851	119 204	-64 209	13 247	3 190	304 952
Depreciation and amortization	57 863	12 903	21 839	101 598	3 142	21 103	-14 531	203 917
Impairment losses	390	20	-236	17 247	-40	481	-	17 862
<b>EBITDA</b>	<b>193 780</b>	<b>38 966</b>	<b>88 202</b>	<b>219 276</b>	<b>-60 336</b>	<b>12 885</b>	<b>-11 340</b>	<b>481 433</b>
Segment assets	881 478	299 775	464 210	1 114 595	175 997	613 364	-198 624	3 350 795
Unallocated assets								953 518
<b>Total assets</b>								<b>4 304 313</b>
Segment liabilities	239 944	62 482	117 657	179 051	115 450	91 507	-105 240	700 851
Unallocated liabilities								2 005 569
<b>Total liabilities</b>								<b>2 706 420</b>
Capital employed	641 534	237 293	346 553	935 544	60 547	521 857	-93 384	2 649 944
Weighted average capital employed	637 681	222 428	402 515	976 001	57 042	384 935	-94 896	2 585 706
Return on weighted average capital employed (ROCE) <sup>1</sup>	21.3%	11.7%	16.5%	10.3%	-	-2.3%	-	10.0%
Capital expenditure – PP&E	51 745	20 848	14 349	58 814	10 028	13 944	-11 199	158 529
Capital expenditure – intangible assets	1 779	-	1 315	850	2 053	48	-90	5 955
Share in the results of joint ventures and associates	-	-	25 445	-	-	-	-	25 445
Investments in joint ventures and associates	-	-	146 582	-	-	-	-	146 582
Number of employees (year-end) <sup>2</sup>	6 552	1 293	3 827	9 494	1 800	2 494	-	25 460

<sup>1</sup> ROCE: Operating result (EBIT) relative to weighted average capital employed.

<sup>2</sup> Number of employees: full-time equivalents.

## 4.2. Revenue by product application

in thousands of €	2016	2017	Variance (%)
<b>Net sales</b>			
<i>Rubber reinforcement products</i>	1 582 363	1 738 387	9.9%
<i>Other steel wire products</i>	1 649 297	1 713 129	3.9%
<i>Stainless products</i>	154 881	178 338	15.1%
<i>Steel and synthetic ropes, advanced cords (BBRG)</i>	320 380	454 998	42.0%
<i>Other</i>	8 296	13 395	61.5%
<b>Total</b>	<b>3 715 217</b>	<b>4 098 247</b>	<b>10.3%</b>

Rubber reinforcement products include tire cord, bead wire and hose reinforcement wire. Other steel wire products include industrial steel wires, specialty steel wires (including stainless wires), building products and sawing wire. Stainless products include fibers and combustion products for heating and drying.

BBRG products are presented separately. The other product groups are sold in all regional segments. The product mix is very similar in EMEA and North America, while in Asia Pacific rubber reinforcement products are predominant, whereas in Latin America other steel wire products make up the largest part of the business.

### 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 €	2016	% of total	2017	% of total
Net sales from Belgium	324 179	9%	352 658	9%
Net sales from Chile	318 082	9%	341 810	8%
Net sales from China	774 198	21%	836 980	20%
Net sales from USA	551 703	15%	627 218	15%
Net sales from Slovakia	297 834	8%	343 278	8%
Net sales from other countries	1 449 221	38%	1 596 303	40%
<b>Total net sales</b>	<b>3 715 217</b>	<b>100%</b>	<b>4 098 247</b>	<b>100%</b>
Non-current assets located in Belgium	123 312	6%	135 422	7%
Non-current assets located in Chile	103 216	5%	99 684	5%
Non-current assets located in China	466 890	24%	418 551	22%
Non-current assets located in USA	163 200	8%	140 693	7%
Non-current assets located in Slovakia	142 917	7%	154 405	8%
Non-current assets located in other countries	954 483	50%	992 809	51%
<b>Total non-current assets</b>	<b>1 954 018</b>	<b>100%</b>	<b>1 941 564</b>	<b>100%</b>