ANNUAL REPORT 2020

BEKAERT

better together

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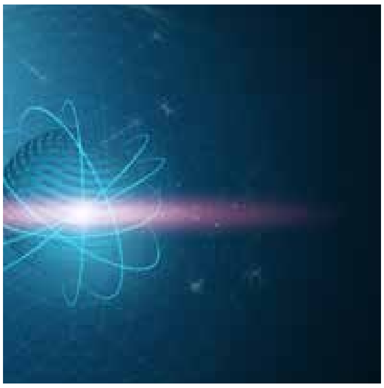

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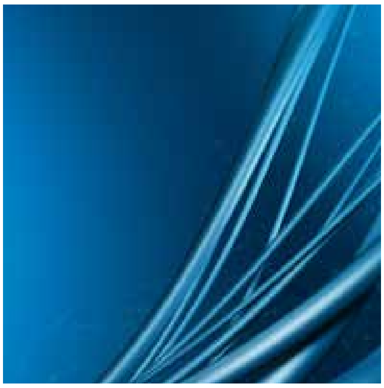

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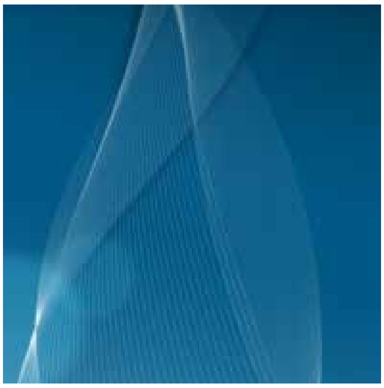

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STRATEGY AND LEADERSHIP

MESSAGE FROM THE CEO AND THE CHAIRMAN

Dear reader,

2020 will be long remembered. The Covid-19 pandemic brought challenges and changes to the world of a magnitude that was impossible to foresee. As per the publication date of this report the pandemic is still taking a huge toll on economies and people's lives worldwide and has fundamentally changed long established certainties and priorities.

Despite the turmoil that Covid-19 has created in our markets and in our business, we remained focused on our priorities. This enabled us to secure the business continuity of our customers, the health and safety of our people, and—at the same time—offset the impact of the pandemic on our financial objectives.

As a result of all the efforts undertaken we improved profitability, reinforced the balance sheet and enhanced the strategic position of our businesses. Underlying EBIT for the fiscal year 2020 increased by 13% to € 272 million at a margin on sales of 7.2%, ahead of what we had set ourselves as a target. Driven by an improved margin performance and stringent working capital management, our healthy cash generation significantly strengthened the balance sheet. Net debt on underlying EBITDA decreased from 2.09 at the close of 2019 to 1.26 at the end of 2020.

We are very pleased with these results. They are a reflection of what we are capable of when we focus and deliver on our priorities despite adverse external factors, however challenging those may be.

Moving forward, our ambitions reach higher. The Board of Directors and the Bekaert Group Executive have recently established the company's strategy for the next five years with the ambition to transform the company's business portfolio toward higher value creation. Organic growth in core markets will be supported by extending our capabilities in the areas of innovation, digital and sustainability and complemented by selective acquisitions and new partnerships.

For 2021, barring unexpected events, we project consolidated sales to reach at least € 4 billion and intend to improve our underlying EBIT-margin by 40-60 bps over the previous year.

Oswald Schmid
Chief Executive Officer

Jürgen Tinggren
Chairman of the Board of Directors

Based upon the financial performance of 2020 and the confidence in the set direction, the Board has decided to propose, to the General Meeting of Shareholders in May of 2021, a gross dividend of € 1.00 per share, in line with the company's dividend policy.

The progress achieved in a very demanding year is evidence of the commitment, energy and irrepressible spirit of our employees. We would like to thank them as well as our customers, partners and shareholders for their continued trust and support.

Oswald Schmid
Chief Executive Officer

Jürgen Tinggren
Chairman of the Board of Directors

BOARD OF DIRECTORS

The main tasks of the Board of Directors are to determine the Group's strategy and general policy, and to monitor Bekaert's operations. The Board of Directors is the company's prime decision-making body with the exception of matters reserved by law or by the articles of association to the General Meeting of Shareholders. The Board of Directors currently consists of thirteen members. Their professional profiles cover different areas of expertise, such as law, business, industrial operations, finance & investment banking, HR and consultancy.

Composition of the Board of Directors

- Jürgen Tinggren, Chairman [1]
- Oswald Schmid, CEO
- Gregory Dalle
- Henriette Fenger Ellekrog [1]
- Charles de Liedekerke
- Christophe Jacobs van Merlen
- Hubert Jacobs van Merlen
- Colin Smith [1]
- Eriikka Söderström [1]
- Caroline Storme
- Emilie van de Walle de Ghelcke
- Henri Jean Velge
- Mei Ye [1]

[1] *Independent Directors*

The biographies of all members of the Board of Directors are available on the Bekaert website.

Changes during 2020

Oswald Schmid, Chief Operations Officer, succeeded Matthew Taylor as interim CEO when Matthew Taylor retired from his position as CEO and Director of Bekaert on 12 May 2020. On 13 May 2020, the Annual General Meeting of Shareholders confirmed the mandate of Oswald Schmid as Director.

The Annual General Meeting of Shareholders further approved the nominations of Henriette Fenger Ellekrog and Eriikka Söderström as independent Directors, replacing Celia Baxter and Pamela Knapp who did not seek re-appointment. Christophe Jacobs van Merlen, Emilie van de Walle de Ghelcke and Henri Jean Velge were re-elected as Director.

Changes in 2021

The Board of Directors of Bekaert has appointed Oswald Schmid as Chief Executive Officer, effective as of 2 March 2021.

BEKAERT GROUP EXECUTIVE

The Bekaert Group Executive (BGE) assumes the operational responsibility for the Company's activities and acts under the supervision of the Board of Directors. The BGE is chaired by Oswald Schmid, Chief Executive Officer.

Organizational structure

The composition of the Bekaert Group Executive reflects the organizational structure with four Business Units and four Global Functional Domains. At the end of 2020, the Business Units and Global Functions were led by the following Executives.

Business Units

» The Business Unit Rubber Reinforcement (serving industries that use tire cord, bead wire, hose reinforcement wire and conveyor belt reinforcement) is led by Arnaud Lesschaeve, Divisional CEO Rubber Reinforcement.
» The Business Unit Steel Wire Solutions (serving the energy, 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 and sawing wire, and combustion technology) is led by Jun Liao*, Divisional CEO Specialty Businesses and country manager for China.
» Bridon-Bekaert Ropes Group (BBRG, including the ropes and advanced cords businesses) is led by Curd Vandekerckhove, Divisional CEO of BBRG.

The Business Units 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 helps them develop a customer-centric approach aligned with the specific needs and dynamics of their markets.

Global Functions

» Taoufiq Boussaid, Chief Financial Officer
» Rajita D'Souza*, Chief Human Resources Officer
» Juan Carlos Alonso, Chief Strategy Officer
» Oswald Schmid*, Chief Operations Officer

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

*Changes in 2021

The Board of Directors of Bekaert has appointed Oswald Schmid as Chief Executive Officer, effective as of 2 March 2021. Oswald has been leading the Bekaert Group Executive as interim CEO since 12 May 2020, when he was appointed member of the Board of Directors.

On 8 February 2021, Kerstin Artenberg joined Bekaert as Chief Human Resources Officer and became a member of the Bekaert Group Executive, succeeding Rajita D'Souza who left the company at the end of 2020.

On 1 April 2021, Yves Kerstens will join Bekaert as Divisional CEO Specialty Businesses and Chief Operations Officer, and become a member of the BGE. Jun Liao will take up the role of China CEO and lead the China Transformation Office in addition to his current responsibilities as country manager for China.

The biographies of all Bekaert Group Executive members are available on the Bekaert website.

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, services 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 more than 27 000 employees worldwide, headquarters in Belgium and € 4.4 billion in combined revenue in 2020.

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 create the fundamentals of successful partnerships wherever we do business.

Our ambition

Our ambition is to create sustainable value for all our stakeholders: customers and other business partners, employees, shareholders, and the broader communities where we are active.

We have established, in the course of 2020, Bekaert's strategy for the next five years. We are determined to implement this new strategy with passion and focus and are convinced it will enable us to drive sustainable value creation.

A first set of actions was implemented with high priority. The Covid-19 pandemic did not delay but rather accelerated the progress we have made in all four pillars of our strategy:

» Committing to high performance
» Making our customers succeed
» Being truly *better together*
» Caring for the world around us

Highlights 2020

In 2020, Bekaert has successfully implemented the first steps of its transformation toward higher performance and has delivered on the key priorities set forth to strategically improve the Group's business and technology position as well as the financial results.

» The significant impact of Covid-19 was effectively countered through extensive measures to secure the health and safety of employees and the supply continuity to customers, all while deploying mitigating actions to protect the Company's financials.

» Strong on execution, the Company captured the opportunities resulting from a fast and significant demand rebound in various markets in the second half of 2020 and approximately doubled the underlying EBIT of the first half.

» Good progress was made on improving our strategic market position and business portfolio. Sales growth was focused on target markets and adjacent applications with attractive perspectives, while certain commodity segments were exited.

» As a result, profitability increased, the balance sheet strengthened, and the financial mindset shifted toward cash generation. The underlying EBIT increased by 13% to € 272 million at a margin on sales of 7.2%. All Business Units achieved an underlying EBIT of 7% or more. The focus on disciplined working capital and capital expenditure control significantly improved the cash generation and debt leverage. Net debt on underlying EBITDA decreased from 2.09 at the close of 2019 to 1.26 at the end of 2020.

» Based on the strong financial performance, the Board recommends a dividend of € 1.00, representing an increase of € 0.65 over the previous year and in line with the Company's dividend policy.

» The digitalization of our business processes and the expansion of our digital offering are ongoing and will be accelerated. Moreover, a long-term sustainability strategy is being developed, aimed at raising our ambitions and creating sustainable value for our business and for our stakeholders.

For more information and details on our financial performance improvement during 2020, we refer to the segment reports and to the summary of the financial review in this annual report.

For more information and details on how Bekaert addressed the impact of the pandemic to keep our people safe and help the communities where we are active with personal protection equipment, please read our 2020 Sustainability Report.

TECHNOLOGY
& INNOVATION

Our research and innovation activities are aimed at creating value for our customers in order for our business and all our stakeholders to prosper in the long term. We co-create with customers and suppliers around the globe to develop, implement, upgrade and protect both current and future technologies. We listen to our customers so we understand their innovation and processing needs. Knowing how our products function within their production processes and products is key to developing value-creating solutions.

We offer more than products; we create solutions

As part of our strategy toward sustainable value creation, we raise our ambitions, as a leading innovator in our industry, to spearhead new developments and adjacent technologies that will benefit our customers.

Innovation in practice: continuously redeploying our core competencies

Transforming steel wire and applying unique coating technologies form our core business. To strengthen our technological leadership in these competencies, Bekaert invests intensively in research and development, and sees innovation as a constant, driving factor in all our activities and processes.

The Research and Innovation department is the center of expertise for Bekaert's core technology domains: physical metallurgy, fatigue & mechanical performance, corrosion & metallic coatings, and organic coatings. In addition, it also focuses on data modeling and sensor technologies in close cooperation with the engineering and IT departments.

Co-creation and open innovation

Bekaert actively seeks opportunities for cooperation with strategic customers, suppliers and academic research institutes and universities. We also consider investments in early-stage companies and venture capital funds that may create new attractive business models adjacent to Bekaert's current field-of-play. Read more about our partnerships in the segment reports and in the 2020 Sustainability Report.

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 joint ventures in Brazil. It also advises on IP clauses in various agreements such as joint development agreements and licenses. At the end of 2020, the Bekaert Group had a portfolio of more than 1800 patents and patent applications, including 28 first patent filings in 2020, and more than 1 700 trademark registrations.

Engineering

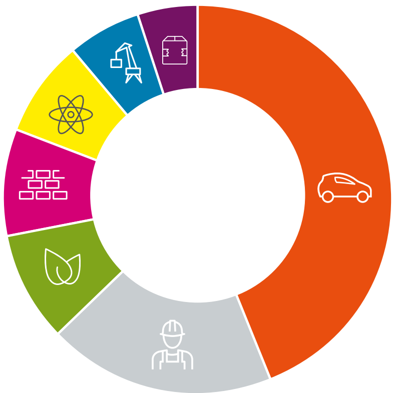
Bekaert's in-house engineering department plays a key role in the optimization and standardization of our production processes and machinery. Newly designed equipment always combines innovative solutions for performance improvements in various areas, including product quality, production excellence and flexibility, cost efficiency, energy consumption, machine safety, ergonomics and the environmental impact. Currently, we are implementing a new and sustainable operating model that allows us to concentrate on developing innovative equipment for new products, new processes and extended digital tools and features.

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 about our steel wire products and solutions is available on our website.



- 44% Tire & Automotive
- 19% Construction
- 9% Agriculture
- 9% Basic Materials
- 8% Energy & Utilities
- 6% Equipment
- 5% Consumer Goods

SEGMENT
PERFORMANCE

RUBBER REINFORCEMENT

Bekaert's Rubber Reinforcement business unit develops, manufactures and supplies tire cord and bead wire products and solutions for the tire sector. In serving the equipment market, the product portfolio includes hose reinforcement wire and conveyor belt reinforcement products.

To serve customers worldwide, the business unit has a global presence with manufacturing plants in EMEA, US, Brazil, India, Indonesia, and China. In 2020, Bekaert started the construction of a new manufacturing plant in Vietnam.

Economic environment and growth indicators

Tire and automotive markets were heavily impacted by the Covid-19 pandemic in the first half of the year, mainly due to a sharp drop in new vehicle production volumes globally. OEM vehicle demand is, however, not the main growth indicator for the tire and tire cord business.

The main growth drivers in tire markets are the total mileage driven (for passenger vehicle tires) and freight transport indicators (for truck tires). The increasing tire rim size and the environmentally driven shift to ever thinner and stronger tire cord constructions are additional growth drivers for Bekaert's steel cord products. The electrification trend of vehicles furthermore boosts demand for lightweight reinforcement solutions thanks to improved acoustics as a result of a lower rolling resistance.

Our performance in 2020

Significantly affected by the impact of the Covid-19 pandemic in the first half of the year, Rubber Reinforcement reported a strong and fast rebound in the second half. The business unit reported a sales decrease of -17.3% for the full year, compared to 2019. The business unit implemented extensive measures to lower the cost structure in order to partly offset the severe impact of the Covid-19 pandemic on demand from tire markets in the first half of 2020. The benefits of those efforts delivered their full potential during the rebound in the second half, which resulted in a strong H2 underlying EBIT margin of 12.6%, far exceeding previous reporting periods.

The segment reported an underlying EBIT of € 144 million for the full year or 8.8% margin on sales, slightly above last year and the underlying EBITDA margin was 15.1%, up 0.3 ppt.

See summary of financial review on page 32 for more details on the segment's financial performance.

Expanding for future growth

Throughout the Covid-19 crisis, be in the first half of the year with the unparalleled economic shock in our tire markets, or during the fast recovery all along the second half, Bekaert has benefited from its balanced presence globally. Moreover, thanks to close customer intimacy and flexible and continual delivery, we were able to strengthen our market position in most regions.

Running at full capacity in China, Indonesia, India, and EMEA, draws attention to future capacity needs. The construction of the new greenfield plant for rubber reinforcement production in Vietnam is in its finalization stage. Production will start in the course of 2022 and will be ramped up to full capacity in line with demand evolutions in the subsequent years.

Rewarded for innovation leadership and supplier excellence

Bekaert TAWI® wins prestigious China Patent – Excellence Award

Our Bekaert TAWI® patent was awarded the 21st China Patent Excellence Award. As the only national level award sponsored by the China IP Administration and World IP Organization, the China Patent Award is very prestigious.

TAWI® is a new generation coating for tire cord filaments developed by Bekaert. The coating, provides environmentally-friendly benefits as the coating excludes the need for tire makers to add cobalt to the rubber plie compounds.

Strategic supplier awards from Prinx Chengshan, General Science (Wuxi Hongdou) and Sailun

Several Chinese tire manufacturers have awarded us with strategic supplier or partner awards. Prinx Chengshan gave us the award because of our excellent supply performance and technical co-development. Wuxi Hongdou praised Bekaert as sole tire cord supplier for great achievements made in 2020 for technical upgrade support, delivery and quality performance. Sailun awarded us as strategic supplier.

STEEL WIRE SOLUTIONS

Bekaert's Steel Wire Solutions business unit develops, manufactures and supplies a very broad range of steel wire products and solutions for customers in agriculture, energy & utilities, mining, construction, consumer goods, and the industrial sector in general.

To serve customers worldwide, the business unit has a global presence with manufacturing plants in EMEA, US, Latin America and Asia and a sales and distribution network worldwide.

Economic environment and growth indicators

Steel Wire Solutions is active in a wide number of markets. When focusing on our main markets, the following indicators are key in understanding the business climate in 2020 and the growth drivers in the coming years:

» The energy and utility markets of Bekaert Steel Wire Solutions are largely tied to investments in wind turbine parks for which we offer Bezinal® and the new Bezinox® coated armoring wires that protect the energy distribution cables against energy losses, and the vast investments in data broadband connections which offer interesting growth opportunities for Bekaert's strand & lash product solutions that guarantee high quality connectivity at a lower installation cost than the alternatives.

» Agriculture is an important sector for the business unit and uses both the traditional product offering of fencing systems and tensioning wire, as well as advanced solutions in horticulture and aquaculture applications. The business unit is extending its offering with additional services and digital solutions that make installation and fence maintenance easy.

» The construction markets of Bekaert Steel Wire Solutions are largely tied to developments in public infrastructure, which are driven by government spending. Bekaert has a good presence via global customers in bridge construction works and a very strong market position in the construction markets in Latin America. Due to climate change, growth opportunities arise in geotechnical solutions.

The strong Covid-19 response actions enabled Bekaert to keep production plants open and running, except during some temporary, government-mandated lockdowns. The Steel Wire Solutions business unit was alert and agile in keeping working conditions safe, anticipating and responding to customer needs, and securing raw materials supplies. This enabled us to increase market share in EMEA and Latin America in the course of 2020.

Our performance in 2020

Bekaert's Steel Wire Solutions business, significantly affected by the impact of the Covid-19 pandemic in the second quarter of 2020, saw a turning point early in the third quarter and delivered robust organic sales growth in the last quarter.

The business unit reported a sales decrease of -7.9 % for the full year, compared to 2019.

Steel Wire Solutions delivered a solid underlying EBIT result of € 96 million and strong underlying EBIT margin on sales of 7.0%, doubling the margin of last year. The strong margin increase was the result of an improved business mix and footprint optimization (reduced impact of lower margin activities), stringent cost control, and the effectiveness of Covid-19 mitigation actions. Underlying EBITDA improved to a double-digit margin of 10.9%.

See summary of financial review on page 32 for more details on the segment's financial performance.

Partnerships fueling growth

Going and growing downstream

Bekaert and AGRO, a world leading manufacturer of high quality inner-springs, started co-developing and producing high-end steel wire mattress spring systems in Colombia. AGRO-Bekaert Colombia SAS co-develops, manufacture and promote superior value solutions for mattress and upholstery manufacturers in Colombia, Central America and the Caribbean. Experience and expertise came together in a brand new production site in Barranquilla, Colombia, to make this ambition real.

AGRO BEKAERT
CARCASAS PARA COLCHONES

Merging the steel wire activities of Proalco-Bekaert and Almasa in Colombia

Bekaert and Almasa agreed to merge Proalco SAS (a subsidiary of Bekaert) with the steel wire activities of Almasa SA, both located in Colombia. The partnership intends to create value by combining expertise and resources in offering existing and new steel wire products and solutions to the market. With manufacturing activities in the center and on the Atlantic coast of Colombia, the merger will promote employment, enable export opportunities and facilitate the supply of upholstery steel wire for Bekaert's recently established mattress spring systems joint venture, Agro-Bekaert Colombia SAS, also located along the Atlantic coast.

Supporting America's ambitions to bring internet to rural areas

The US Federal Communications Commission plans considerable investments to bring high-speed fixed broadband service to rural homes and small businesses via the Rural Development Opportunity Fund (RDOF). The planned funding amounts to USD 20 billion spread over eight years. This opens opportunities for Bekaert as we have been supplying the energy and utilities markets with guy and messenger wire for strand & lash applications for a long time.

SPECIALTY BUSINESSES

The business unit Specialty Businesses comprises three sub-segments that serve different markets. These sub-segments are Building Products; Fiber Technologies; and Combustion Technologies. The characteristics they all three have in common are their high-end product portfolio and advanced technologies, and their continuous search for lightweight solutions and environmentally-friendly applications.

Building Products develops and manufactures products that reinforce concrete, masonry, plaster and asphalt. Fiber Technologies offers high-end products for filtration, heat-resistant textiles, electroconductive textiles, the safe discharge of static energy, sensor technologies, and the semiconductor business. Combustion Technologies targets heating markets with environmentally-friendly gas and hydrogen burners and residential and commercial heat exchangers.

Economic environment and growth indicators

Building Products represents the largest part of the business unit's sales. Business conditions slowed down in 2020 due to temporarily suspended tenders for new public infrastructure projects in anticipation of government incentives and recovery programs, and due to global, pandemic-induced economic uncertainties. The growth potential of Bekaert's Dramix® steel fibers for concrete reinforcement remains robust and promising, seen the environmental, ergonomic, and total cost of ownership advantages versus traditional bar and rebar reinforcement.

The Fiber Technologies activities saw a demand drop in diesel particulate filter media due to the slowdown in automotive OEM, offset by increased business in other sectors. Both the Fiber Technologies and the Combustion Technologies are orienting their focus on existing and adjacent applications and markets with growth potential arising from megatrends including renewable energy, decarbonization, and sensor technologies.

Our performance in 2020

The business unit Specialty Businesses reported a sales decrease of -5.9% for the full year 2020, compared to 2019.

- Building Products reported an organic sales decline of -6.7% due to the impact of the pandemic on demand in construction markets, but further strengthened the innovation driven business mix.
- Fiber Technologies saw an organic sales decline of -5.2% due to weak demand in automotive, aerospace and aviation applications, which was partly compensated by strong growth in filtration solutions, particularly in Asia. Sawing wire sales—integrated within the Fiber Technologies platform since December 2020—were limited and in line with last year.
- Combustion Technologies reported flat sales, year-on-year.

Specialty Businesses delivered an underlying EBIT result of € 45 million, -13% below last year and reaching an underlying EBIT margin on sales of 11.4% (versus 12.2% last year). The reduction primarily resulted from inventory write-offs and other adjustments in Combustion Technologies (€ -5 million), a lower result in Fiber Technologies due to weaker demand for high-value adding products, and higher loss generation in (diamond) sawing wire versus last year. The profit contribution of Building Products remained strong. The underlying EBITDA margin of the Business Unit reached 15.5%, slightly below the margin of last year.

See summary of financial review on page 33 for more details on the segment's financial performance.

Actions to realize our ambitions

Bekaert and CCL combine Dramix® with post-tensioning to create innovative concrete reinforcing systems

Bekaert is collaborating with CCL, a global specialist in post-tensioning for the building industry, to develop new concrete reinforcing systems that lower the total cost of ownership as well as the carbon footprint of concrete constructions. Both companies combine their expertise to create a solution that is unique in the industry of elevated slabs.

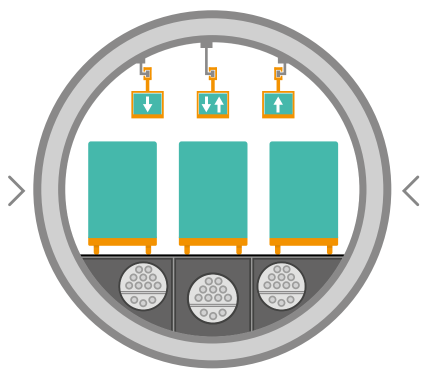
The advantages are clear: we reduce labor, transport and material while improving building performance. Moreover, this system enables easier installation which leads to a faster construction cycle and a higher quality assurance. As a result, the total cost of ownership and environmental impact are significantly reduced.

Mix of Dramix® and post-tensioning replace traditional passive reinforcement in on-grade applications

Bekaert invests in Cargo Sous Terrain (CST)

Along with other major investors, Bekaert has invested in Cargo Sous Terrain (CST), a complete logistics system for the flexible transport of goods in Switzerland. The project aims at bringing most of the cargo transportation underground through tunnels that connect production and logistics sites with urban centers. Overground, CST plans the distribution of goods to their final destination in environmentally-friendly vehicles. The system aims at a reduction of overground traffic and the related noise and exhaust emissions.

Bekaert supports this ambitious, innovative program by investing capital and by offering technical advice on the concrete reinforcement and elevator solutions that will help realize the project.



Micro cables help track industrial products

Bekaert produces micro cables with an extreme performance that are used as antenna booster in durable RFID tags, for example in industrial laundering. With this long-lasting antenna, the RFID tags can withstand the harshest industrial environments.

RFID tags are progressively used as a replacement for barcodes as they offer added benefits: they can be (bulk) read from a distance even when covered and they are less prone to wear and tear, resulting in a longer lifetime.

Murfor® Compact® rapidly gains ground

Building Products has successfully brought Murfor® Compact to more applications and territories in 2020.

Murfor® Compact, Bekaert's high-performance masonry reinforcement, is a sturdy mesh of high tensile strength steel cords, supplied on a roll for thin joint masonry and glued brickwork. This lightweight product is easy to handle and install. As the product can be cut to size on-site, scrap is reduced to an absolute minimum.

BRIDON-BEKAERT ROPES GROUP

As a truly global ropes and advanced cords solution provider, Bridon-Bekaert Ropes Group is committed to be the leading innovator and supplier of the best performing ropes and A-Cords for its customers worldwide. The unique combination of technologies in steel wire ropes, synthetic ropes and advanced cords (A-Cords) enables strong differentiation in high-end markets.

BBRG-ropes has a leading position in a very wide range of sectors, including surface and underground mining, offshore and onshore oil & gas, crane & industrial, fishing & marine, and structures.

The A-Cords business of BBRG develops and supplies fine steel cords for elevator and timing belts used in construction and equipment markets respectively, and window regulator and heating cords for the automotive sector.

Economic environment and growth indicators

2020 saw continued challenging market dynamics in BBRG's core ropes sectors. Demand from the crane and industrial sector was strong in Asia but slowed down in the US. Growth drivers for the ropes business of BBRG are: the activity levels and investments in mining and oil & gas; the technology shift to high-performance and long-lifetime solutions; synthetic and hybrid ropes; and value creation to customers driven by a reduction in total cost of ownership and by extended service offerings.

Weak automotive OEM activity affected demand for regulator and heating cords in the A-Cords business in 2020, while demand from hoisting and timing belt markets held up well.

Our performance in 2020

Bridon-Bekaert Ropes Group (BBRG) recorded a sales decline of -13% compared to last year, all of which was driven by lower volumes. Part of the volume decrease was a result of BBRG's strategy to reduce its presence in lower margin rope applications. The A-Cords (advanced cords) business saw decreased sales in automotive markets and solid demand from elevator and timing belt markets.

BBRG accelerated the implementation of the profit restoration program for the ropes activities and further boosted profitability with a stronger business mix and significant cost savings and Covid-19 mitigation actions. The A-Cords activities continued to deliver a solid margin performance.

The business unit delivered an underlying EBIT of € 34 million at a margin of 7.9% on sales, more than tripling the margin of the previous year. Underlying EBITDA reached a strong margin of 15.1%, compared with 9.0% in 2019. As anticipated, BBRG's sales and margins trended lower in the second half of the year, due to weaker business conditions in the Americas and less project business and seasonality effects in the second half of the year.

See summary of financial review on page 33 for more details on the segment's financial performance.

Elevating our performance

A key priority within Bridon-Bekaert Ropes Group's strategy was the profit restoration of the ropes activities. The actions implemented in 2020 to strengthen the business mix and reduce the cost level have proven to be very successful and are clearly visible in the results.

Another priority was to enhance benefits of scale and optimize the footprint, in order to further improve the operating model and profitability of the business.

Expanding our service models

Ropes 360 to monitor, control, predict and optimize the lifecycle of ropes

As a total solution provider, Bridon-Bekaert Ropes Group offers Ropes 360 services to support and advise customers throughout the lifecycle of the ropes, maximizing the safety of their operations and the ropes' operational life and hence, reducing the cost.

All eyes on ropes: setting new standards for inspection

Together with VisionTek, Bridon-Bekaert has developed the first mobile 3D rope measuring and visioning equipment. 360° miniature cameras first take high-resolution pictures of the rope, following which the equipment analyzes all data and detects defects through artificial intelligence and machine learning algorithms.

State-of-the-art technology center takes elevator traction testing to new heights

Another illustration of our dedication to bring value to our customers is our A-Tec test center in Aalter (Belgium) where we test elevator traction media, such as Flexisteel®, as well as our customers' elevator belts.

A-Tec is essential in our service toward customers: by performing thorough analysis on new and used elevator products, we lay the foundations for next generations of lifting applications. This field return inspection and co-development in new products is an essential part of the co-operation with our customers.

Anchoring our presence in offshore wind

As a global mooring specialist, Bridon-Bekaert Ropes Group produces ropes for floating wind turbines and other offshore renewable applications. Floating wind platforms are an answer to further decarbonize the global energy mix and increase security of supply. Keeping multiple large offshore turbines on station in dynamic shallow water conditions brings along unique mission-critical requirements. Bridon-Bekaert meets those requirements.

Several partnerships were concluded in the course of 2020 to leverage capabilities and further raise our presence in offshore wind: read more about our partnerships in the 2020 Sustainability Report.

3D rope measuring equipment assess rope quality from all sides

The A-Tec center houses simulation equipment to test and improve the performance and lifetime of elevator traction media.

REPORT
OF THE BOARD

KEY FIGURES

Combined key figures

in millions of €	2019	2020	Delta
Sales	5 132	4 438	-13.5%
Capital expenditure (PP&E)	135	120	-11.1%
Employees as at 31 December	28 411	27 455	-3.4%

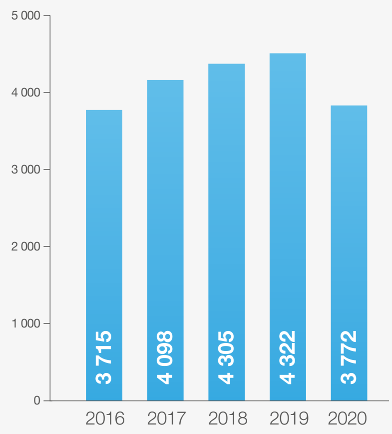
Consolidated financial statements

in millions of €	2019	2020	Delta
Income statement			
Sales	4 322	3 772	-12.7%
EBIT	155	257	65.5%
EBIT-underlying	242	272	12.5%
Interests and other financial results	-85	-86	1.9%
Income taxes	-51	-57	10.6%
Group share joint ventures	29	34	18.6%
Result for the period	48	148	207.1%
attributable to equity holders of Bekaert	41	135	225.9%
attributable to non-controlling interests	7	13	94.3%
EBITDA-underlying	468	479	2.3%
Depreciation PP&E	212	185	-12.6%
Amortization and impairment	37	31	-15.0%
Balance sheet			
Equity	1 532	1 535	0.2%
Non-current assets	2 048	1 823	-11.0%
Capital expenditure (PP&E)	98	100	1.8%
Balance sheet total	4 305	4 288	-0.4%
Net debt	977	604	-38.2%
Capital employed	2 408	2 063	-14.3%
Working capital	699	535	-23.5%
Employees as at 31 December	25 090	23 939	-4.6%
Ratios			
EBITDA on sales	9.3%	12.5%	
Underlying EBITDA on sales	10.8%	12.7%	
EBIT on sales	3.6%	6.8%	
Underlying EBIT on sales	5.6%	7.2%	
EBIT interest coverage	2.5	4.8	
ROCE-underlying	9.5%	12.2%	
ROE	3.2%	9.7%	
Financial autonomy	35.6%	35.8%	
Gearing (net debt on equity)	63.8%	39.4%	
Net debt on EBITDA-underlying	2.1	1.3	

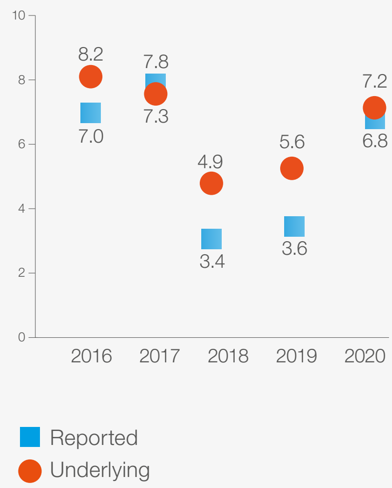
Joint ventures and associates

in millions of €	2019	2020	Delta
Sales	809	665	-17.8%
Operating result	90	109	20.0%
Net result	73	84	15.8%
Capital expenditure (PP&E)	37	20	-45.5%
Depreciation	18	12	-31.3%
Employees as at 31 December	3 321	3 516	5.9%
Group's share net result	29	34	18.6%
Group's share equity	161	124	-22.8%

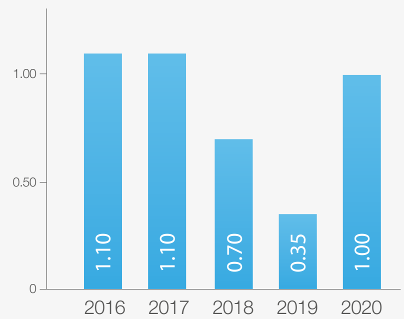
Consolidated sales
in millions of €



EBIT on sales
in %



Gross dividend[1]
in €



(1) The dividend is subject to approval by the General Meeting of Shareholders 2021

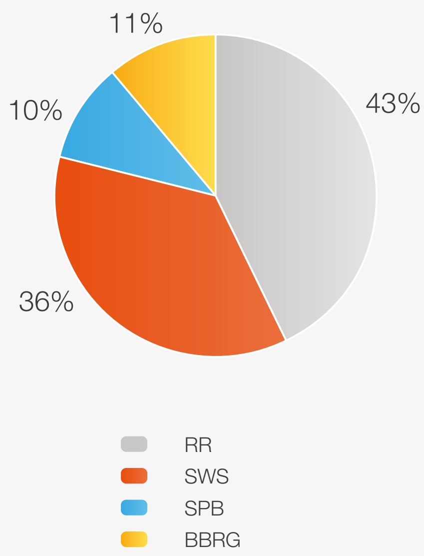
Key figures per share NV Bekaert SA	2019	2020	Delta
Number of shares as at 31 December	60 408 441	60 414 841	=
Market capitalization as at 31 December (in millions of €)	1 601	1 641	2.5%

Per share in €	2019	2020	Delta
EPS	0.73	2.38	226%
Gross dividend*	0.35	1.00	186%
Net dividend**	0.245	0.70	186%

Share price in €	2019	2020	Delta
Price as at 31 December	26.50	27.16	2.5%
Price (average)	23.96	19.92	-16.9%

* *Subject to approval by the General Meeting of Shareholders 2021*
** *Subject to the applicable tax legislation*

Consolidated third party sales by segment



KEY FIGURES PER SEGMENT

Rubber reinforcement

Underlying	2019	2020
EBIT on sales	8.7%	8.8%
EBITDA on sales	14.8%	15.1%
ROCE	13.2%	12.4%
Combined Sales	2 124	1 742
% of total combined sales	41%	39%

Steel wire solutions

Underlying	2019	2020
EBIT on sales	3.4%	7.0%
EBITDA on sales	7.1%	10.9%
ROCE	7.9%	17.6%
Combined Sales	2 102	1 881
% of total combined sales	41%	42%

Specialty businesses

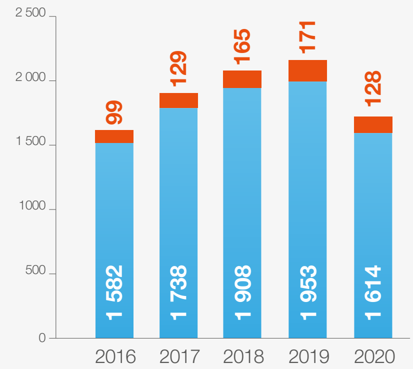
Underlying	2019	2020
EBIT on sales	12.2%	11.4%
EBITDA on sales	15.7%	15.5%
ROCE	22.4%	20.0%
Combined Sales	414	389
% of total combined sales	8%	9%

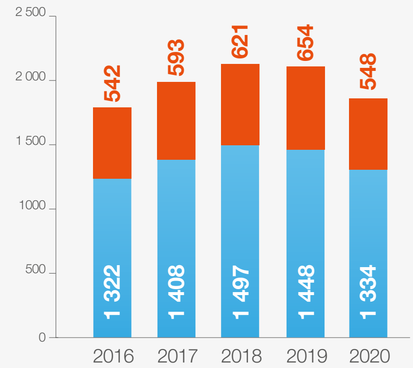
BBRG

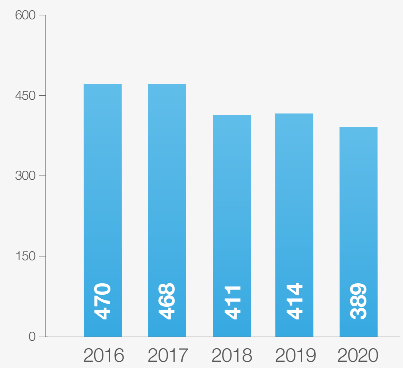
Underlying	2019	2020
EBIT on sales	2.4%	7.9%
EBITDA on sales	9.0%	15.1%
ROCE	2.5%	7.4%
Combined Sales	489	424
% of total combined sales	10%	10%

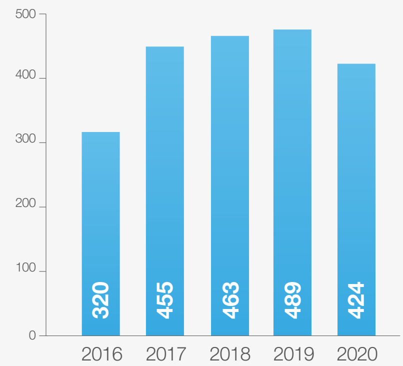
SALES

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 one-off accounting impacts (see note 2.6 Alternative performance measures in the Financial Review).

Underlying EBIT performance, year-on-year

Bekaert's underlying EBIT reached € 272 million in 2020, reflecting a margin of 7.2% and an increase of € 30 million or +13% compared with last year, despite a -13% sales decline. The agile response to the impact of Covid-19, the structural cost improvement actions, and significant business mix improvements more than offset the volume and cost impact of the health crisis.

Where the underlying EBIT bridge showed a negative year-on-year transition in the first half (€ -34 million), it turned highly positive in the second half (an increase of € +64 million or +56% compared with H2 2019, reaching € 181 million in underlying EBIT and reflecting a margin of 9.0%). The strong benefits from business mix improvements, the continued mitigation actions, and positive, non-cash inventory valuation effects from increased raw materials prices at year-end, contributed to the strong profitability improvement in the second half of 2020.

Sales and financial review

Sales

Bekaert achieved consolidated sales of € 3.8 billion in 2020, well below last year (-12.7%) due to the heavy impact of the Covid-19 pandemic in the first half of 2020. The organic sales decline (-9.7%) was driven by lower volumes (-8.3%) and passed-on wire rod price and other price-mix effects for the full year (-1.4%). The currency movements were -3.0% negative.

Combined sales totaled € 4.4 billion for the year, down -13.5% from 2019. The solid organic sales growth of Bekaert's joint ventures in Brazil (+6.8%) was more than offset by the strong devaluation (-33.4%) of the Brazilian real, resulting in a top-line decline of -18.0%.

Dividend

The Board of Directors will propose to the Annual General Meeting of Shareholders of 12 May 2021, a gross dividend of € 1.00, in line with the company's pay-out policy. The dividend will, upon approval by the General Meeting of Shareholders, become payable as of 18 May 2021.

Financial results

Bekaert achieved an operating result (EBIT-underlying) of € 272 million (versus € 242 million last year). This resulted in a margin on sales of 7.2% (5.6% in 2019).

The one-off items amounted to € -16 million (€ -87 million in 2019) and mainly included expenses and impairments related to footprint adjustments and other restructuring programs, largely offset by the gain on sale of land and building in Belgium and the related reversal of environmental provisions. Including the one-off items, EBIT was € 257 million, representing an EBIT margin on sales of 6.8% (versus € 155 million or 3.6% in 2019). Underlying EBITDA was € 479 million (12.7% margin) compared with € 468 million (10.8%) and EBITDA reached € 473 million, or a margin on sales of 12.5% (versus 9.3%).

Overhead expenses (underlying) decreased by € -29 million to 8.9% on sales (versus 8.4% in 2019). Selling and administrative expenses decreased by € -16 million due to a lower cost base from structural cost saving programs and the Covid-19 mitigation actions. Research and development expenses amounted to € 50 million, compared with € 62 million in 2019, a result of better focus and the savings impact from the 2019 restructuring. Underlying other operating revenues and expenses decreased from € 17 million last year to € 8 million in 2020 due to a reduction in royalties received and impairment losses in 2020 versus provision reversals in 2019. Reported other operating revenues and expenses (€ +51 million) were significantly higher than last year (€ +15 million) due to the gain on sale of real estate in Belgium.

Interest income and expenses amounted to € -56 million, down from € -66 million in 2019 and a result of lower interests on financial derivatives. Other financial income and expenses amounted to € -30 million (€ -18 million in 2019) mainly due to adverse realized and unrealized currency translation effects.

Income taxes increased from € -51 million to € -57 million. The overall effective tax rate dropped from 73% to 33%

thanks to the rebound in profitability with less impact from loss generating entities, and the reversal of provisions on settled tax cases.

The share in the result of joint ventures and associated companies was € +34 million (versus € +29 million last year), reflecting the strong performance of the joint ventures in Brazil.

The result for the period thus totaled € +148 million, compared with € +48 million in 2019. The result attributable to non-controlling interests was € +13 million (versus € +7 million last year) due to the profit increase in entities with minority shareholders, particularly in Latin America. After non-controlling interests, the result for the period attributable to equity holders of Bekaert was € +135 million versus € +41 million last year. Earnings per share amounted to € +2.38, significantly up from € +0.73 in 2019.

Balance sheet

As at 31 December 2020, equity represented 35.8% of total assets, slightly up from 35.6% at year-end 2019. The gearing ratio (net debt to equity) was 39.4%, significantly down from 63.8% at year-end 2019 due to strong deleveraging.

Net debt of € 604 million, down from € 977 million at the close of 2019, resulting in net debt on underlying EBITDA of 1.26, significantly down from 2.09 last year.

Cash flow statement

Cash flows from operating activities amounted to € +505 million, lower than the € +524 million in 2019, mainly as a result of a lower decrease in working capital (contributing € +124 million to cash from operating activities in 2020 versus € +169 million in 2019), partly offset by a higher EBITDA, lower cash-outs on income taxes and lower usage of provisions and employee benefit obligations.

Cash flows attributable to investing activities amounted to € -31 million (versus € -91 million in 2019) due to the proceeds from disposal of fixed assets, mainly the sale of land and buildings in Belgium. The cash-out from capital expenditure was about stable compared to last year.

Cash flows from financing activities totaled € -83 million, compared with € -269 million last year. 2019 included the proceeds from a new retail bond (€ +200 milion) and Schuldschein issue (€ +320 million), more than offset by the repayment of non-current interest-bearing debt instruments (€ -675 million), whereas 2020 included the proceeds of a new retail bond (€ +200 million) which was offset by the repayment of non-current interest-bearing debt instruments (for a total of € -248 million). In addition, 2020 included a lower amount of gross dividend payments (€ -26 million) versus the previous year (€ -53 million).

Investment update and other information

Investments in property, plant and equipment amounted to € 100 million in 2020, about stable compared to last year (€ 98 million).

Alongside the ongoing improvement programs toward higher level performance, Bekaert has determined a number of actions to address structural changes in the market environment. In addressing these, the Group is enhancing the effectiveness of its operating model and process efficiencies across the business, while continually evaluating the set-up and usage of its footprint in view of driving sustainable value creation.

As part of the global approach and measures:

» We announced, on 4 December 2020, the intention to reorganize the global engineering activities, several functional department areas serving the Group's global or local business needs, and a number of support and technical roles in the production plants in Zwevegem, Belgium. The restructuring plan would affect 160 jobs in Belgium and the intended implementation is scheduled as of 2021 onwards. The negotiations with the social partners are ongoing.

» We announced, on 18 December 2020, the decision to cease the loss-making fixed abrasive (diamond) sawing wire activities, located in Jiangyin (China), with immediate effect. The other sawing wire activities, loose abrasive sawing wire and core wire activities, also based in Jiangyin, have been integrated within the Fiber Technologies platform of Bekaert's Specialty Businesses division.

» Also in December 2020, we moved the Combustion Technologies activities in China from Taicang to Jiangyin, where synergies of scale will be leveraged and cost effectiveness enhanced.

» Post-balance sheet date, on 5 January 2021, we announced the decision to close BBRG manufacturing plant in Pointe-Claire, Canada, by the end of May 2021. BBRG will consolidate the North American ropes platform in the US to ensure long-term competitiveness by better leveraging scale, synergies, and efficiencies.

On 28 September 2020, Bekaert and Almasa reached an agreement on the merger of Proalco SAS (subsidiary of Bekaert) with the steel wire activities of Almasa SA, both located in Colombia. The partnership intends to create value by combining expertise and resources in offering existing and new steel wire products and solutions to the market. The transaction, subject to customary closing conditions including regulatory approvals, is expected to close in the course of the first half of 2021.

On 31 December 2019, the Company held 3 873 075 treasury shares. Of these 3 873 075 treasury shares, 10 036 shares were transferred to non-executive

Directors of Bekaert as remuneration for the performance of the duties as Chairman or member of the Board of Directors and 13 439 shares were transferred to members of the BGE pursuant to the Bekaert share-matching plan. A total of 10 766 own shares were sold to members of the BGE in the framework of the Bekaert personal shareholding requirement plan. In addition, 29 300 stock options were exercised under the Stock Option Plan 2010-2014 and 29 300 treasury shares were used for that purpose. The company did not purchase any shares in the course of 2020 and no treasury shares were cancelled. As a result, the Company held an aggregate 3 809 534 treasury shares as of 31 December 2020.

Segment reports

Rubber Reinforcement

Sales

Bekaert's Rubber Reinforcement business has been significantly affected by the impact of the Covid-19 pandemic in the first half of the year, but reported a strong and fast rebound in the second half (sales up +28% from the first half). In the fourth quarter of 2020, sales volumes surged +7% higher than the same quarter last year, driven by very strong demand from tire markets in Asia and EMEA and recovering demand for hose reinforcement wire products.

The business unit reported a sales decrease of -17.3% for the full year, compared to 2019. This stemmed from lower volumes (-11.5%), unfavorable currency movements (-1.9%), and passed-on wire rod price changes and other price-mix effects (-3.9%).

Financial performance

The business unit implemented extensive measures to lower the cost structure in order to partly offset the severe impact of the Covid-19 pandemic on demand from tire markets in the first half of 2020. The benefits of those efforts delivered their full potential during the rebound in the second half, which resulted in a strong H2 underlying EBIT margin of 12.6%, far exceeding previous reporting periods.

The segment reported an underlying EBIT of € 144 million for the full year or 8.8% margin on sales, slightly above last year. Reported EBIT was € 136 million with a margin on sales of 8.3%. The one-off elements (€ -8 million) included restructuring costs, impairment losses and increased environmental provisions.

The underlying EBITDA margin was 15.1%, up 0.3 ppt from last year.

Capital expenditure (PP&E) amounted to € 37 million and included investments in all continents, particularly in Asia and in Central and Eastern Europe.

Combined sale and joint venture performance

The Rubber Reinforcement joint venture in Brazil reported flat sales growth at constant exchange rates but the strong devaluation of the Brazilian real affected the top-line by -25%. Including joint ventures, the business unit's combined sales decreased by -18% versus last year.

The margin performance of the Rubber Reinforcement joint venture was strong. The results are accounted for in Bekaert's Income Statement under the equity method as part of the 'share in the results of joint ventures and associates'.

Steel Wire Solutions

Sales

Bekaert's Steel Wire Solutions business, significantly affected by the impact of the Covid-19 pandemic in the second quarter of 2020, saw a turning point early in the third quarter and delivered robust organic sales growth in the last quarter (+10% compared to Q4 last year). This organic growth, driven by increased sales in EMEA, China and Latin America was, however, largely offset by adverse currency movements.

The business unit reported a sales decrease of -7.9% for the full year, compared to 2019. This stemmed from lower volumes (-3.4%) and unfavorable currency movements (-4.9%). The year-on-year effect of passed-on wire rod price changes and other price-mix effects was about neutral (+0.4%).

Overall, demand in most sectors and regions remained below pre-Covid levels until the end of 2020. However, Bekaert's agile response to customer needs, global access to raw materials, and effective safety measures in the plants, enabled the business unit to keep the operations running and to secure delivery to customers worldwide. This resulted in positive customer appreciation and increased market share.

Financial performance

Steel Wire Solutions delivered a robust underlying EBIT result of € 96 million and strong underlying EBIT margin on sales of 7.0%, doubling the margin of last year. Reported EBIT was € 88 million with a margin on sales of 6.4%. The one-off elements (€ -8 million) mainly related to restructuring costs. The strong margin increase was the result of an improved business mix and footprint optimization (reduced impact of lower margin activities), stringent cost control, and the effectiveness of Covid-19 mitigation actions.

Underlying EBITDA improved to a double-digit margin of 10.9%.

Capital expenditure (PP&E) amounted to € 21 million and mainly included investments in Central Europe, China, Chile and Colombia.

Combined sales and joint venture performance

The Steel Wire Solutions joint venture in Brazil reported +8.5% sales growth at constant exchange rates but the strong devaluation of the Brazilian real affected the top-line by -16%. Including joint ventures, the business unit's combined sales decreased by -10.5% versus last year.

The margin performance of the Steel Wire Solutions joint venture was strong. The results are accounted for in Bekaert's Income Statement under the equity method as part of the 'share in the results of joint ventures and associates'.

Specialty Businesses

Sales

The business unit Specialty Businesses reported a sales decrease of -5.9% for the full year 2020, compared to 2019. This stemmed from lower volumes (-8.7%) and adverse currency effects (-1.4%), partly tempered by positive mix effects (+4.1%).

- » Building Products reported an organic sales decline of -6.7% due to the impact of the pandemic on demand in construction markets, but further strengthened the innovation driven business mix.
- » Fiber Technologies saw an organic sales decline of -5.2% due to weak demand in automotive, aerospace and aviation applications, which was partly compensated by strong growth in filtration solutions, particularly in Asia. Sawing wire sales—integrated within the Fiber Technologies platform since December 2020—were limited and in line with last year.
- » Combustion Technologies reported flat sales, year-on-year.

Financial performance

Specialty Businesses delivered an underlying EBIT result of € 45 million, -13% below last year and reaching an underlying EBIT margin on sales of 11.4% (versus 12.2% last year). The reduction primarily resulted from inventory write-offs and other adjustments in Combustion Technologies (€ -5 million), a lower result in Fiber Technologies due to weaker demand for high-value adding products, and higher loss generation in (diamond) sawing wire versus last year. The profit contribution of Building Products remained strong.

Reported EBIT was € 36 million with a margin on sales of 9.2%, both exceeding last year's performance. The one-off elements in 2020 (€ -9 million) were mainly due to restructuring programs in (diamond) Sawing Wire and Combustion Technologies, implemented in China in December 2020. The respective business mix and footprint adjustments will positively influence the uEBIT performance as of the beginning of 2021.

The underlying EBITDA margin reached 15.5%, slightly below the margin of last year.

Capital expenditure (PP&E) amounted to € 29 million and mainly included investments in Building Products (Czech Republic and India) and to a lesser extent in Fiber and Combustion Technologies.

Bridon-Bekaert Ropes Group

Sales

Bridon-Bekaert Ropes Group (BBRG) recorded a sales decline of -13% compared to last year, all of which was driven by lower volumes. Part of the volume decrease was a result of BBRG's strategy to reduce its presence in lower margin rope applications. The A-Cords (advanced cords) business saw decreased sales in automotive markets and solid demand from elevator and timing belt markets.

Financial performance

BBRG accelerated the implementation of the profit restoration program for the ropes activities and further boosted profitability with a stronger business mix and significant cost savings and Covid-19 mitigation actions. The A-Cords activities continued to deliver a solid margin performance.

The business unit delivered an underlying EBIT of € 34 million at a margin of 7.9% on sales, more than tripling the margin of the previous year. Underlying EBITDA reached a strong margin of 15.1%, compared with 9.0% in 2019. As anticipated, BBRG's sales and margins trended lower in the second half of the year, due to weaker business conditions in the Americas and less project business and seasonality effects in the second half of the year.

Reported EBIT was € 24 million and included € -10 million in one-offs, mainly due to impairments related to the planned plant closure in Pointe-Claire, Canada, and restructuring programs in EMEA. The benefits from these restructuring programs are expected to start to flow through from 2021 onwards.

BBRG invested € 16 million in PP&E, mainly in ropes plants in the UK and the US and in the Belgian A-Cords plant.

Outlook

Despite a fast and strong rebound in several markets in the past months, the global economic uncertainty remains high.

The structural improvement actions we have been implementing since the end of 2019 and our agile response to Covid-19 have demonstrated their effectiveness in strengthening Bekaert's overall performance.

Actions to further step up our performance should generate robust progress toward our long term goals:

» We project FY 2021 consolidated sales to reach at least € 4 billion, subject to demand and currency evolutions.
» We intend to exceed the solid underlying EBIT margin of 2020 by 40-60 bps in 2021.
» Net debt on underlying uEBITDA is projected to stay below 1.5 in 2021.

The strong performance we delivered in the difficult year 2020 and our determination to stimulate value creation by further enhancing our business portfolio and seizing value growth in robust markets, have made us more confident about the future potential of Bekaert. We are therefore raising our ambitions for the coming years.

ALTERNATIVE PERFORMANCE MEASURES

Capital employed (CE)	Working capital + net intangible assets + net goodwill + net property, plant and equipment + net RoU Property, plant and equipment. The weighted average CE is weighted by the number of periods that an entity has contributed to the consolidated result.	Capital employed consists of the main balance sheet items that operating management can actively and effectively control to optimize its financial performance, and serves as the denominator of ROCE.
Capital ratio (financial autonomy)	Equity relative to total assets.	This ratio provides a measure of the extent to which the Group is equity-financed.
Current ratio	Current assets to Current liabilities.	This ratio provides a measure for the liquidity of the company. It measures whether a company has enough resources to meet it short-term obligations.
Combined figures	Sum of consolidated companies + 100% of joint ventures and associates after elimination of intercompany transactions (if any). Examples: sales, capital expenditure, number of employees.	In addition to Consolidated figures, which only comprise controlled companies, combined figures provide useful insights of the actual size and performance of the Group including its joint ventures and associates.
EBIT	Operating result (earnings before interest and taxation).	EBIT consists of the main income statement items that operating management can actively and effectively control to optimize its profitability, and a.o. serves as the numerator of ROCE and EBIT interest coverage.
EBIT – underlying	EBIT before operating income and expenses that are related to restructuring programs, impairment losses, business combinations, business disposals, environmental provisions or other events and transactions that have a material one-off effect that is not inherent to the business.	EBIT – underlying is presented to enhance the reader's understanding of the operating profitability before one-off items, as it provides a better basis for comparison and extrapolation.
EBITDA	Operating result (EBIT) + depreciation, amortization and impairment of assets + negative goodwill.	EBITDA provides a measure of operating profitability before non-cash effects of past investment decisions and working capital assets.
EBITDA – underlying	EBITDA before operating income and expenses that are related to restructuring programs, impairment losses, business combinations, business disposals, environmental provisions or other events and transactions that have a material one-off effect that is not inherent to the business.	EBITDA – underlying is presented to enhance the reader's understanding of the operating profitability before one-off items and non-cash effects of past investment decisions and working capital assets, as it provides a better basis for comparison and extrapolation.
EBIT interest coverage	Operating result (EBIT) divided by net interest expense.	The EBIT interest coverage provides a measure of the Group's capability to service its debt through its operating profitability.
Free Cash Flow (FCF)	Cash flows from Operating activities - capex + dividends received - net interest paid	Free cash flow (FCF) represents the cash available for the company to repay financial debt or pay dividends to investors.
Gearing	Net debt relative to equity.	Gearing is a measure of the Group's financial leverage and shows the extent to which its operations are funded by lenders versus shareholders.
Margin on sales	EBIT, EBIT-underlying, EBITDA and EBITDA-underlying on sales.	Each of these ratios provides a specific measure of operating profitability expressed as a percentage on sales.
Net capitalization	Net debt + equity.	Net capitalization is a measure of the Group's total financing from both lenders and shareholders.
Net debt	Interest-bearing debt net of current loans, non-current financial receivables and cash guarantees, short-term deposits, cash and cash equivalents.	Net debt is a measure of debt after deduction of financial assets that can be deployed to repay the gross debt.
Net debt on EBITDA	Net debt divided by EBITDA.	Net debt on EBITDA provides a measure of the Group's capability (expressed as a number of years) to repay its debt through its operating profitability.
Operating free cash flow	Cash flows from Operating activities - capex (net of disposals of fixed assets)	Operating cash flow measures the net cash required to support the business (working capital and capital expenditure needs).
Return on capital employed (ROCE)	Operating result (EBIT) relative to the weighted average capital employed.	ROCE provides a measure of the Group's operating profitability relative to the capital resources deployed and managed by operating management.
Return on equity (ROE)	Result for the period relative to average equity.	ROE provides a measure of the Group's net profitability relative to the capital resources provided by its shareholders.
WACC	Cost of debt and cost of equity weighted with a target gearing of 50% (net debt/equity structure) after tax.	WACC is used to assess an investor's return on an investment in the Company.
Working capital (operating)	Inventories + trade receivables + bills of exchange received + advanced paid - trade payables - advances received - remuneration and social security payables - employment-related taxes.	Working capital includes all current assets and liabilities that operating management can actively and effectively control to optimize its financial performance. It represents the current component of capital employed.

in millions of €	Note annual report 2020	2019	2020
Net debt			
Non-current interest-bearing debt		1 116	907
L/T Lease Liability - non-current		69	61
Current interest-bearing debt		404	622
L/T Lease Liability - current		20	20
Total financial debt	**6.18**	**1 608**	**1610**
Non-current financial receivables and cash guarantees		(7)	(7)
Current loans		(9)	(8)
Short-term deposits		(50)	(50)
Cash and cash equivalents		(566)	(940)
Net debt	**6.18**	**977**	**604**
Capital employed			
Intangible assets		60	55
Goodwill		150	149
Property, plant and equipment		1 350	1 192
RoU Property plant and equipment		149	133
Working capital (operating)	6.8	699	535
Capital employed		**2 408**	**2 063**
Weighted average capital employed		**2 540**	**2 235**
Working capital (operating)			
Inventories		783	683
Trade receivables		645	588
Bills of exchange received		60	54
Advances paid		16	19
Trade payables		(652)	(668)
Advances received		(19)	(16)
Remuneration and social security payables		(125)	(116)
Employment-related taxes		(9)	(9)
Working capital (operating)	**6.8**	**699**	**535**
EBIT Underlying to EBIT	5.2		

in millions of €	Note annual report 2020	2019	2020
EBITDA			
EBIT		**155**	**257**
Amortization intangible assets		10	10
Depreciation property, plant & equipment		186	161
Depreciation RoU property, plant & equipment		25	24
Write-downs/(reversals of write-downs) on inventories and receivables		7	7
Impairment losses/ (reversals of depreciation and impairment losses) on fixed assets		19	14
EBITDA		**403**	**473**
EBITDA - Underlying			
EBIT - Underlying		**242**	**272**
Amortization intangible assets		10	10
Depreciation property, plant & equipment		186	161
Depreciation RoU property, plant & equipment		25	24
Write-downs/(reversals of write-downs) on inventories and receivables		4	7
Impairment losses/ (reversals of impairment losses) on fixed assets		1	5
EBITDA - Underlying		**468**	**479**
ROCE			
EBIT		155	257
Weighted average capital employed		2 540	2 235
ROCE		**6.1%**	**11.5%**
EBIT interest coverage			
EBIT		**155**	**257**
(Interest income)	5.4	(3)	(3)
Interest expense	5.4	69	60
(interest element of discounted provisions)	5.4	(4)	(3)
Net interest expense		62	53
EBIT interest coverage		**2.5**	**4.8**
ROE (return on equity)			
Result for the period		48	148
Average equity (period-weighted)		1 524	1 533
ROE		**3.2%**	**9.7%**

Capital ratio (Financial autonomy)			
Equity		1 532	1 535
Total assets		4 305	4 288
Financial autonomy		**35.6%**	**35.8%**

Gearing			
Net debt		977	604
Equity		1 532	1 535
Gearing (net debt on equity)	**7.2**	**63.8%**	**39.4%**

Net debt on EBITDA		
Net debt	977	604
EBITDA	403	473
Net debt on EBITDA	**2.4**	**1.3**

Net debt on EBITDA- Underlying		
Net debt	977	604
EBITDA-Underlying	468	479
Net debt on EBITDA-underlying	**2.1**	**1.3**

Current Ratio		
Current Assets	2 257	2 466
Current liabilities	1 406	1 589
Current Ratio	**1.6**	**1.6**

Operating free cash flow		
Cash flows from operating activities	524	505
Purchase of intangible assets	(4)	(3)
Purchase of PP&E	(95)	(104)
Purchase of RoU Land	(13)	-
Proceeds from disposals of fixed assets	1	52
Operating free cash flow	**414**	**449**

Free Cash Flow (FCF)		
Cash frows from operating activities	524	505
Purchase of intangible assets	(4)	(3)
Purchase of property, plant and equipment	(95)	(104)
Purchase of RoU Land	(13)	-
Dividends received	19	25
Interest received	3	3
Interest paid	(50)	(43)
Free Cash Flow	**384**	**383**

CORPORATE GOVERNANCE STATEMENT

On 1 January 2020, the 2020 Belgian Code on Corporate Governance (the “Code 2020”) and the new Belgian Code on Companies and Associations (the “BCCA”) entered into force and became applicable to Bekaert. The Bekaert Corporate Governance Charter and the Articles of Association of the Company were amended to bring both of them in line with the Code 2020 and the BCCA.

Bekaert complies with the provisions of the Code 2020, except with provisions 7.3 and 7.6.

Contrary to provision 7.3 of the Code 2020 according to which the Board of Directors should submit the Company’s remuneration policy for non-executive Directors and Executive Management to the General Meeting of Shareholders, the Company did not yet do so. Bekaert waited for the implementation of the European Shareholder Rights Directive II[1] into Belgian law and will submit its remuneration policy to the Annual General Meeting of 12 May 2021.

Contrary to provision 7.6 of the Code 2020 according to which non-executive Directors should receive part of their remuneration in the form of shares in the Company, non-executive Directors of Bekaert are recommended, but not required, to hold the value of one fixed annual fee in Bekaert shares during the period of their tenure. Despite the non-mandatory character of this shareholding principle, Bekaert believes that the long-term view of shareholders is fairly represented at the Board considering that the Chairman is partly remunerated in Bekaert shares subject to a three year lock-up and that the non-executive Directors who are appointed upon nomination by the reference shareholder already hold Bekaert shares (or certificates relating thereto).

The Code 2020 is available at www.corporategovernancecommittee.be.

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

[1] *Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.*

Board of Directors

The Company has adopted the one-tier governance structure: the primary decision-making body is the Board of Directors. The Board of Directors is authorized to carry out all actions that are necessary or useful to achieve the Company’s purpose, except for those for which the General Meeting of Shareholders is authorized by law or by the Articles of Association.

The Board of Directors consists of thirteen members, who are appointed by the General Meeting of Shareholders. Seven 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 7:87, §1 of the BCCA and provision 3.5 of the Code 2020: Henriette Fenger Ellekrog (first appointed in 2020), Colin Smith (first appointed in 2018), Eriikka Söderström (first appointed in 2020), Jürgen Tinggren (first appointed in 2019) and Mei Ye (first appointed in 2014).

The Board of Directors met on ten occasions in 2020: 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 Corporate Governance Charter, the Board of Directors discussed the following matters, among others, in 2020:

» the corporate strategy and strategic projects;
» the budget for 2021;
» the succession planning at the Board and Executive Management levels;
» the Covid-19 pandemic: impact on the Group, mitigation measures and specific actions (such as, the Annual General Meeting behind closed doors, the reduction of dividend over financial year 2019);
» the restructuring process and plan in Belgium;
» the issuance of retail bonds;
» the corporate governance structure;
» the mandatory auditor rotation in 2021;
» 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[2]	Number of regular/extraordinary meetings attended
Chairman				
Jürgen Tinggren[1]	May 2019	May 2023	NV Bekaert SA	10
Chief Executive Officer				
Oswald Schmid	May 2020	May 2022	NV Bekaert SA	7
Matthew Taylor	May 2014	May 2020	NV Bekaert SA	2
Members nominated by the principal shareholder				
Gregory Dalle	May 2015	May 2023	Managing Director, Credit Suisse, division Investment Banking and Capital Markets (UK)	10
Charles de Liedekerke	May 1997	May 2022	Director of companies	9
Christophe Jacobs van Merlen	May 2016	May 2024	Managing Director, Bain Capital Private Equity (Europe), LLP (UK)	9
Hubert Jacobs van Merlen	May 2003	May 2022	Director of companies	10
Caroline Storme	May 2019	May 2023	R&D Finance Lead Neurology at UCB (Belgium)	10
Emilie van de Walle de Ghelcke	May 2016	May 2024	Senior Legal Counsel, Sofina (Belgium)	10
Henri Jean Velge	May 2016	May 2024	Director of Companies	10
Independent Directors				
Celia Baxter	May 2016	May 2020	Director of companies	2
Henriette Fenger Ellekrog	May 2020	May 2021	Chief Human Resources Officer, Ørsted	6
Pamela Knapp	May 2016	May 2020	Director of companies	4
Colin Smith	May 2018	May 2022	Independent director of and advisor to companies	9
Eriikka Söderström	May 2020	May 2021	Chief Financial Officer, F-Secure	6
Mei Ye	May 2014	May 2022	Independent director of and advisor to companies	10

[1] Jürgen Tinggren is an independent Director.
[2] The detailed résumés of the Board members are available at www.bekaert.com

Matthew Taylor decided to resign from his position as Director of the Company with effect as of 12 May 2020. The Board of Directors co-opted Oswald Schmid as Director with effect as of 12 May 2020. His mandate as Director was confirmed by the Annual General Meeting of 13 May 2020.

Committees of the Board of Directors

Since 1 January 2020, the Board of Directors has two advisory Committees.(*)

Audit, Risk and Finance Committee

The Audit, Risk and Finance Committee is composed in accordance with Article 7:99 of the BCCA and provision 4.3 of the Code 2020: all of its four members are non-executive Directors and two of its members, Eriikka Söderström and Jürgen Tinggren, are independent. Eriikka Söderström's competence in accounting and auditing is demonstrated by her position as Chief Financial Officer of F-Secure and her former finance roles in Nokia Networks, Nokia Siemens Networks, Oy Nautor ab, Vacon Plc and Kone Corporation. The members of the Committee have a collective expertise relevant to the sector in which the Company is operating. Hubert Jacobs van Merlen has been appointed by the members of the Committee as the chairman.

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	2022	5
Charles de Liedekerke	2022	5
Eriikka Söderström(1)	2021	3
Jürgen Tinggren	2023	5
Pamela Knapp(2)	2020	2

(1) As of the Annual General Meeting in May 2020.
(2) Until the Annual General Meeting in May 2020.

The Committee had four regular and one extraordinary meeting in 2020. The Statutory Auditor attended two meetings. In addition to its statutory powers and its powers under the Bekaert Corporate Governance 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;
» the issuance of retail bonds;
» the mandatory auditor rotation in 2021;
» internal control and risks.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is composed as required by Article 7:100 of the BCCA: all of its three members are non-executive Directors and the majority of the members is independent. It is chaired by the Chairman of the Board. 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
Jürgen Tinggren	2023	4
Henriette Fenger Ellekrog(1)	2021	2
Christophe Jacobs van Merlen	2024	4
Celia Baxter(2)	2020	2

(1) As of the Annual General Meeting in May 2020.
(2) Until the Annual General Meeting in May 2020.

One of the Directors nominated by the principal shareholder and the Chief Executive Officer is invited to attend the Committee meetings as a guest, without being a member.

The Committee met four times in 2020. In addition to its statutory powers and its powers under the Bekaert Corporate Governance Charter, the Committee discussed the following main subjects:

» talent, leadership and culture;
» succession planning at Board and Executive Management levels;
» the remuneration report;
» the remuneration policy;
» the variable remuneration for the Chief Executive Officer and the other members of the Executive Management for their performance in 2019;
» target setting for 2020;
» the base remuneration for the Chief Executive Officer and the other members of the Executive Management for 2020.

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 Corporate Governance 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.

(*) The Board of Directors decided to abolish its (i) Strategic Committee immediately following the entry into force of the new Articles of Association; and (ii) the BBRG Committee as of 2020, considering the further integration of BBRG in the Bekaert Group.

Mid-2020 a self-assessment was conducted of the Board of Directors, focusing on the role and responsibilities of the Board and the Board Committees, Board meetings, Board composition and teamwork, relationship with management, relationship with shareholders, and overall Board effectiveness.

Executive Management

The Board of Directors has delegated special operational powers to the Bekaert Group Executive (BGE), under the leadership of the Chief Executive Officer. The BGE has sub-delegated certain of these operational powers to individuals within their functional or operational responsibility.

The BGE is composed of members representing the global Business Units and the global functions.

Matthew Taylor retired from his position as Chief Executive Officer with effect as of 12 May 2020. As of 12 May 2020, Oswald Schmid acted as the interim Chief Executive Officer, pending the appointment of a new Chief Executive Officer. On 2 March 2021, the Board of Directors has appointed Oswald Schmid as Chief Executive Officer.

Rajita D'Souza left the Company per 31 December 2020. Kerstin Artenberg joined the Company as new Chief Human Resources Officer on 8 February 2021.

On 1 April 2021, Yves Kerstens will join Bekaert as Divisional CEO Specialty Businesses and Chief Operations Officer. Jun Liao will take up the role of China CEO and lead the China Transformation Office in addition to his current responsibilities as country manager for China.

Name	Position	Appointed
Matthew Taylor(1)	Chief Executive Officer	2013
Oswald Schmid	Chief Executive Officer(2) and Chief Operations Officer	2019
Taoufiq Boussaid	Chief Financial Officer	2019
Rajita D'Souza(3)	Chief Human Resources Officer	2017
Kerstin Artenberg(4)	Chief Human Resources Officer	2021
Juan Carlos Alonso	Chief Strategy Officer	2019
Curd Vandekerckhove	Divisional CEO Bridon-Bekaert Ropes Group	2012
Arnaud Lesschaeve	Divisional CEO Rubber Reinforcement	2019
Jun Liao	Divisional CEO Specialty Businesses	2018
Stijn Vanneste	Divisional CEO Steel Wire Solutions	2016

(1) Until 12 May 2020.
(2) Interim Chief Executive Officer as of 12 May 2020 and Chief Executive Officer as of 2 March 2021.
(3) Until 31 December 2020.
(4) As of 8 February 2021.

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.

Nationality diversity

Bekaert employs people of 68 different nationalities in 42 countries around the world. This diversity is mirrored in all levels of the organization, as well as in the composition of the Board of Directors and the BGE.

	# people	# nationalities	# non-native(1)	% non-native
Board of Directors	13	8	7	54%
BGE	8	7	6	75%

(1) Non-native = nationality other than the one of the Company, i.e. Belgium.

Gender 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.

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

	# people	% male	% female
Board of Directors	13	62%	38%
BGE	8	87%	13%

By 2030, Bekaert aims to reach a gender diversity ratio of 33% at the Bekaert leadership level (BGE + Management functions B13 and above (Hay classification reference)).

Age diversity

	# people	30-50 years old	over 50 years old
Board of Directors	13	31%	69%
BGE	8	50%	50%

More information on diversity is available in the separate Sustainability Report, issued on 26 March 2021.

Conduct policies

Statutory conflicts of interest in the Board of Directors

In accordance with Article 7:96 of the BCCA, a member of the Board of Directors should give the other members prior notice of any agenda items in respect of which he/she 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 two occasions in 2020. The provisions of Article 7:96 of the BCCA were complied with.

On 3 March 2020, the Board discussed and had to vote on the short-term variable remuneration of the Chief Executive Officer on account of his 2019 performance (€ 623 102), his base salary and his individual targets for 2020.

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 Chief Executive Officer on account of his 2019 performance;*

» *resolves not to increase the base salary for the CEO.*

RESOLUTION

On the motion of the Nomination and Remuneration Committee, the Board approves the proposed short-term variable remuneration objectives for the CEO in respect of 2020.

On 19 November 2020, the Board of Directors discussed and had to vote on a discretionary bonus for the interim Chief Executive Officer.

Excerpt from the minutes:

RESOLUTION

Upon the recommendation of the Nomination and Remuneration Committee, the Board approves a discretionary bonus of € 155 000 to be paid to the interim CEO after one year of service as interim CEO (to be prorated if his role as interim CEO will actually be shorter or longer than one year).

The Board of Directors discussed the succession of the Chief Executive Officer at several occasions. The Chief Executive Officer and the interim Chief Executive Officer refrained from participating at these discussions.

Other transactions with Directors and Executive Management

The Bekaert Corporate Governance 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 7:96 of the BCCA. Those members are deemed to be related parties to Bekaert and have to report 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 2020 (cf. Note 7.4 to the consolidated financial statements).

Code of Conduct

The Board of Directors has approved the Bekaert Code of Conduct, which was first issued on 1 December 2004 and last updated in October 2020.

The Bekaert Code of Conduct describes how the Bekaert values (We act with integrity – We earn trust – We are irrepressible!) are put into practice. It provides principles to follow when confronted with ethical choices and compliance matters.

The Bekaert Code of Conduct is included in its entirety in the Bekaert Corporate Governance Charter as Appendix 3.

Market abuse

The Board of Directors has adopted the Bekaert Dealing Code on 28 July 2016, which became effective on 3 July 2016. The Bekaert Dealing Code is included in its entirety in the Bekaert Corporate Governance 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

In accordance with article 7:89/1 of the BCCA, the Board of Directors will submit a remuneration policy for the members of the Board of Directors and the Executive Management (members of the BGE), applicable as from 1 January 2021, to the vote of its shareholders at the General Meeting of Shareholders on 12 May 2021.

The Company will publish its remuneration policy on its website after the vote, together with the results of the vote. Any material change to this policy will then have to be approved by the General Meeting of Shareholders, on the motion of the Board of Directors, acting upon proposal from the Nomination and Remuneration Committee ("NRC").

Therefore, any reference to "remuneration policy" in the text below is covering the description of the procedure used in 2020 for developing and setting the remuneration of the members of the Board of Directors and the BGE; and should not be seen as the formal implementation of the remuneration policy in accordance with article 7:89/1 of the BCCA.

1. Description of the procedure used in 2020 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 and the remuneration for the non-executive Directors has been determined by the General Meeting of Shareholders on the motion of the Board of Directors, acting upon proposals from the NRC. The policy was approved by the Annual General Meeting of 10 May 2006 and amended by the Annual General Meetings of 11 May 2011, 14 May 2014 and of 13 May 2020.

The remuneration policy and the remuneration for the Chief Executive Officer has been determined by the Board of Directors, acting upon proposals from the NRC. The Chief Executive Officer is absent from this process, and does not take part in the voting nor the deliberations in this regard. The NRC 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 and the remuneration for the members of the BGE other than the Chief Executive Officer has been determined by the Board of Directors acting upon proposals from the NRC. The Chief Executive Officer has an advisory role in this process. The NRC 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 2020 for the Board of Directors and members of the BGE

Board of Directors

PURPOSE AND LINK TO STRATEGY

Remuneration is set at a level that is sufficient to attract non-executive Directors with competences required to match the Company's international ambition. They are set to reward non-executive Directors for their role as Board member and specific role as Chairman of the Board, or Chairman or member of the Board Committees, as well as their resulting responsibilities and commitments in time.

OPERATION

Chairman of the Board of Directors

» The remuneration of the Chairman is determined at the beginning of his term of office, and is in principle set for the duration of such term.
» The remuneration of the Chairman is determined by the General Meeting of Shareholders on the motion of the Board of Directors, acting upon proposals from the NRC.
» Fees are paid partly in cash and partly in Company shares, subject to a three-year holding period from grant date.

Other non-executive Directors

» The remuneration of the other non-executive Directors is determined for the running financial year.
» The remuneration of the other non-executive Directors is determined by the General Meeting of Shareholders on the motion of the Board of Directors, acting upon proposals from the NRC.
» Fees are paid in cash, but with the option each year to receive part (0%, 25% or 50%) in Company shares.

The remuneration of the Chairman and of the other non-executive Directors is regularly benchmarked with a selected panel of relevant publicly traded industrial Belgian and international companies of similar size and complexity.

Executive Director

Without prejudice to his remuneration in his capacity as Executive Manager, the Chief Executive Officer is not entitled to receive remuneration for his mandate as executive Director.

FEE STRUCTURE

A modular fee structure is applied for non-executive Directors to ensure that the remuneration fairly reflects their role as Board member and specific role as Chairman of the Board of Directors, or Chairman or member of the Board Committees, as well as their resulting responsi-

bilities and commitment in time.
The remuneration of the Chairman of the Board of Directors is set as follows:

- a fixed amount of € 200 000 per year;
- 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 are granted on the last trading day of May of the relevant year and are blocked for a period of three years as from the grant date.

The remuneration of each non-executive Director, except the Chairman, is set as follows:

- a fixed amount of € 70 000 for the performance of the duties as a member of the Board;
- a fixed amount of € 20 000 for the performance of the duties as member or Chairman of a Board Committee, and an additional fixed amount of € 5 000 for the Chairman of the Audit, Risk and Finance Committee.
- The fixed amounts for Board Committee membership or Board Committee chairing are paid on top of the fixed amount for performance of duties as a member of the Board.

PERFORMANCE MEASURES

The Chairman and the other non-executive Directors do not receive any performance-related remuneration that is directly related to the results of the Company. They are not entitled to participate in any of the Company's incentive plans and do not receive stock options or pension benefits.

SHAREHOLDING

Contrary to provision 7.6 of the Code 2020 according to which non-executive Directors should receive part of their remuneration in the form of shares in the Company, non-executive Directors are recommended, but not required, to hold the value of one fixed annual fee in Company shares during the period of their tenure.

Despite the non-mandatary character of this share-holding principle, the Company believes that the long-term view of shareholders is fairly represented at the Board considering that the Chairman is partly remunerated in Company shares subject to a three year lock-up; and seven of the twelve non-executive Directors are appointed upon nomination by the reference shareholder and already hold Company shares (or certificates relating thereto).

OTHER ITEMS

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.

Members of the BGE

PURPOSE AND LINK TO STRATEGY

The Company 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. Remuneration is set to reward Executive Managers for performance that creates positive short-term and long-term business results and value creation for the Company.

Executive remuneration consists out of fixed pay, benefits and allowance, short-term incentives and long-term incentives. In addition, Executive Managers are required to build and retain a minimum personal holding in Company shares.

- Fixed pay is the fixed remuneration paid to an Executive Manager for responsibilities of the job. The Company aims to ensure fixed pay is competitive compared with median market practice. The Executive Manager's potential for further growth, as well as sustained past performance, drive how fixed pay evolves over time.
- Short-term incentives aim to motivate Executive Managers to support and drive the Company's short-term goals considering a one-year performance horizon. Company overall performance, business unit performance and individual performance drive the ultimate outcome.
- Long-term incentives reward Executive Managers for contributing to the achievement of the Company's long-term strategy considering a three-year performance horizon. Performance metrics are objective financial metrics aligned with the Company strategy.
- Benefits and allowance are aligned with local practice and local policies; they are designed to be competitive and cost effective. This includes pension benefits aiming to support Executive Managers in their retirement planning.
- A minimum personal shareholding requirement aims to align the interest of the Executive Managers with those of the long-term shareholders by creating a link between their personal wealth and the Company's long-term performance. This is facilitated by a voluntary share-matching program.

The remuneration of the Executive Management is benchmarked periodically, but not annually, with a selected panel of relevant publicly traded industrial Belgian and international references.
Executive remuneration is aligned with the remuneration policy of the Group.

REMUNERATION STRUCTURE

Executive remuneration consists out of fixed pay, benefits and allowance, short-term incentives and long-term incentives. In addition, Executive Managers are required to build and retain a minimum personal holding in Company shares.

OPERATION

The remuneration of both the Chief Executive Officer (in his capacity as Executive Manager) and the other BGE members is determined by the Board of Directors acting on a reasoned recommendation from the NRC.

Fixed pay

» Fixed pay is set by the Board on the recommendation of the NRC with reference to a selected peer group.
» Annual increases are decided by the Board on the recommendation of the NRC, and are generally aligned with the average salary increases applying to the broader employee population unless there were significant changes to an individual's role and/or responsibilities during the year.

Short-term incentives ("STI")

» STI for Executive Managers are fully aligned with the Bekaert Variable Pay Plan for all managers worldwide.
» STI is earned by reference to performance from 1 January to 31 December, and is paid after the year-end of the financial year to which it relates.
» Objectives are set by the Board of Directors at the beginning of the year upon the recommendation of the NRC. Those objectives include a weighted average of Group, business unit and individual targets, both financial and non-financial, 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 of Directors.

Long-term incentives ("LTI")

» Executive Managers participate in the Bekaert Performance Share Plan for all senior managers worldwide.
» Performance share units are granted each year and represent a conditional Company share that vests after three years upon achievement of pre-set performance conditions.
» At the beginning of each three-year performance period, the NRC recommends a set of performance criteria based on objective financial metrics derived from the long-term business plan. Those three-year performance criteria are documented and submitted by the NRC to the full Board of Directors for approval.
» 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.
» Vested performance share units are delivered in the financial year following the performance period. In Europe, this is delivered in Company shares whereas in the rest of the world this is paid in cash.
» 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.

PERFORMANCE MEASURES

» The set of performance criteria used to evaluate the STI is a basket of financial targets (gross profit, underlying EBITDA 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 performance criteria used to evaluate the long-term remuneration are specific company financials; more in particular an EBITDA growth target and a cumulative cash flow target.

OPPORTUNITY

» The target value of the STI 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 target value of the LTI 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 three years.

MINIMUM SHAREHOLDING REQUIREMENT

The Chief Executive Officer and the other members of the BGE are required to build a personal shareholding in Company shares within five years from the time of appointment, and to maintain this level for the full period of appointment.

In order to facilitate this, the Company offers a voluntary share-matching plan. The Company matches a personal investment in Company shares in a given year (up to a maximum 15% of actual gross STI) with a direct grant of Company shares in the third calendar year following this investment, provided the Executive Manager holds on the personal shares.

In case the BGE member leaves the Company before the end of the holding period, the Company will match 1/3rd per started calendar year. No matching occurs in case of resignation or termination for cause.

The retention period for matching shares expires three years after granting these shares in so far the minimum shareholding requirement has been met.

3. Remuneration of the non-executive Directors in respect of 2020

The amount of the remuneration granted directly or indirectly to the non-executive Directors, by the Company or its subsidiaries, in respect of 2020 is set forth on an individual basis below. The non-executive Directors only receive fixed remuneration, partially paid out in cash and partially in shares (cfr. section 4).

in €	Period covering fixed amount	Fixed amount for performance of duties as a member of the Board	Fixed amount for Board Committee membership and/or chairing	Total
Jürgen Tinggren[1]	01.01.2020 - 31.12.2020	450 000[2]	n.a.	450 000
Charles de Liedekerke[3]	01.01.2020 - 31.12.2020	63 000	20 000	83 000
Hubert Jacobs van Merlen[4]	01.01.2020 - 31.12.2020	63 000	25 000	88 000
Mei Ye	01.01.2020 - 31.12.2020	63 000[2]		63 000
Gregory Dalle	01.01.2020 - 31.12.2020	63 000[2]		63 000
Emilie van de Walle de Ghelcke	01.01.2020 - 31.12.2020	63 000[2]		63 000
Christophe Jacobs van Merlen[5]	01.01.2020 - 31.12.2020	63 000[2]	20 000	83 000
Henri Jean Velge	01.01.2020 - 31.12.2020	63 000[2]		63 000
Colin Smith	01.01.2020 - 31.12.2020	63 000		63 000
Caroline Storme	01.01.2020 - 31.12.2020	63 000		63 000
Henriette Fenger Ellekrog[5]	13.05.2020 - 31.12.2020	31 500	10 000	41 500
Eriikka Söderström[3]	13.05.2020 - 31.12.2020	31 500	10 000	41 500
Celia Baxter[5]	01.01.2020 - 13.05.2020	31 500	10 000	41 500
Pamela Knapp[3]	01.01.2020 - 13.05.2020	31 500	10 000	41 500
Total Directors' Remuneration				**1 248 000**

[1] Chairman, Chairman of the Nomination and Remuneration Committee, member of the Audit, Risk and Finance Committee.
[2] Combination of a cash payment and a share grant, reference is made to section 4 for more details
[3] Member of the Audit, Risk and Finance Committee
[4] Chairman of the Audit, Risk and Finance Committee
[5] Member of the Nomination and Remuneration Committee

Upon proposal of the Board of Directors, the fixed amount with respect to 2020 for performance of duties as a member of the Board was reduced with 10% in light of the possible impact of the Covid-19 pandemic, and in line with the salary reduction implemented for the Executive and Senior Management. Also for the Chairman the 10% reduction was applied in calendar year 2020. This reduction is already reflected in the table above.

4. Share-based remuneration for non-Executive Directors

The fixed fee of the Chairman is paid partly in cash and partly in Company shares, subject to a three-year holding period from grant date.

For the other non-executive Directors, the fixed fee for performance of duties as a member of the Board are paid in cash, but with the option each year to receive part (0%, 25% or 50%) in Company shares.

Set out below are the number of Company shares granted to non-executive Directors in 2020.

Non-executive Director	Percentage shares	Gross amount in €	Number of shares after taxes	End retention period
Chairman				
Jürgen Tinggren	60%	270 000	6 627	29/05/2023
Non-executive Directors nominated by the principal shareholder				
Gregory Dalle	50%	31 500	943	n.a.
Charles de Liedekerke	0%	0	0	n.a.
Christophe Jacobs van Merlen	50%	31 500	912	n.a.
Hubert Jacobs van Merlen	0%	0	0	n.a.
Caroline Storme	0%	0	0	n.a.
Emilie van de Walle de Ghelcke	25%	15 750	393	n.a.
Henri Jean Velge	50%	31 500	786	n.a.
Independent non-executive Directors				
Celia Baxter	Not applicable			
Henriette Fenger Ellekrog	0%	0	0	n.a.
Pamela Knapp	Not applicable			
Collin Smith	0%	0	0	n.a.
Eriikka Söderström	0%	0	0	n.a.
Mei Ye	25%	15 750	375	n.a.
Total		**396 000**	**10 036**	

5. Remuneration of the Chief Executive Officer in respect of 2020 in his capacity as executive Director

Without prejudice to their remuneration in their capacity as Executive Manager, the Chief Executive Officer and the Interim Chief Executive Officer did not receive remuneration for their mandate as executive Director.

6. Remuneration of the Chief Executive Officer in respect of 2020

The amount of the remuneration and other benefits granted directly or indirectly to the Chief Executive Officer and the Interim Chief Executive Officer, by the Company or its subsidiaries, in respect of 2020 for his (Interim) Chief Executive Officer role is set forth below:

	Chief Executive Officer	**Interim Chief Executive Officer**	**Total**	**Comments**
	Matthew Taylor	Oswald Schmid		
Period	01.01.2020 12.05.2020	12.05.2020 31.12.2020		
Fixed pay	316 538	353 026	669 564	Includes base remuneration as well as foreign director fees and the extra responsibility premium for the Interim CEO
STI	0	312 500	312 500	Annual variable remuneration, based on 2020 performance
LTI	0	0	0	Value of vested performance share units (performance period 2017-2019) and vested stock options.
Pension	70 088	49 212	119 300	Defined Contribution and Cash Balance pension plans
Share-matching	83 829	0	83 829	2020 Company matching of 2018 personal investment in Company shares (4 634 units matched)
Other remuneration elements	20 923	19 411	40 334	Includes company car and risk insurances
Total remuneration	**491 378**	**734 149**	**1 225 527**	
Variable remuneration expressed as % of total	17%	43%	32%	Sum of STI, LTI and Share-Matching
Fixed remuneration expressed as % of total	83%	57%	68%	Sum of Fixed Pay, Pension and Other

Fixed pay of Executive and Senior Management, including the Chief Executive Officer and the Interim Chief Executive Officer, was reduced with 10% in the context of Covid-19 as an act of solidarity with employees impacted by unemployment following the pandemic. This reduction is already reflected in the above table.

The evaluation of STI performance criteria over 2020 leads to a payout of 145% versus target for the Interim Chief Executive Officer. The underlying performance measures for 2020 were linked with financial targets (gross profit, underlying EBITDA, working capital), non-financial targets (improvement on engaged and empowered teams) combined with specific individualized objectives. The Company does not disclose the actual targets per criterion, as this would require the disclosure of commercially sensitive information. In accordance with the plan rules of the variable pay plan, no STI has been paid to the former Chief Executive Officer in relation to 2020.

The vesting criterion with regard to the performance share units issued in December 2017, in relation to the 2018-2020 performance horizon, did not meet the threshold level. As a consequence none of the performance share units granted in December 2017 vested in 2020. The underlying performance measures were linked with EBIDTA growth targets and a cumulative cash flow target. The Company does not disclose the actual targets per criterion, as this would require the disclosure of commercially sensitive information.

The exercise price of stock options in relation to the previous long-term incentive plans which vested in 2020 was lower than the closing price of a Company share upon vesting date.

7. Remuneration of the other members of the BGE in respect of 2020

The amount of the remuneration and other benefits granted directly or indirectly to the BGE members other than the Chief Executive Officer and the Interim Chief Executive Officer, by the Company or its subsidiaries, in respect of 2020 is set forth below on a global basis.

	Remuneration	Comments
Fixed pay	2 814 284	Includes base remuneration as well as foreign director fees
STI	2 224 981	Annual variable remuneration, based on 2020 performance
LTI	0	Value vested performance share units (performance period 2017-2019) and vested stock options or stock appreciation rights
Pension	626 099	Defined Contribution, Defined Benefit and Cash Balance pension plans
Share-matching	91 307	2020 Company matching of 2018 personal investment in Company shares (3 206 units matched)
Other remuneration elements	401 391	Includes company car, risk insurances, school fees and housing allowance
Total remuneration	**6 158 062**	
Variable remuneration expressed as % of total	38%	Sum of STI, LTI and Share-Matching
Fixed remuneration expressed as % of total	62%	Sum of Fixed Pay, Pension and Other

The remuneration of Oswald Schmid in his capacity of Chief Operations Officer up to 12 May 2020 is included in the above table, whilst his remuneration in his capacity as Chief Operations Officer and Interim Chief Executive Officer as of 12 May 2020 is included in section 6 above.

Fixed pay of Executive and Senior Management was reduced with 10% in the context of Covid-19 as an act of solidarity with employees impacted by unemployment following the pandemic. This reduction is already reflected in the above table.

The evaluation of STI performance criteria over 2020 leads to a payout of 125% (weighted average) versus target for the other members of the BGE. The underlying performance measures were linked with financial targets (gross profit, underlying EBITDA, working capital), non-financial targets (improvement on engaged and empowered teams) combined with specific individualized objectives. The Company does not disclose the actual targets per criterion, as this would require the disclosure of commercially sensitive information.

The vesting criterion with regard to the performance share units issued in December 2017, in relation to the 2018-2020 performance horizon, did not meet the threshold level. As a consequence, none of the performance share units granted in December 2017 vested in 2020. The underlying performance measure was linked with the increase of the share price. The Company does not disclose the actual targets per criterion, as this would require the disclosure of commercially sensitive information.

The exercise price of stock options in relation to the previous long-term incentive plans which vested in 2020 was lower than the closing price of a Company share upon vesting date.

The pension expense captures a combination of several pension arrangements in place in the different work locations of the BGE members; being Belgium, France and China. The amount mentioned in the above table represents the annual employer contribution for the relevant defined contributions plans, the accrued pay credit for the relevant cash balance plan, the employer contribution into the mandatory second pillar arrangements and IAS19 service cost for defined benefit plans with a collective funding basis.

8. Share-based remuneration for members of the BGE

As of 2018, the long-term incentives are delivered solely 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.

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

The Chief Executive Officer and the other members of the BGE participate in a voluntary share-matching plan.

Performance Share Units

Performance share units related to the performance period 2020-2022 have been granted to the Executive Management on 21 January 2020. Company financials retained as performance targets covering the 2020-2022 performance period are EBITDA Underlying growth and elements of cumulative cash flow.

Because of the exceptional circumstances caused by Covid-19, the Board of Directors has amended the long-term incentive targets for the period 2020-2022 with respect to the performance share units that have been granted in January 2020.

The tables below set forth the overview of share-based remuneration granted to BGE members, including the main characteristics of each plan.

Plan Name	Performance Period	Performance Measures	Grant Date	Vesting Date	Number of PSU granted	Number of unvested PSU start of year	Granted	Forfeited/ Expired	Delivered	Number of unvested PSU end of year
Matthew Taylor - Chief Executive Officer										
PSP 2015-2017	2018-2020	Share price	21/12/2017	31/12/2020	6 500	6 500	0	(6 500)	0	0
PSP 2018-2020	2019-2021	EBITDA-U & Cum. CF	15/02/2019	31/12/2021	32 671	32 671	0	(10 890)	0	21 781
PSP 2018-2020	2020-2022	EBITDA-U & Cum. CF	21/01/2020	31/12/2022	27 683	0	27 683	(18 455)	0	9 228
					TOTAL	**39 171**	**27 283**	**(35 846)**	**0**	**31 008**
Oswald Schmid - Interim Chief Executive Officer (as of 12 May 2020) and Chief Operations Officer										
PSP 2018-2020	2020-2022	EBITDA-U & Cum. CF	21/01/2020	31/12/2022	10 957	0	10 957	0	0	10 957
					TOTAL	**0**	**10 957**	**0**	**0**	**10 957**
Taoufiq Boussaid - Chief Financial Officer										
PSP 2018-2020	2019-2021	EBITDA-U & Cum. CF	26/07/2019	31/12/2021	10 478	10 478	0	0	0	10 478
PSP 2018-2020	2020-2022	EBITDA-U & Cum. CF	21/01/2020	31/12/2022	9 810	0	9 810	0	0	9 810
					TOTAL	**10 478**	**9 810**	**0**	**0**	**20 288**
Rajita D'Souza - Chief Human Resources Officer										
PSP 2015-2017	2018-2020	Share price	01/09/2017	31/12/2020	5 000	5 000	0	(5 000)	0	0
PSP 2015-2017	2018-2020	Share price	21/12/2017	31/12/2020	2 500	2 500	0	(2 500)	0	0
PSP 2018-2020	2019-2021	EBITDA-U & Cum. CF	15/02/2019	31/12/2021	11 897	11 897	0	(11 897)	0	0
PSP 2018-2020	2020-2022	EBITDA-U & Cum. CF	21/01/2020	31/12/2022	10 271	0	10 271	(10 271)	0	0
					TOTAL	**19 397**	**10 271**	**(29 668)**	**0**	**0**
Juan Carlos Alonso - Chief Strategy Officer										
PSP 2018-2020	2019-2021	EBITDA-U & Cum. CF	26/07/2019	31/12/2021	9 391	9 391	0	0		9 391
PSP 2018-2020	2020-2022	EBITDA-U & Cum. CF	21/01/2020	31/12/2022	8 409	0	8 409	0		8 409
					TOTAL	**9 391**	**8 409**	**0**	**0**	**17 800**
Curd Vandekerckhove – Div. CEO BBRG										
PSP 2015-2017	2018-2020	Share price	21/12/2017	31/12/2020	2 500	2 500	0	(2 500)	0	0
PSP 2018-2020	2019-2021	EBITDA-U & Cum. CF	15/02/2019	31/12/2021	11 962	11 962	0	0	0	11 962
PSP 2018-2020	2020-2022	EBITDA-U & Cum. CF	21/01/2020	31/12/2022	10 447	0	10 447	0	0	10 447
					TOTAL	**14 462**	**10 447**	**(2 500)**	**0**	**22 409**
Stijn Vanneste – Div. CEO SWS										
PSP 2015-2017	2018-2020	Share price	21/12/2017	31/12/2020	2 500	2 500	0	(2 500)	0	0
PSP 2018-2020	2019-2021	EBITDA-U & Cum. CF	15/02/2019	31/12/2021	9 321	9 321	0	0	0	9 321
PSP 2018-2020	2020-2022	EBITDA-U & Cum. CF	21/01/2020	31/12/2022	8 378	0	8 378	0	0	8 378
					TOTAL	**11 821**	**8 378**	**(2 500)**	**0**	**17 699**

Plan Name	Performance Period	Performance Measures	Grant Date	Vesting Date	Number of PSU granted	Number of unvested PSU start of year	Granted	Forfeited/ Expired	Delivered	Number of unvested PSU end of year
Arnaud Lesschaeve – Div. CEO RR										
PSP 2018-2020	2019-2021	EBITDA-U & Cum. CF	26/07/2019	31/12/2021	6 142	6 142	0	0	0	6 142
PSP 2018-2020	2020-2022	EBITDA-U & Cum. CF	21/01/2020	31/12/2022	9 428	0	9 428	0	0	9 428
					TOTAL	**6 142**	**9 428**	**0**	**0**	**15 570**
Jun Liao – Div. CEO SPB										
PSP 2015-2017	2018-2020	Share price	21/12/2017	31/12/2020	1 250	1 250	0	(1 250)	0	0
PSP 2018-2020	2019-2021	EBITDA-U & Cum. CF	15/02/2019	31/12/2021	12 663	12 663	0	0	0	12 663
PSP 2018-2020	2020-2022	EBITDA-U & Cum. CF	21/01/2020	31/12/2022	10 997	0	10 997	0	0	10 997
					TOTAL	**13 913**	**10 997**	**(1 250)**	**0**	**23 660**

Stock Options

Set out below are the number of stock options exercised or forfeited in 2020 in relation to the previous long-term incentive plans for BGE members. Where applicable, the table includes grants made prior to BGE appointment.

The options have been 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.

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 2020 are based on the grants of the Stock Option Plan 2015-2017 and on the predecessor plans to the Stock Option Plan 2015-2017.

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 were entitled to acquire existing shares.

Main plan characteristics							Movement over 2020			
Plan Name	Offer date	Grant date	Vesting Date	End exercise period	Number of options granted	Exercise price (in €)	Number of SOP start of year	Forfeited/ Expired	Exercised	Number of SOP end of year
Matthew Taylor – Chief Executive Officer										
SOP 2010-2014	19/12/2013	17/02/2014	01/01/2017	18/12/2023	80 000	25.380	60 000	0	0	60 000
SOP 2010-2014	18/12/2014	16/02/2015	01/01/2018	17/12/2024	86 000	26.055	86 000	0	0	86 000
SOP 2015-2017	17/12/2015	15/02/2016	01/01/2019	16/12/2025	25 000	26.375	25 000	0	0	25 000
SOP 2015-2017	15/12/2016	13/02/2017	01/01/2020	14/12/2026	30 000	39.426	30 000	0	0	30 000
SOP 2015-2017	21/12/2017	20/02/2018	01/01/2021	20/12/2027	20 000	34.600	20 000	0	0	20 000
						TOTAL	**241 000**	**0**	**0**	**241 000**
Oswald Schmid – Interim Chief Executive Officer and Chief Operations Officer										
None										
Taoufiq Boussaid – Chief Financial Officer										
None										
Rajita D'Souza – Chief Human Resources Officer										
SOP 2015-2017	21/12/2017	20/02/2018	01/01/2021	20/12/2027	20 000	34.600	10 000	0	0	10 000
						TOTAL	**10 000**	**0**	**0**	**10 000**
Juan Carlos Alonso – Chief Strategy Officer										
None										
Curd Vandekerckhove – Div. CEO BBRG										
SOP 2010-2014	29/03/2013	28/05/2013	01/01/2017	28/03/2023	15 000	21.450	15 000	0	0	15 000
SOP 2010-2014	19/12/2013	17/02/2014	01/01/2017	18/12/2023	14 000	25.380	14 000	0	0	14 000
SOP 2010-2014	18/12/2014	16/02/2015	01/01/2018	17/12/2024	15 000	26.055	15 000	0	0	15 000
SOP 2015-2017	17/12/2015	15/02/2016	01/01/2019	16/12/2025	10 000	26.375	10 000	0	0	10 000
SOP 2015-2017	15/12/2016	13/02/2017	01/01/2020	14/12/2026	15 000	39.426	15 000	0	0	15 000
SOP 2015-2017	21/12/2017	20/02/2018	01/01/2021	20/12/2027	9 000	34.600	9 000	0	0	9 000
						TOTAL	**78 000**	**0**	**0**	**78 000**
Stijn Vanneste – Div. CEO SWS										
SOP 2010-2014	20/12/2012	18/02/2013	01/01/2016	20/12/2022	2 400	19.200	1 200	0	0	1 200
SOP 2010-2014	19/12/2013	17/02/2014	01/01/2017	18/12/2023	3 200	25.380	3 200	0	0	3 200
SOP 2010-2014	18/12/2014	16/02/2015	01/01/2018	17/12/2024	7 500	26.055	7 500	0	0	7 500
SOP 2015-2017	17/12/2015	15/02/2016	01/01/2019	16/12/2025	6 250	26.375	6 250	0	0	6 250
SOP 2015-2017	15/12/2016	13/02/2017	01/01/2020	14/12/2026	12 500	39.426	12 500	0	0	12 500
SOP 2015-2017	21/12/2017	20/02/2018	01/01/2021	20/12/2027	10 000	34.600	10 000	0	0	10 000
						TOTAL	**40 650**	**0**	**0**	**40 650**
Arnaud Lesschaeve – Div. CEO RR										
None										
Jun Liao – Div. CEO SPB										
None, see overview stock appreciation rights										

Stock Appreciation Rights

Set out below are the number of stock appreciation rights exercised or forfeited in 2020 in relation to the previous long-term incentive plans for BGE members outside Europe.

The stock appreciation rights (or "SARs") have been granted to the beneficiaries free of charge. Each SAR entitles the holder the right to receive an amount in cash equal to the excess of the closing price of one Company share on the date of exercise over 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 thirty days prior to the offer, and (ii) the last closing price preceding the date of the offer.

Subject to the closed and prohibited trading periods and to the plan rules, SARs 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.

SARs that were exercisable in 2020 are based on the grants of the SAR Plans 2015-2017 and on the predecessor plans to the SAR Plans 2015-2017. All grants mentioned below have been made prior to Jun Liao's BGE appointment.

Main plan characteristics						Movement over 2020			
Plan Name	Grant date	Vesting Date	End exercise period	Number SAR granted	Exercise price (in €)	Number of SAR start of year	Forfeited/ Expired	Exercised	Number of SAR end of year
Jun Liao – Div. CEO SPB									
SAR Asia 2010-2014	18/12/2014	01/01/2018	17/12/2024	6 000	26.055	6 000	0	0	6 000
SAR Asia & Latam 2015-2017	17/12/2015	01/01/2019	16/12/2025	5 000	26.375	5 000	0	0	5 000
SAR Asia & Latam 2015-2017	15/12/2016	01/01/2020	14/12/2026	7 000	39.426	7 000	0	0	7 000
SAR Asia & Latam 2015-2017	21/12/2017	01/01/2021	20/12/2027	6 250	34.600	6 250	0	0	6 250
					TOTAL	**24 250**	**0**	**0**	**24 250**

Share-matching Plan

The table below sets forth the number of shares matched by the Company in 2020 in relation to the personal investment in Company Shares in March 2018 for BGE members:

Plan Name	Date personal investment	End holding period	Number of acquired shares	Number of PSR start of year	Acquired	Matched	Forfeited	Number of PSR end of year
Matthew Taylor – Chief Executive Officer								
PSR 2016	14/05/2018	31/12/2020	4 634	4 634	0	(4 634)	0	0
Oswald Schmid – Interim Chief Executive Officer, Chief Operations Officer								
PSR 2016	31/03/2020	31/12/2022	210	0	210	0	0	210
Taoufiq Boussaid – Chief Financial Officer								
PSR 2016	31/03/2020	31/12/2022	1 038	0	1 038	0	0	1 038
Rajita D'Souza – Chief Human Resources Officer								
PSR 2016	14/05/2018	31/12/2020	441	441	0	(441)	0	0
PSR 2016	31/03/2020	31/12/2022	1 000	0	1 000	0	(1 000)	0
Juan Carlos Alonso – Chief Strategy Officer								
PSR 2016	31/03/2020	31/12/2022	971	0	971	0	0	971
Curd Vandekerckhove – Div. CEO BBRG								
PSR 2016	14/05/2018	31/12/2020	1 588	1 588		(1 588)	0	0
PSR 2016	31/03/2020	31/12/2022	2 413	0	2 413	0	0	2 413
Stijn Vanneste – Div. CEO SWS								
PSR 2016	14/05/2018	31/12/2020	1 177	1 177	0	(1 177)	0	0
PSR 2016	31/03/2020	31/12/2022	1 608	0	1 608	0	0	1 608
Arnaud Lesschaeve – Div. CEO RR								
PSR 2016	31/03/2020	31/12/2022	1 270	0	1 270	0	0	1 270
Jun Liao – Div. CEO SPB								
PSR 2016	31/03/2020	31/12/2022	2 256	0	2 256	0	0	2 256
			TOTAL	**7 840**	**10 766**	**(7 840)**	**(1 000)**	**9 766**

9. Departure of Executive Managers

Matthew Taylor, former Chief Executive Officer, retired from the Company on 12 May 2020. In accordance with the contractual agreement, a payment in lieu of notice based on twelve months of remuneration has been paid by the Company whereby the remuneration basis includes fixed pay, final 2-year average of STI and the annual pension contribution.

Rajita D'Souza, former Chief Human Resources Officer, has decided to leave Bekaert as of 31 December 2020.

10. Company's right of reclaim

The Board of Directors has discretion to adjust (malus) or reclaim (claw back) some or all of the value of awards of performance related payments to the Executive Management in the event of

» significant downward restatement of the financial results of Bekaert,
» material breach of the Bekaert Code of Conduct or any other Bekaert compliance policies,
» breach of restrictive covenants by which the individual has agreed to be bound,
» fraud, gross misconduct or gross negligence by the individual, which results into significant losses or serious reputation damage to Bekaert.

The Board did not make use of this right in 2020.

11. Executive remuneration in a wider context

The main difference in remuneration policy between the Executive Management and employees in general, is the balance between fixed and performance-related remuneration such as short-term and long-term incentives. Overall, the percentage of performance related remuneration, in particular longer-term incentives, is greater for the Executive Management. This reflects that Executive Managers have greater freedom to act and the consequences of their decisions are likely to have a broader and more far-reaching time span of effect.

The remuneration for Executive Managers is however aligned with the remuneration structures of the broader group of employees:

» The Group's managers share the same scorecard as the Executive Management for measuring the Group and business unit performance.
» In addition, around 100 of the Group's senior managers receive performance share awards on terms that are similar to the conditions that apply to the members of the BGE.

The ratio of the highest remuneration of the members of the Board of Directors and the Executive Management to the lowest remuneration of the employees of NV Bekaert SA in Belgium (excluding BGE members) is 1:30.

The table below sets forth the average remuneration of the members of the Board of Directors and the Executive Management, the average remuneration of other employees (on a full-time equivalent basis) and some key financial Company metrics over the last 5 calendar years.

	2016	2017	2018	2019	2020
Company remuneration					
Non-executive Directors[1]					
Average remuneration (€)	88 844	86 671	95 768	121 629	104 000
Year-on-year difference (%)	-4.9%	-2.4%	+10.5%	+27.0%	-14.5%
CEO					
Average remuneration (€)	1 773 510	1 562 907	1 135 011	1 787 480	1 225 527
Year-on-year difference (%)	+15.9%	-11.9%	-27.4%	+57.5%	-31.4%
Other BGE members					
Average remuneration (€)	824 562	901 307	609 540	748 023	839 736
Year-on-year difference (%)	+22.7%	+9.3%	-32.4%	+22.7%	+11.9%
Other employees[2]					
Average remuneration (€)	70 471	72 406	76 067	77 757	79 859
Year-on-year difference (%)	0%	+2.7%	+5.1%	+2.2%	+2.7%
Key Company metrics					
EBITDA-underlying					
Amount in million €	513	497	426	468	479
Year-on-year difference (%)	+17.7%	-3.1%	-14.3%	+9.9%	+2.4%
Sales					
Amount in million €	3 715	4 098	4 305	4 322	3 772
Year-on-year difference (%)	+1.2%	+10.3%	+5.1%	+0.4%	-12.7%
Working Capital					
Amount in million €	843	888	875	699	535
Year-on-year difference (%)	+3.7%	+5.3%	-1.5%	-20.1%	-23.5%
Company share price (as at 31 Dec)					
Share price (€)	38.48	36.45	21.06	26.50	27.16
Year-on-year difference (%)	+35.6%	-5.3%	-42.2%	+25.8%	+2.5%

(1) Through 2019, the remuneration of the Directors was based on the number of attended Board meetings
(2) Based on the average gross annual income of all employees of NV Bekaert SA in Belgium, excluding BGE members.

The average remuneration variations for BGE members are mainly driven by short-term, long-term and share programs, underlying fixed pay variation for BGE over a five-year period amounts to 1.1% per year.

12. Derogations from the procedures for implementing the remuneration policy

Because of the exceptional circumstances caused by Covid-19, the Board of Directors derogated from the remuneration policy in 2020 on the following elements of remuneration:

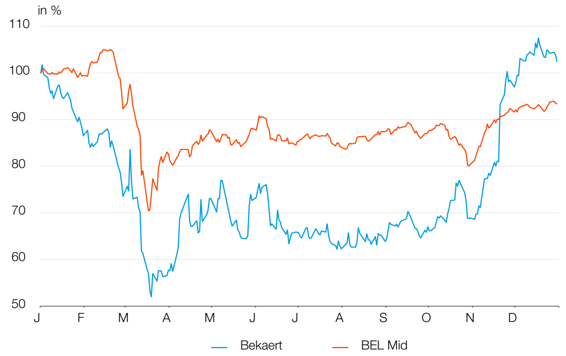
» Fixed remuneration of both non-executive Directors and Executive Management was reduced with 10%;
» The long-term incentive targets for the period 2020-2022 have been amended with respect to the performance share units that were granted in January 2020.

Contrary to the plan rules of the Stock Option Plan 2015-2017 whereby unvested SOPs can only be exercised in the first 12 months after vesting date, the unvested SOP grant as of 21 December 2017 for the former Chief Executive Officer will remain fully exercisable until 20 December 2027.

Shares

The Bekaert share in 2020

The Bekaert share gained 2.5% in 2020 when comparing the year-end closing price of 2020 with 2019, 9% above the performance of the reference index, Euronext Brussels BEL Mid. The Bekaert share outperformed the market indices since the publication of the third quarter trading update on 20 November 2020, which included a positive outlook on the company's performance for the full fiscal year 2020.



indexed view Bekaert versus Bel Mid

Share identification

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

Share performance

	2013	2014	2015	2016	2017	2018	2019	2020
Price as at 31 December (in €)	25.72	26.34	28.38	38.48	36.45	21.06	26.50	27.16
Price high (in €)	31.11	30.19	30.00	42.45	49.92	40.90	28.26	28.50
Price low (in €)	20.01	21.90	22.58	26.56	33.50	17.41	19.38	13.61
Price average closing (in €)	24.93	27.15	26.12	37.06	42.05	28.21	23.96	19.95
Daily volume	126 923	82 813	120 991	123 268	121 686	154 726	96 683	72 995
Daily turnover (in millions of €)	3.1	2.1	3.1	4.5	5.0	4.4	2.3	1.5
Annual turnover (in millions of €)	796	527	804	1 147	1 279	1 121	592	386
Velocity (% annual)	54	35	52	53	51	65	41	31
Velocity (% adjusted free float)	90	59	86	88	86	109	68	52
Free float (%)	59.9	55.7	56.7	59.2	59.6	59.3	59.3	59.5

Volumes traded

The average daily trading volume was about 73 000 shares in 2020. The volume peaked on 20 November, when 531 100 shares were traded.

On 31 December 2020, Bekaert had a market capitalization of € 1.6 billion and a free float market capitalization of € 1 billion. The free float was 59.51% and the free float band 60%.

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, if any, can be found in the Parent Company Information section of this Annual Report cf. page 182 (Interests in share capital).

Stichting Administratiekantoor Bekaert (principal shareholder) owns 34.19% of the shares, while institutional and non-identified shareholders hold 36.69% of the shares. Retail represents 10.45%, Private Banking 12.36% and treasury shares 6.31%.

On 8 December 2007, Stichting Administratiekantoor Bekaert disclosed in accordance with Article 74 of the Act of 1 April 2007 on public takeover bids that it was holding individually more than 30% of the securities with voting rights of the Company on 1 September 2007.

Capital structure

As of 31 December 2020, the capital of the Company amounts to € 177 812 000 and is represented by 60 414 841 shares without par value. The shares are in registered or non-material form. All shares have the same rights.

Authorized capital

The Board of Directors has been authorized by the General Meeting of Shareholders of 13 May 2020 to increase the capital, in one or more times, with a maximum amount of € 177 793 000 (exclusive of the issue premium). The Board of Directors may use this authorization until 23 June 2025.

The Board of Directors is also expressly authorized to increase the capital, even after the date that the Company receives the notification from the Belgian Financial Services and Markets Authority (FSMA) that it has been informed of a public take-over bid for the Company's securities, within the limits authorized by the applicable legal provisions. This authorization shall be valid with regard to public takeover bids of which the Company receives the aforementioned communication at most three years after 13 May 2020.

Convertible bonds

The Board of Directors has made use of its powers under the authorized capital applicable at that time 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 applicable at that time. 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, 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 plans and share-matching plan

The total number of outstanding subscription rights under the Stock Option Plan 2005-2009 and convertible into Bekaert shares is 63 820. A total of 6 400 subscription rights were exercised in 2020 under the Stock Option Plan 2005-2009, resulting in the issue of 6 400 new Company shares, and an increase of the capital by € 19 000 and of the share premium by € 133 288.

On 31 December 2019, the Company held 3 873 075 own shares. Of these 3 873 075 own shares, 63 541 shares were transferred in the course of 2020 (see table below). The Company did not purchase any shares and no own shares were cancelled in 2020. As a result, the Company held an aggregate 3 809 534 own shares on 31 December 2020.

Date	Number of treasury shares	Purpose	Transferee	Price per share (€)
31 March 2020	10 766	Personal shareholding requirement	BGE members	15.290
14 May 2020	5 948	Share-matching plan	BGE members	0
29 May 2020	10 036	Remuneration non-executive Directors	Chairperson and other non-executive Directors	0
4 December 2020	6 000	Exercise options under SOP 2010-2014	Employees	26.055
4 December 2020	1 500	Exercise options under SOP 2010-2014	Employees	21.450
15 December 2020	2 400	Exercise options under SOP 2010-2014	Employees	26.055
17 December 2020	5 000	Exercise options under SOP 2010-2014	Employees	21.450
18 December 2020	7 491	Share-matching plan	BGE members	0
21 December 2020	6 000	Exercise options under SOP 2010-2014	Employees	26.055
23 December 2020	2 400	Exercise options under SOP 2010-2014	Employees	26.055
29 December 2020	6 000	Exercise options under SOP 2010-2014	Employees	26.055

A first grant of 182 900 equity settled performance share units under the Performance Share Plan 2018-2020 was made on 21 January 2020. In addition, a mid-year grant of 12 580 performance share units was made on 17 August 2020 under the Performance Share Plan 2018-2020. Each performance share unit entitles the beneficiary to acquire one performance share subject to the conditions of the Performance Share Plan 2018-2020.

These performance share units will vest following a vesting period of three years, conditional to the achievement of a preset performance target. 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.

Detailed information about capital, shares, stock option plans and performance share plans is given in the Financial Review (Note 6.13 to the consolidated financial statements).

Dividend policy

The Board of Directors will propose that the Annual General Meeting to be held on 12 May 2021 approve the distribution of a gross dividend of € 1.00 per share.

The Board of Directors 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	2019	2020(1)
Total gross dividend	0.850	0.900	1.100	1.100	0.700	0.350	1.000
Net dividend(2)	0.638	0.657	0.770	0.770	0.490	0.245	0.700
Coupon number	6	7	8	9	10	11	12

(1) The dividend is subject to approval by the General Meeting of Shareholders 2021.
(2) Subject to the applicable tax legislation.

General Meetings of Shareholders 2020

The Annual General Meeting was held on 13 May 2020. An Extraordinary General Meeting was held on the same day. The resolutions of the meetings are available at www.bekaert.com.

Investor Relations

Bekaert is committed to providing transparent financial information to all shareholders.

All shareholders can count on access to information and on our commitment to share relevant updates on market evolutions, performance progress and other relevant information. All such updates can be found online in the investors section of the website of the Company and are presented live in meetings with analysts, shareholders, and investors. The calendar of investor relations conferences, roadshows and group visits to our premises is published on our website.

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 the case of a change of control, for which the prior approval of the Board of Directors has to be requested in accordance with Article 9 of the Articles of Association.

Subject to the foregoing, the shares are freely transferable.

The Board of Directors is not aware of any restrictions imposed by law on the transfer of shares by any shareholder.

Restrictions on the exercise of voting rights

According to the Articles of Association, 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 that 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 BCCA and in the Articles of Association. Pursuant to the Articles of Association, the Company is entitled to suspend the exercise of rights attaching to securities belonging to several owners.

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

The Board of Directors 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.

Appointment and replacement of Directors

The Articles of Association and the Bekaert Corporate Governance 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 Nomination and Remuneration Committee, which submits a reasoned recommendation to the full Board of Directors. On the basis of such recommendation, the Board of Directors 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 BCCA. Each amendment to the Articles requires a quorum of at least 50% of the capital (if the quorum is not met, a second meeting with the same agenda should be called, for which no quorum requirement applies) and a qualified majority of 75% of the votes cast at the meeting (a majority of 80% applies for changes to the corporate purpose and the transformation of the legal form of the company).

Authority of the Board of Directors to issue, acquire and transfer shares

The Board of Directors is authorized by Article 40 of the Articles of Association to increase the capital in one or more times with a maximum amount of € 177 793 000. The authority is valid for five years from 23 June 2020, but can be extended by the General Meeting.

The Board of Directors is expressly authorized by Article 40 of the Articles of Association to increase the capital, even after the date that the Company receives the notification from the FSMA that it has been informed of a public take-over bid for the Company's securities, within the limits authorized by the applicable legal provisions. This authorization is valid with regard to public takeover bids of which the Company receives the aforementioned communication at most three years after 13 May 2020.

The Company may acquire and accept in pledge its own shares or certificates relating thereto in compliance with the applicable conditions prescribed by law. The Board of Directors is authorized by Article 10 of the Articles of Association to acquire and accept in pledge its own shares or certificates relating thereto in compliance with the applicable conditions prescribed by law, without the total number of own shares or certificates relating thereto held or accepted in pledge by the Company pursuant to this authorization exceeding 20% of the total number of shares, at a price ranging between minimum € 1.00 and maximum 30% above the arithmetic average of the closing price of the Company's share during the last thirty trading days preceding the Board of Directors' resolution to acquire or to accept in pledge. This authorization is granted for a period of five years beginning on 23 June 2020.

The Board of Directors is also authorized by Article 10 of the Articles of Association to acquire and to accept in pledge own shares and certificates relating thereto, in compliance with the applicable conditions prescribed by law, when such acquisition or acceptance in pledge is necessary to prevent a threatened serious harm for the Company, including a public take-over bid for the Company's securities. This authorization is granted for a period of three years beginning on 23 June 2020.

The authorizations set forth above do not affect the possibilities, pursuant to the applicable legal provisions, for the Board of Directors to acquire or accept in pledge own shares and certificates relating thereto if no authorization in the Articles of Association or authorization of the General Meeting is required.

The Board of Directors is authorized by Article 10 of the Articles of Association to cancel all or part of the acquired own shares or certificates relating thereto.

The Company may transfer its own shares, profit-sharing bonds or certificates relating thereto only in compliance with the applicable conditions prescribed by law.

The Board of Directors is authorized by Article 11 of the Articles of Association to transfer own shares, profit-sharing bonds or certificates relating thereto to one or more specified persons other than personnel, in compliance with the applicable conditions prescribed by law.

The Board of Directors is authorized by Article 11 of the Articles of Association to transfer own shares, profit-sharing bonds or certificates relating thereto to prevent a threatened serious harm to the Company, including a public take-over bid for the Company's securities, in compliance with the applicable conditions prescribed by law. This authorization is granted for a period of three years beginning on 23 June 2020.

The authorizations set forth above do not affect the possibilities, pursuant to the applicable legal provisions, for the Board of Directors to transfer own shares, profit-sharing bonds and certificates relating thereto, if no authorization in the Articles of Association or authorization of the General Meeting is required.

The powers of the Board of Directors are more fully described in the applicable legal provisions, the Articles of Association and the Bekaert Corporate Governance 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 significantly affect the assets of the Company or that give rise to a significant debt or 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, 9 May 2018, 8 May 2019 and 13 May 2020 in accordance with Article 7:151 of the BCCA; 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, 7 February 2019, 23 May 2019 and 23 June 2020 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").

The Board of Directors has approved a framework of internal control and risk management for the Company and the Group set up by the BGE, and monitors the implementation thereof. The Audit, Risk and Finance Committee monitors the effectiveness of the internal control and risk management systems, with a view to ensuring that the main risks are properly identified, managed and disclosed according to the framework adopted by the Board of Directors. The Audit, Risk and Finance Committee also makes recommendations to the Board of Directors in this respect.

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 Finance 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 Finance in the 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 Finance 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.

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 Finance, (ii) careful planning of all activities, including owners and timings, (iii) guidelines which are distributed by Group Finance 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 Finance, reviewed by the Statutory Auditor, reported to the Audit, Risk 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 mid-year 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, Risk 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, Risk and Finance Committee and approval by the Company's Board of Directors.

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, Risk 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, Risk and Finance Committee.

In addition, a periodic treasury update is submitted to the Audit, Risk 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 has approved the Bekaert Code of Conduct, which was first issued on 1 December 2004 and last updated in October 2020. 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 subsidiaries of the Group and all managerial and salaried employees renew their commitment annually. The Raising Integrity Concern (whistleblowing) procedure enforces and underpins its implementation. The Code of Conduct is included in the Bekaert Corporate Governance 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, and 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, Risk and Finance Committee at each of its meetings. The Governance, Risk and Compliance Department reports to the Audit, Risk and Finance Committee at each of its meetings on risk and compliance matters.

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, Risk 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 six risk categories: strategic, people/organization, operational, legal/compliance, financial and geopolitical/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 2020 ERM report, which has been reported to the Audit, Risk and Finance Committee and the Board of Directors.

Strategic risks	• Like many global companies, Bekaert is exposed to risks arising from economic trends. Strategically, Bekaert defends itself against economical and cyclical risks by being active in different regions and different sectors. Bekaert operates manufacturing sites and offices in 44 countries and its markets can be clustered in seven sectors. This sectorial spread is an advantage as it makes Bekaert less sensitive to sector-specific trends. Nevertheless, a crisis can impact the most important sectors in which Bekaert is active, i.e., tire and automotive, energy and utilities, and construction. For example, in tire and automotive and construction markets, a recession can lead to a significant demand decline driven by weak consumer confidence and postponed investments. The resulting upstream and downstream overcapacity can lead to price erosion across the supply chain. The tire and automotive and the constructions sector, were heavily affected by the Covid-19 pandemic in the first half of 2020 (for example, sales in the rubber reinforcement business were 30% lower compared to the first half of 2019). Further and lasting effects of the pandemic may continue to influence demand in certain markets. In oil and gas markets, the oil price level and trend has an influence on demand for Bekaert's products related to those markets. Most important for Bekaert's flat and shaped wire activity and for Bridon-Bekaert Ropes Group's offshore steel ropes activity are the actual investments in offshore oil extraction. Although Bekaert is in process of making its activities less oil-dependent and better aligned with the market reality and although Bekaert will be ready to seize opportunities from a reactivation of investments in oil extraction in the future, it cannot be excluded that the current oil price level will continue to have an influence on the demand for Bekaert's products and hence on its results. • **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. Also the opposite price trend entails profit risks: if raw materials prices drop significantly and Bekaert has higher priced material in stock, then the profitability may be hit by (non-cash) inventory valuation corrections at the balance sheet date of a reporting period. • **Expansion projects are exposed to risks of delivery of the anticipated return** Bekaert regularly carries out expansion projects. These projects are subject to risks of delay and cost overruns due to unforeseen roadblocks and as such the anticipated return of the project might not be reached. Also assumptions used for the business case (changed market conditions, competitor moves, ...) may impact the achieved return of the project.
People / Organization	• **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 talent at all levels. 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** Bekaert is concerned about the continuous changes in trade policy as induced by the trade tensions between each of the US, Europe or India on the one side and China on the other. While Bekaert has now to a large extent been able to adapt to the every changing trade policies and duties through adjusted pricing measures (passing on higher, duty-affected, raw materials prices), alternative supply sources, alternative technologies enabling domestic sourcing, and effective lobbying to obtain exemptions, the change in trade policy has been affecting the results of Bekaert's North American operations in past reporting periods. Bekaert might in the future also be cut off from raw material supplies or become dependent on alternative suppliers for its raw material, which may charge higher prices for such raw material. This could be, for example, because of changes in trade policy, the insolvency of its existing suppliers or the Covid-19 pandemic. Increased source dependency might have an impact on Bekaert's business activities (because it would have to implement necessary supply chain changes) and on its profitability (because of the increased prices to be paid for its raw materials). Bekaert's pro-active supplier risk management approach should reduce the probability or impact of such situations. • **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 known 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.

Operational risks	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. 87% 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 is subject to cyber-security risks** Many operational activities of Bekaert depend on IT systems, developed and maintained by internal and external experts. A cyber-attack in one of these IT systems could interrupt Bekaert's activities, which could result in a negative influence on its sales and profitability. Bekaert is implementing a cyber-security roadmap to reduce the risk.
Legal / Compliance 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 (such as the European General Data Protection Regulation and California Consumer Privacy Act), intellectual property laws, labor 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, health and safety 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 is also training the organization in legal awareness and a Compliance Committee monitors and steers the actions that are needed to ensure compliance. Bekaert has a Code of Conduct and Raising an Integrity Concern procedure 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. • **Failure to adequately protect 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 2020, Bekaert (including Bridon-Bekaert Ropes Group) had a portfolio of 1 828 patent rights (i.e. patents, patent applications, utility models and applications for utility models). Bekaert also initiates patent infringement proceedings against competitors in the 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.
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

Financial risks	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 that 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. The Covid-19 pandemic increased the likelihood of the materialization of such risk, as the liquidity position of certain customers has been affected by the consequences of the pandemic and the payment behavior of certain customers changed. Some of the top-10 customers of Bekaert had delayed payments in the months April and May, but overdue rates returned to normal from June onwards. In addition, credit insurance companies have lowered the credit limits or have excluded credit insurance on certain third parties. Due to this increased risk, Bekaert has implemented measures to early detect, avoid and cover the arising risks. At present, Bekaert has not been confronted with increased bad debt provisions or customer bankruptcies leading to write-offs of bad debts, but the risk could materialize if the impact of the pandemic leads to failure in collecting outstanding receivables from customers going into bankruptcy. • **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 2020, the cumulative translation adjustments amount to $ 59,8 million, which - in the case of loss of control - would be recycled to income statement. • Adverse business performances or changes in underlying economic climate may result in impairment of assets In accordance with the International Accounting Standards regarding the impairment of assets (i.e. IAS36), an asset must not be carried in a company's financial statements at more than the highest recoverable amount (i.e. by selling or using the asset). In the event the carrying amount (i.e. book value) exceeds the recoverable amount, the asset is impaired. Bekaert regularly examines its groups of assets that do not generate cash flows individually (i.e. Cash Generating Units (CGUs)) and more specifically CGUs to which goodwill is allocated. Nevertheless, Bekaert may also be required to recognize impairment losses on other assets due to (external) unexpected adverse events that may have an impact on its expected performance. Although impairment charges do not have an impact on Bekaert's cash position, impairment losses are indicators of a potential shortfall in Bekaert's (expected) business plan, which might have an indirect impact on the expected profit generating capability of Bekaert. For further information on Bekaert's goodwill on the balance sheet (and impairment losses relating thereto), please refer to the note 6.2 (Goodwill) of this Report. More specifically, this note describes in more detail the impairment testing findings on goodwill arising from the Bridon-Bekaert Ropes Group business combination, which represents the majority of the goodwill amount carried at the balance sheet. A strict execution and implementation of the various initiatives included in the Bridon-Bekaert Ropes Group profit restoration plan is key to not incurring an impairment loss.
Geopolitical/ 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, social, 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. • The Covid-19 pandemic impact on the longer term on Bekaert's business and profitability depends on a broad range of factors, including the duration and scope of the pandemic, the geographies impacted, social impact, its impact on economic activity (e.g. hardening insurance markets) and the nature and severity of measures adopted by governments to restrict the further spread of the virus, including restrictions on business operations and travelling, restrictions on large gatherings and orders to self-isolate. Bekaert implemented a crisis management plan and governance to manage the Covid-19 pandemic crisis focusing on safeguarding health & safety of our employees, protecting our customers and our business, ensuring financial strength, identifying and pursuing opportunities arising from the crisis and enabling the organization to deal with ambiguity and keeping engagement level up - *better together*.

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

SUMMARY OF THE 2020 SUSTAINABILITY REPORT

The world around us, our shared concern

Our ambition is to create sustainable value for all our stakeholders: our customers, employees, shareholders, and the communities where we are active.

better together sums up the unique cooperation within Bekaert and between Bekaert and its stakeholders. We are committed to delivering long-term value to all of them and as such, create sustainable business partnerships.

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.

The interests of our customers, employees, shareholders, local governments and the communities where we are active are reflected in the way we drive our operations. We do this in a structured way: we have translated our ambitions for improvement into clear targets for the short term and are further developing our sustainability strategy for the coming years.

We are currently defining, under the supervision of the Board of Directors, Bekaert's sustainability strategy for the longer term. The strategy will include the company's ambitions that will enable us to:

» drive growth with differentiating, sustainable solutions for our customers;
» create a safe, healthy, diverse and inclusive workplace for our employees;
» reduce the environmental impact of our operations and products;
» foster a positive impact in the communities where we are active;
» create sustainable value for our shareholders.

Sustainability standards

Bekaert's Sustainability Report 2020 was conducted based on the GRI Sustainability Reporting Standards, in accordance 'Core option'. [Subject to GRI certification early March 2021] Global Reporting Initiative (GRI) is a non-profit organization that promotes economic, environmental and social sustainability. Bekaert's responsible performance in 2020 has been recognized by its inclusion in the Solactive ISS ESG Screened Europe Small Cap Index and the Solactive ISS ESG Screened Developed Markets Small Cap Index—a reference benchmark for top performers in terms of corporate social responsibility based on Vigeo Eiris' research—as well as in Kempen SRI.

In 2020-2021 respectively, rating agencies MSCI and ISS-ESG have analyzed the Environment, 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 fourth 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 forms part of the top 5% of all companies assessed in the same industry category.

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).

Bekaert has received a 'B-' score in CDP's Supplier Engagement Rating (SER), an improvement of 2 steps compared with previous ratings. Bekaert's rating for disclosing and engaging with customers has significantly improved, bringing us in a leading 'A' rating position.

Our responsibility in the workplace

Our commitment toward 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 caring and safe 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!

Our employees are the driving force behind our global success. The true strength of our company lies at the heart of every Bekaert employee's passion to go the extra mile for our customers, to care deeply for each other, and for the world around us. That's what being ***better together*** is all about.

Bekaert responded to the Covid-19 pandemic with global and local measures to safeguard the health and safety of all employees and their families, and of contractors and visitors on our sites. We rigorously complied with the regulations deployed in all countries that host Bekaert activities. Meanwhile, we closely communicated with customers and suppliers in order to secure business and supply continuity.

Bekaert teams unite to combat Covid-19

Our team members in China were the first to be confronted with the virus challenges and with tight methods to contain the spread. Their learnings have been tremendously valuable for us. Their measures and best practices were integrated in Bekaert's global Covid-19 Prevention Rules.

These measures, implemented early in China and adopted by our teams worldwide, included:

» social distancing floor markers at the employee gate entrances;
» perimeter borders around office desks;
» distance in the locker rooms;
» extended canteen hours to accommodate strict shift-assigned lunch hours;
» daily temperature check before arriving onsite;
» hand sanitizer stations throughout plants and offices;
» frequent cleaning and disinfection of dressing rooms, desks, displays, equipment, etc.;
» face masks for everyone, at all times.

People engagement and empowerment have always been important at Bekaert. We empower our teams with responsibility, authority and accountability, and count on the engagement of every Bekaert employee in driving a higher-level performance.

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.

We set our ambitions high when it comes to diversity, safety, and compliance to our Code of Conduct. We refer to the Bekaert Sustainability Report to read more about our actions and about the 2020 employment and safety data.

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.

We deal openly and honestly with our business partners. We expect our business partners to adhere to business principles consistent with internationally accepted ethical standards.

Connecting with our customers: on-site and online

In the beginning of 2020, (pre-Covid19), the Lipetsk plant in Russia invited their steel cord customers to discuss what we can do better in serving their needs and how we can collaborate in developing new steel cord types. The Bekaert Lipetsk Quality and Technology teams also visited the customer sites to well understand their processing needs.

Connecting with our customers online

Virtual communication sessions became the norm in all of our customer contacts in 2020. The continuously changing business dynamics all over the world required constant alignment and interaction. While being isolated and banned from personal, face-to-face contacts through live meetings, visits, trade fairs or conferences, the online meetings brought us closer together than before. They also brought together more teams and individuals than the regular sales-purchasing relationships.

We explored and extended the use of digital channels, integrated a live chat on our website, and shared information and expertise in virtual engagement campaigns.

Plant teams connected with customers and colleagues working from home via livestream to view pre-qualification tests. We organized customer training sessions online, while conventions and trade shows went digital with avatar networking and virtual booths. We also activated MyBekaert and My Rope, user-friendly customer portals on our website. These digital platforms have built interaction and trust in our commercial relationships.

We engage with suppliers to enhance sustainability awareness and control upstream in the value chain and we set our ambitions high by targeting distinct sustainable benefits through our Research & Innovation efforts. We refer to the Bekaert Sustainability Report to read more about how we work *better together* with our customers and suppliers.

Our responsibility toward 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. We set our ambitions high to increase the green energy share in our energy sourcing and, consequently, reduce our GHG emissions.

Anchoring our presence in floating offshore wind

Floating wind platforms are an answer to further decarbonize the global energy mix and increase security of supply. Our solutions for wind farms are testimony to our commitment to sustainability. We have several products in our portfolio that are used to build (floating) wind farms: Dramix® for concrete reinforcement, Bezinox® armoring wire to bring electricity ashore via subsea power cables, A-cords timing belts for blade pitch adjustment, superconductor wires for turbine generators and mooring lines so platforms stay put.

We not only raise our presence in wind energy markets with innovative products and solutions, we also gradually increase the share of renewable energy in the energy we consume, and we invest in green energy projects through VPPAs.

Bekaert to source 100% of US electricity needs from renewable energy

In December, ENGIE North America completed the construction of the King Plains windfarm in Oklahoma, US. Bekaert entered into a 35 MW Virtual Power Purchase Agreement (VPPA) with ENGIE North America in 2019 and is considering additional VPPAs as we work to achieve 100% renewable supply in the US. We are also looking into sourcing VPPAs in Europe as one of the measures to meet the company's global ambition of 55% renewables by 2025.

We refer to the Bekaert Sustainability Report for more examples of our extended product offering that contribute to a cleaner environment and for a full overview of the 2020 data related to energy usage, the green share in energy sourcing, GHG emissions, and water usage.

Our responsibility toward 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.

The Bekaert India team collected food, clothes and stationery for the annual 'Joy of giving' project. In February 2020, they donated the goods to a local organization that supports children through education and social well-being. The team in India also donated computers to schools in the neighborhood of Bekaert's operations.

Covid-19 brought another dimension to our responsible actions that help support society. From the outbreak of the pandemic onwards, we have engaged and supported the communities where we are active with protection awareness initiatives and with donations and voluntary help to medical and care centers around the world.

We refer to the Bekaert Sustainability Report to read more about the initiatives that Bekaert colleagues worldwide organized to support medical and care centers, and children and students.

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 of the 2020 Annual Report. A description of the principal risks and uncertainties is included in the Corporate Governance Statement of the 2020 Annual Report. In addition, reference is made to Notes 3 and 7.2 to the consolidated financial statements of the Financial Review in the 2020 Annual Report.
- The significant events occurring after the balance sheet date are described in Note 7.5 to the consolidated financial statements of the Financial Review in the 2020 Annual Report.
- The research and development activities are described in the Chapter Technology & Innovation of the 2020 Annual Report. In addition, reference is made to Note 5.2 to the consolidated financial statements of the Financial Review in the 2020 Annual Report.
- The information concerning the use of financial instruments is included in Note 7.2 to the consolidated financial statements of the Financial Review in the 2020 Annual Report.
- The non-financial information is included in the separate Sustainability Report, issued 26 March 2021.

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CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

in thousands of € - Year ended 31 December	Notes	2019	2020
Sales	5.1.	4 322 450	3 772 374
Cost of sales	5.2.	-3 795 320	-3 214 056
Gross profit	**5.2.**	**527 131**	**558 318**
Selling expenses	5.2.	-188 606	-167 141
Administrative expenses	5.2.	-127 676	-133 526
Research and development expenses	5.2.	-70 729	-52 361
Other operating revenues	5.2.	27 655	84 659
Other operating expenses	5.2.	-12 758	-33 422
Operating result (EBIT)	5.2.	**155 017**	**256 527**
of which			
EBIT - Underlying	**5.2. / 5.3.**	**241 909**	**272 244**
One-off items	**5.2.**	**-86 891**	**-15 717**
Interest income	5.4.	2 841	3 386
Interest expense	5.4.	-69 166	-59 554
Other financial income and expenses	5.5.	-18 371	-30 165
Result before taxes		**70 322**	**170 194**
Income taxes	5.6.	-51 081	-56 513
Result after taxes (consolidated companies)		**19 241**	**113 682**
Share in the results of joint ventures and associates	5.7.	28 959	34 355
RESULT FOR THE PERIOD		**48 200**	**148 037**
Attributable to			
equity holders of Bekaert		*41 329*	*134 687*
non-controlling interests	*6.15.*	*6 871*	*13 350*

Earnings per share in € per share	**5.8.**	**2019**	**2020**
Result for the period attributable to equity holders of Bekaert			
Basic		*0.731*	*2.382*
Diluted		*0.730*	*2.266*

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

Consolidated statement of comprehensive income

in thousands of € - Year ended 31 December	Notes	2019	2020
Result for the period		**48 200**	**148 037**
Other comprehensive income (OCI)	**6.14.**		
Other comprehensive income reclassifiable to income statement in subsequent periods			
Exchange differences			
Exchange differences arising during the year on subsidiaries		16 563	-80 879
Exchange differences arising during the year on joint ventures and associates		-2 171	-38 134
OCI reclassifiable to income statement in subsequent periods, after tax		**14 392**	**-119 013**
Other comprehensive income non-reclassifiable to income statement in subsequent periods			
Remeasurement gains and losses on defined-benefit plans		-833	2 497
Net fair value gain (+) / loss (-) on investments in equity instruments designated as at fair value through OCI		2 372	250
Share of non-reclassifiable OCI of joint ventures and associates		11	4
Deferred taxes relating to non-reclassifiable OCI	6.7.	1 822	-1 024
OCI non-reclassifiable to income statement in subsequent periods, after tax		**3 372**	**1 727**
Other comprehensive income for the period		**17 764**	**-117 286**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**65 964**	**30 751**
Attributable to			
equity holders of Bekaert		*62 506*	*23 233*
non-controlling interests	*6.15.*	*3 458*	*7 518*

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**	**2019**	**2020**
Intangible assets	6.1.	60 266	54 664
Goodwill	6.2.	149 784	149 398
Property, plant and equipment	6.3.	1 349 657	1 191 781
RoU Property, plant and equipment	6.4.	149 051	132 607
Investments in joint ventures and associates	6.5.	160 665	123 981
Other non-current assets	6.6.	36 281	45 830
Deferred tax assets	6.7.	142 333	124 243
Non-current assets		**2 048 037**	**1 822 503**
Inventories	6.8.	783 030	683 477
Bills of exchange received	6.8.	59 904	54 039
Trade receivables	6.8.	644 908	587 619
Other receivables	6.9. / 6.21.	111 615	101 330
Short-term deposits	6.10.	50 039	50 077
Cash and cash equivalents	6.10.	566 176	940 416
Other current assets	6.11.	40 510	41 898
Assets classified as held for sale	6.12.	466	6 740
Current assets		**2 256 647**	**2 465 597**
Total		**4 304 684**	**4 288 100**

Equity and liabilities as at 31 December in thousands of €	**Notes**	**2019**	**2020**
Share capital	6.13.	177 793	177 812
Share premium		37 751	37 884
Retained earnings	6.14.	1 492 028	1 614 781
Treasury shares	6.14.	-107 463	-106 148
Other Group reserves	6.14.	-165 000	-276 448
Equity attributable to equity holders of Bekaert		**1 435 110**	**1 447 880**
Non-controlling interests	**6.15.**	**96 430**	**87 175**
Equity		**1 531 540**	**1 535 055**
Employee benefit obligations	6.16.	123 409	130 948
Provisions	6.17.	25 005	25 166
Interest-bearing debt	6.18.	1 184 310	968 076
Other non-current liabilities	6.19.	265	1 231
Deferred tax liabilities	6.7.	34 182	38 337
Non-current liabilities		**1 367 171**	**1 163 759**
Interest-bearing debt	6.18.	424 184	641 655
Trade payables	6.8.	652 384	668 422
Employee benefit obligations	6.8. / 6.16.	148 784	149 793
Provisions	6.17.	30 222	11 421
Income taxes payable	6.21.	82 411	53 543
Other current liabilities	6.20.	67 988	64 451
Liabilities associated with assets classified as held for sale	6.12.	-	-
Current liabilities		**1 405 973**	**1 589 286**
Total		**4 304 684**	**4 288 100**

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 adjustments
Balance as at 1 January 2019	**177 793**	**37 751**	**1 480 235**	**-108 843**	**-130 102**
Result for the period	-	-	41 329	-	-
Other comprehensive income	-	-	11	-	16 138
Capital contribution by non-controlling interests	-	-	-	-	-
Reclassifications	-	-	-18	-	-
Effect of NCI purchase [3]	-	-	6 973	-	-
Effect of other changes in Group structure	-	-	-	-	-
Equity-settled share-based payment plans	-	-	4 390	-	-
Treasury shares transactions	-	-	-1 341	1 380	-
Dividends	-	-	-39 557	-	-
Balance as at 31 December 2019	**177 793**	**37 751**	**1 492 022**	**-107 463**	**-113 964**
Balance as at 1 January 2020	**177 793**	**37 751**	**1 492 022**	**-107 463**	**-113 964**
Result for the period	-	-	134 687	-	-
Other comprehensive income	-	-	-	-	-113 858
Effect of NCI purchase [4]	-	-	-467	-	-
Equity-settled share-based payment plans	-	-	8 556	-	-
Creation of new shares	19	133	-	-	-
Treasury shares transactions	-	-	-231	1 314	-
Dividends	-	-	-19 787	-	-
Balance as at 31 December 2020	**177 812**	**37 884**	**1 614 780**	**-106 149**	**-227 822**

[1] See note 6.14. 'Retained earnings and other Group reserves'.

[2] See note 6.15. 'Non-controlling interests'.

[3] In December 2019, the Group acquired the remaining non-controlling interests in Bekaert Maccaferri Underground Solutions BVBA for a consideration of € 9.5 million. As part of the transaction, the put option held by Maccaferri was extinguished.

[4] In February 2020, the buy-out of Continental in Bekaert Slatina SRL through the acquisition of Conti's 20% shareholding was closed. A consideration of € 9.0 million was paid.

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
-14 489	**-68 267**	**26 694**	**-8 206**	**1 392 566**	**119 071**	**1 511 637**
-	-	-	-	**41 329**	6 871	**48 200**
2 372	1 244	1 413	-	**21 178**	-3 413	**17 765**
-	-	-	-	**-**	652	**652**
-	18	-6	6	**-**	-	**-**
-	-11	3	8 200	**15 165**	-13 632	**1 533**
-	-	-	-	**-**	128	**128**
-	-	-	-	**4 390**	-	**4 390**
-	-	-	-	**39**	-	**39**
-	-	-	-	**-39 557**	-13 247	**-52 804**
-12 117	**-67 016**	**28 104**	**-**	**1 435 110**	**96 430**	**1 531 540**
-12 117	**-67 016**	**28 104**	**-**	**1 435 110**	**96 430**	**1 531 540**
-	-	-	-	**134 687**	13 350	**148 037**
250	3 473	-1 319	-	**-111 454**	-5 832	**-117 286**
-	-	-	-	**-467**	-8 503	**-8 970**
-	-	-	-	**8 556**	-	**8 556**
-	-	-	-	**152**	-	**152**
-	-	-	-	**1 083**	-	**1 083**
-	-	-	-	**-19 787**	-8 270	**-28 057**
-11 867	**-63 543**	**26 785**	**-**	**1 447 880**	**87 175**	**1 535 055**

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

Consolidated cash flow statement

in thousands of € - Year ended 31 December	Notes	2019	2020
Operating activities			
Operating result (EBIT)	5.2. / 5.3.	155 017	256 527
Non-cash items included in operating result	7.1.	305 198	270 417
Investing items included in operating result	7.1.	3 428	-38 626
Amounts used on provisions and employee benefit obligations	7.1.	-61 299	-50 756
Income taxes paid	5.6. / 7.1.	-60 624	-56 504
Gross cash flows from operating activities		**341 721**	**381 059**
Change in operating working capital	6.8.	168 549	124 419
Other operating cash flows	7.1.	14 056	-556
Cash flows from operating activities		**524 326**	**504 921**
Investing activities			
New business combinations	7.2.	-	-978
Proceeds from disposals of investments		800	-
Dividends received	6.5.	18 750	25 324
Purchase of intangible assets	6.1.	-4 410	-3 214
Purchase of property, plant and equipment	6.3.	-94 504	-104 477
Purchase of RoU Land	6.4.	-13 074	-
Proceeds from disposals of fixed assets	7.1.	1 349	52 136
Cash flows from investing activities		**-91 089**	**-31 209**
Financing activities			
Interest received	5.4.	2 960	3 076
Interest paid	5.4.	-50 130	-42 864
Gross dividend paid to shareholders of NV Bekaert SA		-39 557	-19 787
Gross dividend paid to non-controlling interests		-13 873	-5 953
Proceeds from long-term interest-bearing debt	6.18.	585 696	201 309
Repayment of long-term interest-bearing debt	6.18.	-675 253	-247 673
Cash flows from / to (-) short-term interest-bearing debt	6.18.	-76 715	41 358
Treasury shares transactions	6.13.	39	1 084
Sales and purchases of NCI	7.1.	-9 500	-8 970
Other financing cash flows	7.1.	7 540	-4 319
Cash flows from financing activities		**-268 793**	**-82 741**
Net increase or decrease (-) in cash and cash equivalents		**164 444**	**390 972**
Cash and cash equivalents at the beginning of the period		**398 273**	**566 176**
Effect of exchange rate fluctuations		3 459	-16 731
Cash and cash equivalents at the end of the period		**566 176**	**940 416**

The accompanying notes are an integral part of this cash flow statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

NV Bekaert SA (the 'Company') is a company domiciled in Belgium and a world market and technology leader in steel wire transformation and coating technologies. The Company's consolidated financial statements include those of the Company and its subsidiairies (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 24 March 2021.

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 2020

» In the current year, the Group has applied the below amendments to IFRS standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

» In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The amendments are not relevant to the Group given that it does not apply hedge accounting.

» In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of Covid-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a Covid-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the Covid-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 and only if all of the following conditions are met: (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and; (c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 to a minor amount of rent concessions received (€ 0.2 million).

» The Group has adopted the amendments to IFRS 3 'Definition of a business' for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

» The Group has adopted the amendments to IAS 1 and IAS 8 'Definition of material' for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

» The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year.

Standards, amendments and interpretations that are not yet effective in 2020 and have not been early adopted

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

» Amendments to IAS 16 'Property, plant and equipment' that prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 'Inventories'. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

» Amendments to IAS 1 'Classification of liabilities as current or non-current' affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

» Amendments to IAS 8 'Accounting policies, Changes in Accounting Estimates and Errors' issuing a definition of accounting estimates to help entites to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023.

» Amendments to IFRS 4 'Insurance Contracts' that change the fixed expiry date for the temporary exemption in IFRS 4 'Insurance Contracts' from applying IFRS 9 'Financial instruments', so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2021.

» IFRS 17 'Insurance Contracts' and related amendments, effective 1 January 2023, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 'Insurance Contracts'.

» Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the Interest Rate Benchmark Reform - Phase 2, applicable for annual periods beginning on or after 1 January 2021.

» Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture', effective date yet to be set by the IASB, deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture.

» Amendments to IFRS 3 'Business combinations' that update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

» Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' which specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments are effective for annual reporting periods beginning on or after 1 January 2022, with early application permitted.

» Annual Improvements to IFRS Standards 2018-2020, including amendments to four standards (IFRS1, IFRS 9, IFRS 16 and IAS 41). The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

These new, and amendments to, standards and interpretations effective after 2020 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;
» income, expenses and cash flows are translated at the average exchange rate for the year;
» 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.

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 CO2 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	20%

Right-of-use (RoU) property, plant & equipment

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as printers, copiers and small office equipment). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs.

They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.
Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underying asset. If a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Rights to use land are amortized over the contractual period which can vary between 30 and 100 years, but is in most cases 50 years. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead accounts for any lease and associated non-lease components as a single arrangement. The Group applies this practical expedient on contracts for company cars and industrial vehicles, where non-lease components such as maintenace and replacement of tires are not separated but included in the lease component.

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 characteristics 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 characteristics 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 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 credit 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'), personal shareholding requirement plans ('PSR') and stock grants, 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).

Lease liabilities

Interest-bearing debt also includes the lease liabilities recognized with respect to all lease arrangements in which the Group is the lessee, except for short-term leases and leases of low value assets. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee, under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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 may apply 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 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 as well as reconciliation tables are 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.

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 6.16. 'Employee benefit obligations') and therefore these pre-retirement schemes are treated as defined-benefit plans using the projected unit credit method. The obligation amounted to € 8.4 million (2019: € 10.4 million).

» 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 7.7. 'Subsidiaries, joint ventures and associates' for a comprehensive list of entities and their functional currency. As regard to its Venezuelan operations, management concluded last year that the bolivar soberano is no longer the functional currency, but instead the US dollar is the functional currency. This decision is based on the facts that an important part of the operative income is denominated in US dollar; that the main part of the costs structure also takes as reference US dollar and is payable using this reference exchange rate; and that as from May 2019, banks can act as intermediaries in foreign currency transactions through 'exchange tables', a measure that makes the exchange control that operated since 2003 and that gave the State a monopoly in currency management, more flexible.

» Management assessed that it is still controlling the Venezuelan subsidiairies. 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 2020, the cumulative translation adjustments ('CTA') amount to € -59.8 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.

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 latest business plan. Following the realized turnaround performance of the business in 2020, headroom has become very solid, reducing the likelihood of an impairment loss (see note 6.2. 'Goodwill').

» Management assessed the changes in the current economic environment related to the Covid-19 pandemic as an impairment loss indicator. Tests for all its Cash Generating Units (CGU's), also for the ones to which no goodwill is allocated, have been performed. Based on these tests, management concluded no impairment losses are to be recognized at this point in time (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. 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. In 2020 a number of pending tax audits in different countries were finalized, leading to an additional tax expense on the one hand but also to the release of related provisions for uncertain tax positions on the other hand. At year-end 2020 uncertain tax positions recognized as income taxes payable amounted to € 31.6 million (2019: € 64.7 million). See note 6.21. 'Tax positions'.

4. Segment reporting

Bekaert uses a business 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 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 following four business units are presented:

1. Rubber Reinforcement (RR): 43% of consolidated third party sales (2019: 45%)
2. Steel Wire Solutions (SWS): 36% of consolidated third party sales (2019: 34%)
3. Specialty Businesses (SB): 10% of consolidated third party sales (2019: 10%)
4. Bridon-Bekaert Ropes Group (BBRG): 11% of consolidated third party sales (2019: 11%)

4.1. Key data by reporting segment

Capital employed elements (intangible assets, goodwill, property, plant and equipment, RoU 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' mainly consists of the functional unit technology and unallocated expenses for group management and services; it does not constitute a reportable segment in itself. Any sales between segments are transacted at prices which reflect the arm's length principle. Intersegment mainly includes eliminations of receivables and payables, of sales and of margin on transfers of inventory items and of PP&E and related adjustments to depreciation and amortization.

2019 in thousands of €	Rubber Reinforcement	Steel Wire Solutions	Specialty Businesses	BBRG	Group	Intersegment	Consolidated
Consolidated third party sales	1 952 881	1 447 804	413 915	488 658	19 193	-	4 322 450
Consolidated sales	1 985 551	1 491 303	425 906	491 065	90 667	-162 042	4 322 450
Operating result (EBIT)	**154 802**	**25 286**	**34 079**	**9 187**	**-76 466**	**8 129**	**155 017**
EBIT - Underlying	172 288	50 697	52 014	11 860	-53 080	8 129	241 909
Depreciation and amortization	123 097	56 897	14 994	32 782	14 602	-13 303	229 069
Impairment losses	8 446	10 709	2 293	-2 247	-	-	19 202
EBITDA	**286 345**	**92 891**	**51 366**	**39 723**	**-61 864**	**-5 174**	**403 288**
Segment assets	1 525 870	878 533	302 231	588 025	37 850	-120 089	3 212 419
Unallocated assets							1 092 265
Total assets							**4 304 684**
Segment liabilities	286 671	286 024	67 223	102 129	87 143	-24 422	804 769
Unallocated liabilities							1 968 375
Total liabilities							**2 773 144**
Capital employed	1 239 198	592 509	235 008	485 896	-49 293	-95 668	2 407 651
Weighted average capital employed	1 305 979	643 316	232 702	478 220	-19 528	-100 472	2 540 217
Return on weighted average capital employed (ROCE)	11.9%	3.9%	14.6%	1.9%	-	-	6.1%
Capital expenditure – PP&E	42 094	27 560	20 073	13 743	2 183	-7 422	98 231
Capital expenditure – intangible assets	815	76	-	436	2 597	-324	3 600
Share in the results of joint ventures and associates	5 751	23 207	-	-	-	-	28 959
Investments in joint ventures and associates	54 721	105 944	-	-	-	-	160 665
Number of employees (year-end) [1]	13 011	6 217	1 457	2 558	1 750	-	24 994

2020 in thousands of €	Rubber Reinforcement	Steel Wire Solutions	Specialty Businesses	BBRG	Group	Intersegment	Consolidated
Consolidated third party sales	1 614 077	1 333 513	389 434	424 359	10 991		3 772 374
Consolidated sales	1 644 744	1 363 252	396 030	426 682	71 658	-129 992	3 772 374
Operating result (EBIT)	**136 126**	**87 921**	**36 244**	**23 805**	**-33 772**	**6 203**	**256 527**
EBIT - Underlying	144 305	96 093	45 285	33 763	-53 585	6 384	272 244
Depreciation and amortization	102 706	49 433	16 469	30 757	13 145	-10 407	202 103
Impairment losses	1 825	2 752	1 699	6 964	724	-	13 964
EBITDA	**240 657**	**140 106**	**54 412**	**61 526**	**-19 903**	**-4 204**	**472 594**
Segment assets	1 404 496	804 952	288 357	505 875	-8 564	-122 938	2 872 179
Unallocated assets							1 415 922
Total assets							**4 288 100**
Segment liabilities	310 268	307 519	71 377	82 838	84 133	-46 917	809 219
Unallocated liabilities							1 943 826
Total liabilities							**2 753 045**
Capital employed	1 094 228	497 433	216 980	423 037	-92 697	-76 021	2 062 960
Weighted average capital employed	1 166 713	544 493	226 288	457 583	-70 926	-88 974	2 235 178
Return on weighted average capital employed (ROCE)	11.7%	16.1%	16.0%	5.2%	-	-	11.5%
Capital expenditure – PP&E	37 425	20 596	29 183	16 452	848	-4 510	99 993
Capital expenditure – intangible assets	460	141	14	443	2 435	-279	3 214
Share in the results of joint ventures and associates	7 121	27 240	-	-	-6	-	34 355
Investments in joint ventures and associates	43 287	80 674	-	-	19	-	123 981
Number of employees (year-end) [1]	12 540	6 028	1 373	2 320	1 578	-	23 839

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

4.2. Revenue 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 selected non-current assets (i.e. intangible assets; goodwill; property, plant and equipment; RoU property, plant and equipment; investments in joint ventures and associates).

in thousands of €	2019	% of total	2020	% of total
Consolidated third party sales				
from Belgium	341 696	8%	272 187	7%
from Chile	385 282	9%	348 906	9%
from China	921 153	21%	841 825	22%
from USA	703 660	16%	553 461	15%
from Slovakia	343 124	8%	320 459	8%
from other countries	1 627 535	38%	1 435 535	39%
Total third party consolidated sales	**4 322 450**	**100%**	**3 772 374**	**100%**
Selected non-current assets				
in Belgium	137 619	7%	120 396	7%
in Chile	90 051	5%	84 340	5%
in China	342 611	18%	300 702	18%
in USA	139 802	7%	118 356	7%
in Slovakia	141 388	8%	129 278	8%
in other countries	1 017 952	55%	899 358	55%
Total selected non-current assets	**1 869 423**	**100%**	**1 652 429**	**100%**

Bekaert's top 5 customers together represented 20% (2019: 21%) of the Group's total consolidated sales, while the next top 5 customers represented another 7% (2019: 8%) of the Group's total consolidated sales.

5. Income statement items

5.1. Net sales

The Group recognizes revenue from the following sources: delivery of products and, to a limited extent, of services and projects. 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 nor for variable compensation 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 contribute very little to total sales.

in thousands of €	2019	% of total	2020	% of total
Sales of products	4 311 201	99.7%	3 765 501	99.8%
Sales of machines by engineering	10 814	0.3%	6 519	0.2%
Other sales	435	0.0%	354	0.0%
Net sales	**4 322 450**	**100%**	**3 772 374**	**100%**

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

2019 in thousands of €	**Reinforce-ment**	**Steel Wire Solutions**	**Specialty Businesses**	**BBRG**	**Group**	**Consolidated**
Industry						
Tire & Automotive	*1 843 534*	*163 620*	*39 134*	*7 842*	*-*	*2 054 130*
Energy & Utilities	*445*	*174 990*	*46 810*	*92 986*	*-*	*315 231*
Construction	*558*	*448 795*	*285 962*	*66 078*	*-*	*801 393*
Consumer Goods	*132*	*225 075*	*3 207*	*-*	*-*	*228 414*
Agriculture	*-*	*257 477*	*-*	*31 926*	*-*	*289 403*
Equipment	*93 884*	*54 919*	*3 715*	*140 783*	*19 193*	*312 494*
Basic Materials	*14 328*	*103 492*	*35 087*	*149 042*	*-*	*301 949*
Other	*-*	*19 436*	*-*	*-*	*-*	*19 436*
Total	**1 952 881**	**1 447 804**	**413 915**	**488 657**	**19 193**	**4 322 450**

2020 in thousands of €	**Rubber Reinforce-ment**	**Steel Wire Solutions**	**Specialty Businesses**	**BBRG**	**Group**	**Consolidated**
Industry						
Tire & Automotive	*1 535 462*	*133 083*	*30 112*	*7 200*	*-*	*1 705 857*
Energy & Utilities	*85*	*183 525*	*22 118*	*78 296*	*-*	*284 024*
Construction	*7*	*378 062*	*293 574*	*60 367*	*-*	*732 010*
Consumer Goods	*-*	*99 798*	*3 754*	*-*	*-*	*103 552*
Agriculture	*-*	*261 174*	*-*	*38 126*	*-*	*299 300*
Equipment	*68 307*	*74 357*	*3 937*	*116 585*	*10 991*	*274 177*
Basic Materials	*10 215*	*203 513*	*35 940*	*123 785*	*-*	*373 453*
Total	**1 614 077**	**1 333 513**	**389 434**	**424 359**	**10 991**	**3 772 374**

5.2. Operating result (EBIT) by function

Sales and gross profit in thousands of €	**2019**	**2020**	**variance (%)**
Sales	4 322 450	3 772 374	-12.7%
Cost of sales	-3 795 320	-3 214 056	-15.3%
Gross profit	**527 131**	**558 318**	**5.9%**
Gross profit in % of sales	12.2%	14.8%	

Bekaert achieved consolidated sales of € 3.8 billion in 2020, well below last year (-12.7%) due to the heavy impact of the Covid-19 pandemic in the first half of 2020. The organic sales decline (-9.7%) was driven by lower volumes (-8.3%) and passed-on wire rod price and other price-mix effects for the full year (-1.4%). The currency movements were -3.0% negative (mainly related to movements in US dollar, Chilean peso and Chinese renminbi).

The Group not only offset the impact on Gross profit from drop in sales, but even realized an increase of € 31.2 million (5.9%) in absolute terms, resulting in a margin of 14.8% (2019: 12.2%). This was realized due to positive mix effects from continued growth in good margin businesses, significant progress in the profit restoration in Steel Wire Solutions as well in BBRG, impact of mitigation actions in response to Covid-19 economic implications and unfavorable impact from exchange rates (€ -18.0 million).

Overheads in thousands of €	**2019**	**2020**	**variance (%)**
Selling expenses	-188 606	-167 141	-11.4%
Administrative expenses	-127 676	-133 526	4.6%
Research and development expenses	-70 729	-52 361	-26.0%
Total	**-387 011**	**-353 027**	**-8.8%**

The overhead expenses decreased by € 34.0 million (9.4% on sales, stable compared to 2019). The decrease in absolute value was mainly achieved due to the full year impact of cost-out actions taken during the previous year and the impact of mitigation actions taken in Covid-19 times. The one-off impact from the restructuring programs on overheads decreased by € 5.7 million and mainly related to lay-off costs and the impairment of assets. In 2020, selling expenses included bad debt allowances recognized for € -5.4 million (2019: € -6.4 million) and reversal of bad debt allowances for amounts used and not used for € 4.9 million (2019: € 5.9 million).

Other operating revenues in thousands of €	**2019**	**2020**	**variance**
Royalties received	12 997	10 139	-2 858
Gains on disposal of PP&E and intangible assets	553	3 410	2 858
Realized exchange results on sales and purchases	-1 137	-1 047	90
Government grants	5 017	3 411	-1 606
Compensations received for claims	1 475	3 192	1 717
Restructuring [1]	559	41 254	40 695
Environmental	-	16 218	16 218
Other revenues	8 191	8 081	-110
Total	**27 655**	**84 659**	**57 003**

[1] *2020: mainly relates to disposal of PP&E*

Other operating expenses in thousands of €	**2019**	**2020**	**variance**
Losses on disposal of PP&E and intangible assets	-2 213	-2 594	-381
Amortization of intangible assets	-2 542	-1 688	853
Bank charges	-2 866	-2 615	251
Tax related expenses (other than income taxes)	-1 977	-1 562	414
Impairment losses	-	-5 377	-5 377
Restructuring	-2 657	-13 832	-11 175
Losses on business disposals	-	-705	-705
Other expenses	-504	-5 049	-4 546
Total	**-12 758**	**-33 422**	**-20 664**

The royalty income decreased with 22% due to lower sales related to Covid-19. Government grants mainly related 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 gain on the disposal of PP&E and intangible assets contained in 2020 the revenues from the sale of assets in Belgium.

The compensations received for claims contained in 2020 compensations for business interruption due to Covid-19 for an amount of € 1.6 million.

In 2020 ‘Restructuring - revenues’ contained mainly the proceeds from the sale of land and buildings following the plant closures due to restructuring and ‘Restructuring - expenses’ part of the cost (lay-off costs and impairment) related to the restructuring programs and plant closures.
In 2019 ‘Restructuring - expenses’ contained part of the cost related to the restructuring programs in 2019.

‘Environmental’ related mainly to reversal of provisions in Belgium linked to disposal of assets and a reimbursement of soil and groundwater remediation in Italy.

The impairment losses in 2020 are mainly for assets in Belgium and the United States as a result of the closure of plants.

The other section of other operating expenses included in 2020 a penalty for cancellation of an electricity contract for a lower tariff. The other section of other operating revenues included in 2019 one-time windfalls on the closure of some employee benefit plans.

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

		2019			**2020**	
EBIT Reported and Underlying in thousands of €	**reported**	**of which underlying**	**of which one-offs**	**reported**	**of which underlying**	**of which one-offs**
Sales	4 322 450	4 322 450	-	3 772 374	3 772 374	-
Cost of sales	-3 795 320	-3 734 464	-60 856	-3 214 056	-3 173 517	-40 539
Gross profit	**527 131**	**587 986**	**-60 856**	**558 318**	**598 857**	**-40 539**
Selling expenses	-188 606	-182 692	-5 914	-167 141	-162 602	-4 538
Administrative expenses	-127 676	-118 467	-9 208	-133 526	-121 961	-11 565
Research and development expenses	-70 729	-61 963	-8 766	-52 361	-49 857	-2 504
Other operating revenues	27 655	27 096	559	84 659	27 187	57 472
Other operating expenses	-12 758	-10 052	-2 706	-33 422	-19 379	-14 043
Operating result (EBIT)	**155 017**	**241 909**	**-86 891**	**256 527**	**272 244**	**-15 717**

One-off items 2019 in thousands of €	**Cost of Sales**	**Selling expenses**	**Admini-strative expenses**	**R&D**	**Other operating revenues**	**Other operating expenses**	**Total**
Restructuring programs by segment							
Rubber Reinforcement [1]	-15 017	-39	-31	-	0	-12	-15 099
Steel Wire Solutions [2]	-20 025	-1 322	-672	-	167	-1 378	-23 230
Specialty Businesses [3]	-12 846	-2 596	-66	-226	69	-633	-16 297
Bridon-Bekaert Ropes Group (BBRG)	-3 176	-30	-1 414	-	-	-35	-4 655
Group [4]	-5 933	-1 894	-6 588	-8 440	322	-599	-23 132
Total restructuring programs	**-56 997**	**-5 881**	**-8 771**	**-8 666**	**559**	**-2 657**	**-82 413**
Impairment losses/ (reversals of impairment losses) other than restructuring							
Bridon-Bekaert Ropes Group (BBRG)	2 247	-	-	-	-	-	2 247
Total other impairment losses/(reversals)	**2 247**	**-**	**-**	**-**	**-**	**-**	**2 247**
Environmental provisions/ (reversals of provisions)							
Steel Wire Solutions	322	-	-	-	-	-	322
Total environmental provisions/(reversals)	**322**	**-**	**-**	**-**	**-**	**-**	**322**
Other events and transactions							
Rubber Reinforcement [5]	-2 387	-	-	-	-	-	-2 387
Steel Wire Solutions [6]	-2 503	-	-	-	-	-	-2 503
Specialty Businesses [6]	-1 538	-	-	-100	-	-	-1 638
Bridon-Bekaert Ropes Group (BBRG)	-	-	-215	-	-	-49	-265
Group	-	-32	-222	-	-	-	-254
Total other events and transactions	**-6 428**	**-32**	**-437**	**-100**	**-**	**-49**	**-7 046**
Total	**-60 856**	**-5 914**	**-9 208**	**-8 766**	**559**	**-2 706**	**-86 891**

[1] *Related mainly to lay-off costs and impairment of assets due to the restructuring in North America.*

[2] *Related mainly to lay-off costs and impairment of assets due to the restructuring in Malaysia, North America and Belgium.*

[3] *Related mainly to lay-off costs and impairment of assets due to the closure of the plant in Moen (Belgium).*

[4] *Related mainly to lay-off costs due to the restructuring in Belgium.*

[5] *Related mainly to operational losses and expenses incurred during labor agreement negotiations in Bekaert Sardegna (Italy).*

[6] *Related mainly to the impact of the go-slow actions in Belgium.*

One-off items 2020 in thousands of €	**Cost of Sales**	**Selling expenses**	**Admini-strative expenses**	**R&D**	**Other operating revenues**	**Other operating expenses**	**Total**
Restructuring programs by segment							
Rubber Reinforcement [1]	-3 427	-1 335	-402	-	283	-1 105	-5 986
Steel Wire Solutions [2]	-7 754	-992	-985	-	2 609	-850	-7 972
Specialty Businesses [3]	-7 869	-560	-23	-130	751	-1 039	-8 870
Bridon-Bekaert Ropes Group (BBRG) [4]	-8 957	5	-191	-	55	-1 174	-10 262
Group [5]	-10 685	-951	-9 680	-2 374	37 738	-9 664	4 385
Intersegment	-	-	-	-	-181	-	-181
Total restructuring programs	**-38 692**	**-3 833**	**-11 280**	**-2 504**	**41 254**	**-13 832**	**-28 887**
Business disposals							
Group [6]	-	-705	-	-	-	-	-705
Total business disposals	**-**	**-705**	**-**	**-**	**-**	**-**	**-705**
Environmental provisions/ (reversals of provisions)							
Rubber Reinforcement	-2 192	-	-	-	-	-	-2 192
Group [7]	-	-	-	-	16 218	-	16 218
Total environmental provisions/(reversals)	**-2 192**	**-**	**-**	**-**	**16 218**	**-**	**14 026**
Other events and transactions							
Steel Wire Solutions	-	-	-199	-	-	-	-199
Specialty Businesses	-	-	-	-	-	-171	-171
Bridon-Bekaert Ropes Group (BBRG)	345	-	-	-	-	-41	304
Group	-	-	-85	-		-	-85
Total other events and transactions	**345**	**-**	**-284**	**-**	**-**	**-212**	**-151**
Total	**-40 539**	**-4 538**	**-11 565**	**-2 504**	**57 472**	**-14 043**	**-15 717**

[1] *Related mainly to lay-off costs, the closure of Figline plant (Italy) and the restructuring in India.*

[2] *Related mainly to lay-off costs and impairment of assets due to the restructuring in Belgium.*

[3] *Related mainly to lay-off-costs and impairment of assets due to the restructuring in China, the closure of the plant in Moen (Belgium) and lay-off costs due to the restructuring in Belgium.*

[4] *Related mainly to impairment of assets due the planned closure of the company in Canada and lay-off costs due to the restructuring in the UK.*

[5] *Related mainly to lay-off costs due to the restructuring in Belgium and gain on disposal of land and buildings in Belgium.*

[6] *Contractual liability indemnification related to previous divestments.*

[7] *Related mainly to reversal of provisions in Belgium linked to disposal of assets and a reimbursement of soil and groundwater remediation in Italy.*

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 €	2019	% on sales	2020	% on sales
Sales	4 322 450	100%	3 772 374	100%
Other operating revenues	27 655	-	84 659	-
Total operating revenues	**4 350 106**	**-**	**3 857 032**	**-**
Own construction of PP&E	21 946	0.5%	17 200	0.5%
Raw materials	-1 668 930	-38.6%	-1 349 418	-35.8%
Semi-finished products and goods for resale	-337 144	-7.8%	-306 261	-8.1%
Change in work-in-progress and finished goods	-81 658	-1.9%	-43 634	-1.2%
Staff costs	-861 117	-19.9%	-796 051	-21.1%
Depreciation and amortization	-229 069	-5.3%	-202 103	-5.4%
Impairment losses	-19 202	-0.4%	-13 964	-0.4%
Transport and handling of finished goods	-182 697	-4.2%	-164 390	-4.4%
Consumables and spare parts	-241 698	-5.6%	-217 900	-5.8%
Utilities	-259 727	-6.0%	-224 534	-6.0%
Maintenance and repairs	-65 435	-1.5%	-57 147	-1.5%
Lease and related expenses	-9 883	-0.2%	-8 503	-0.2%
Commissions in selling expenses	-8 120	-0.2%	-6 315	-0.2%
Export VAT and export customs duty	-11 928	-0.3%	-2 432	-0.1%
ICT costs	-39 363	-0.9%	-39 208	-1.0%
Advertising and sales promotion	-6 715	-0.2%	-5 328	-0.1%
Travel, restaurant & hotel	-24 005	-0.6%	-8 181	-0.2%
Consulting and other fees	-29 956	-0.7%	-29 753	-0.8%
Office supplies and equipment	-9 110	-0.2%	-8 451	-0.2%
Venture capital funds R&D	-1 974	0.0%	-1 973	-0.1%
Temporary or external labor	-31 907	-0.7%	-27 261	-0.7%
Insurance expenses	-8 762	-0.2%	-10 692	-0.3%
Miscellaneous	-88 636	-2.1%	-94 207	-2.5%
Total operating expenses	**-4 195 089**	**-97.1%**	**-3 600 506**	**-95.4%**
Operating result (EBIT)	**155 017**	**3.6%**	**256 527**	**6.8%**

The impairment losses of the current year mainly related to restructuring programs in China and Belgium and the closure of the company in Canada. The depreciation and amortization included write-downs / (reversals of write-downs) on inventories and trade receivables.

5.4. Interest income and expense

in thousands of €	2019	2020
Interest income on financial assets not classified as at FVTPL	2 841	3 386
Interest income	**2 841**	**3 386**
Interest expense on interest-bearing debt not classified as at FVTPL	*-56 072*	*-51 159*
Other debt-related interest expense	*-8 839*	-5 536
Debt-related interest expense	-64 911	-56 695
Interest element of discounted provisions	-4 255	-2 859
Interest expense	**-69 166**	**-59 554**
Total	**-66 324**	**-56 168**

The decrease in interest expense was mainly due to a strong decrease in the interest expense linked to derivatives. There was a strong reduction in intercompany loans and third party debt in foreign currency, causing an equal decrease in the volume of derivatives entered into to hedge the underlying interest risk (see note 7.2. 'Financial risk management and financial derivatives'). Secondly, the decrease in common interest expense is linked to a further decrease in interest rates.

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 interest-rate risk mitigating derivatives entered into as economic hedges.

Of the interest element of discounted provisions, € -2.8 million (2019: € -4.1 million) related to defined-benefit liabilities (see note 6.16. 'Employee benefit obligations') and € -0.1 million (2019: € -0.2 million) related to other provisions (see note 6.17. 'Provisions').

5.5. Other financial income and expenses

in thousands of €	2019	2020
Value adjustments to derivatives	*1 241*	*567*
Exchange results on hedged items	*-5 162*	*-9 765*
Net impact of derivatives and hedged items	-3 921	-9 198
Other exchange results	-9 071	-17 934
Gains and losses on disposal of financial assets	-21	-
Dividends from non-consolidated equity investments	543	1 184
Bank charges and taxes on financial transactions	-4 015	-3 376
Impairments of other receivables	-524	-
Other	-1 362	-842
Total	**-18 371**	**-30 165**

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 7.2. 'Financial risk management and financial derivatives'.

Value adjustments to derivatives included a fair value gain of € 1.1 million in 2020 (2019: gain of € 2.6 million), of which € 1.0 million related to a virtual power purchase agreement and € 0.1 million was linked to the conversion option relating to the convertible debt issued in June 2016 (see the 'Financial instruments by fair value measurement hierarchy' section in note 7.2. 'Financial risk management and financial derivatives').

Other exchange results amounted in 2020 to € -17.9 million. The increase is mainly due to the devaluation of the Turkish lira, the Brazilian real and the US dollar, resulting in unrealized an realized FX results on working capital items and intercompany loans. The bank charges and taxes on financial transactions included charges linked to the factoring programs.

All dividends from non-consolidated equity investments related to investments still held at reporting date as no shares were sold during the year.

5.6. Income taxes

in thousands of €	2019	2020
Current income taxes - current year	-56 828	-58 130
Current income taxes - prior periods	377	21 386
Deferred taxes - due to changes in temporary differences	-7 630	-32 159
Deferred taxes - due to changes in tax rates	-1 203	-2 214
Deferred taxes - adjustments to tax losses of prior periods	-3 950	6 990
Deferred taxes - utilization of deferred tax assets not previously recognized	18 153	7 614
Total tax expense	**-51 081**	**-56 513**

Relationship between tax expense and accounting profit

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

in thousands of €	2019	2020
Result before taxes	70 322	170 194
Tax expense at the theoretical domestic rates applicable to results of taxable entities in the countries concerned	-20 654	-46 943
Theoretical tax rate [1]	-29.4%	-27.6%
Tax effect of:		
Non-deductible items	*-11 684*	*-8 528*
Disallowed interest expense (thin cap) [2]	*-4 214*	*-31*
Other tax rates, tax credits and special tax regimes [3]	*16 381*	*13 334*
Non-recognition of deferred tax assets [4]	*-35 287*	*-33 855*
Utilization or recognition of deferred tax assets not previously recognized [5]	*18 153*	*7 614*
Deferred tax due to change in tax rates	*-1 203*	*-2 214*
Tax relating to prior periods [6]	*-3 573*	*28 376*
Exempted income	*10*	*129*
Withholding taxes on dividends, royalties, interests & services	*-14 085*	*-15 864*
Other	*5 075*	*1 469*
Total tax expense	**-51 081**	**-56 513**
Effective tax rate	-72.6%	-33.2%

[1] The theoretical tax rate is computed as a weighted average taking into account the results before taxes in different countries at different rates.

[2] The disallowed interest expenses decreased significantly in 2020 as a consequence of better results before taxes leading to higher deductability of interests, and an intercompany loan restructuring with respect to BBRG.

[3] In 2020, the special tax regimes and tax credits mainly related to tax incentives in Belgium whereas in 2019 mainly Belgium and the Netherlands contributed.

[4] In 2020, the non-recognition of deferred tax assets mainly related to losses carried forward in Brazil, Canada, China, Chile, Germany, Italy and the USA, and to impaired assets of the Sawing Wire business in China while in 2019, it mainly related to losses carried forward in Belgium, Canada, China, Costa Rica, Germany, Malaysia and the USA.

[5] In 2020, the movement was mainly triggered by usage of losses carried forward and recognition of deferred tax assets previously not recognized, similar as in 2019.

[6] In 2020 a number of pending tax audits in different countries were finalized, leading to an additional tax expense on the one hand but also to the release of related provisions for uncertain tax positions on the other hand. In 2019, this item mainly related to the outcome of tax audits.

5.7. Share in the results of joint ventures and associates

In 2020, the share in the result of joint ventures and associates reflected the better performance of both Steel Wire Solutions and Rubber Reinforcement businesses. The increase in performance was more than offsetting the significant impact from currency movements between the Brazilian real and the euro (average rate decreased by 33.4% from 2019 to 2020).
Additional information relating to the Brazilian joint ventures is provided under note 6.5. 'Investments in joint ventures and associates'.

in thousands of €		2019	2020
Joint ventures			
Agro-Bekaert Colombia SAS	Colombia	-	-244
Agro - Bekaert Springs, SL	Spain	-	-6
Belgo Bekaert Arames Ltda	Brazil	23 326	27 631
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	5 751	7 121
Servicios Ideal AGF Inttegra Cía Ltda	Ecuador	-119	-147
Total		**28 959**	**34 355**

5.8. Earnings per share

2019	Number
Weighted average number of ordinary shares (basic)	**56 514 831**
Dilution effect of share-based payment arrangements	72 433
Dilution effect of convertible bond [1]	-
Weighted average number of ordinary shares (diluted)	**56 587 264**

in thousands of €	Basic	Diluted
Result for the period attributable to ordinary shareholders	41 329	41 329
Effect on earnings of convertible bond [1]	-	-
Earnings	**41 329**	**41 329**
Earnings per share (in €)	**0.731**	**0.730**

2020	Number
Weighted average number of ordinary shares (basic)	**56 554 555**
Dilution effect of share-based payment arrangements	85 471
Dilution effect of convertible bond [1]	7 493 591
Weighted average number of ordinary shares (diluted)	**64 133 617**

in thousands of €	Basic	Diluted
Result for the period attributable to ordinary shareholders	134 687	134 687
Effect on earnings of convertible bonds [1]		10 613
Earnings	**134 687**	**145 300**
Earnings per share (in €)	**2.382**	**2.266**

[1] *Not to be reported if the effect of the convertible bond is anti-dilutive, i.e.if its effect is such that if would improve the EPS (see below).*

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 equity holders of Bekaert 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 6.13. 'Ordinary shares, treasury shares and equity-settled share-based payments') and potentially for the settlement of the convertible bond. 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 bond tends to affect both the denominator and the numerator of the EPS ratio. The dilution effect of the convertible bond 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 bond:

(a) the effective interest expense of € -10.7 million (2019: € -10.4 million),
(b) fair value gains of € 0.1 million on the derivative liability representing the conversion option (2019: gains of € 0.1 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 bond 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 resulted in a total dilution effect of € -0.116 per share (2019: € -0.001), of which € -0.004 related to the share-based payment arrangements (2019: € -0.001) and of which € -0.112 related to the convertible bond (2019: anti-dilutive).

The average closing price during 2020 was € 19.92 per share (2019: € 23.96 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	30 630	19 320
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 2010-2014 - options	20.02.2012	25.140	287 800	54 100
SOP 2010-2014 - options	28.05.2013	21.450	260 000	127 500
SOP 2010-2014 - options	17.02.2014	25.380	373 450	182 800
SOP 2010-2014 - options	16.02.2015	26.055	349 810	286 500
SOP 2015-2017 - options	15.02.2016	26.375	227 250	197 500
SOP 2015-2017 - options	13.02.2017	39.430	273 325	226 200
SOP 2015-2017 - options	20.02.2018	34.600	225 475	217 100

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 2019	23 587	87 787	65 246	55 053	14 466	246 138
Expenditure	30	4 331	-	-	-	4 361
Disposals and retirements	-963	-15	-	-	-91	-1 069
Transfers [1]	782	-655	-65 246	-1 183	1 230	-65 072
Exchange gains and losses (-)	338	200	-	2 539	603	3 680
As at 31 December 2019	**23 773**	**91 649**	**-**	**56 408**	**16 208**	**188 037**
As at 1 January 2020	23 773	91 649	-	56 408	16 208	188 037
Expenditure	-	3 214	-	-	-	3 214
New consolidations	-	7	-	-	-	7
Disposals and retirements	-	-2 048	-	-	-	-2 048
Transfers [1]	2 601	216	-	-37	-	2 779
Exchange gains and losses (-)	-34	-1 566	-	-2 081	-642	-4 323
As at 31 December 2020	**26 340**	**91 472**	**-**	**54 290**	**15 566**	**187 667**

Accumulated amortization and impairment						
As at 1 January 2019	14 239	73 318	15 309	14 729	14 041	131 636
Charge for the year	1 622	4 511	-	3 584	800	10 517
Reversal impairment losses and depreciations	-	-223	-	-	-	-223
Disposals and retirements	-337	-12	-	-	-91	-440
Transfers [1]	-		-15 309	-466	466	-15 309
Exchange gains (-) and losses	334	136	-	641	480	1 591
As at 31 December 2019	**15 859**	**77 730**	**-**	**18 487**	**15 696**	**127 772**
As at 1 January 2020	15 859	77 730	-	18 487	15 696	127 772
Charge for the year	1 655	4 815	-	3 311	108	9 890
Impairment losses	-	103	-	-	-	103
Disposals and retirements	-	-2 039	-	-	-	-2 039
Exchange gains (-) and losses	-3	-1 498	-	-604	-616	-2 722
As at 31 December 2020	**17 510**	**79 111**	**-**	**21 194**	**15 188**	**133 003**
Carrying amount as at 31 December 2019	**7 914**	**13 919**	**-**	**37 921**	**512**	**60 266**
Carrying amount as at 31 December 2020	**8 830**	**12 361**	**-**	**33 096**	**378**	**54 664**

[1] *Total transfers equal zero when aggregating the balances of 'Intangible assets' and 'Property, plant and equipment' (see note 6.3. 'Property, plant and equipment' and 6.4. 'Right-of-use (RoU) property, plant and equipment').*

The software expenditure mainly related to additional licenses for and implementations of the MES project (Manufacturing Excellence System), digitalization projects and ERP software (SAP) in general.

Following the adoption of IFRS 16 'Leases' in 2019, any rights to use land acquired in the past have been reclassified to the balance sheet caption 'Right-of-use property, plant and equipment' (see note 6.4. 'Right-of-use (RoU) property, plant and equipment').

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 6.5. 'Investments in joint ventures and associates'.

Cost in thousands of €	**2019**	**2020**
As at 1 January	154 192	155 024
New consolidations	-	598
Exchange gains and losses (-)	832	-1 342
As at 31 December	**155 024**	**154 280**

Impairment losses in thousands of €	**2019**	**2020**
As at 1 January	4 937	5 240
Exchange gains (-) and losses	303	-358
As at 31 December	**5 240**	**4 883**
Carrying amount as at 31 December	**149 784**	**149 398**

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:

2019 in thousands of €	**Group of cash-generating units**	**Carrying amount 1 January**	**Increases**	**Impairments**	**Exchange differences**	**Carrying amount 31 December**
Subsidiaries						
SWS	Bekaert Bradford UK Ltd	2 502	-	-	129	2 631
SB	Combustion - heating EMEA	3 027	-	-	-	3 027
SB	Building Products	71	-	-	-	71
RR	Rubber Reinforcement	4 255	-	-	-	4 255
SWS	Orrville plant (USA)	10 245	-	-	197	10 442
SWS	Inchalam group	799	-	-	-49	750
SWS	Bekaert Ideal SL companies	844	-	-	-	844
SWS	Bekaert (Qingdao) Wire Products Co Ltd	385	-	-	-	385
SWS	Bekaert Jiangyin Wire Products Co Ltd	47	-	-	-	47
BBRG	BBRG	127 080			252	127 332
Subtotal		**149 255**	**-**	**-**	**529**	**149 784**
Joint ventures and associates						
SWS	Belgo Bekaert Arames Ltda	3 382	-	-	-54	3 328
RR	BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	2 068	-	-	-33	2 035
Subtotal		**5 450**	**-**	**-**	**-87**	**5 363**
Total		**154 705**	**-**	**-**	**443**	**155 148**

2020 in thousands of €	Group of cash-generating units	Carrying amount 1 January	Increases	Impairments	Exchange differences	Carrying amount 31 December
Subsidiaries						
SWS	Bekaert Bradford UK Ltd	2 631	-	-	-141	2 490
SB	Combustion - heating EMEA	3 027	-	-	-	3 027
SB	Building Products	71	-	-	-	71
RR	Rubber Reinforcement	4 255	-	-	-	4 255
SWS	Orrville plant (USA)	10 442	-	-	-882	9 560
SWS	Inchalam group	750	-	-	-23	727
SWS	Bekaert Ideal SL companies	844	-	-	-	844
SWS	Bekaert (Qingdao) Wire Products Co Ltd	385	-	-	-	385
SWS	Bekaert Jiangyin Wire Products Co Ltd	47	-	-	-	47
SWS	Grating Peru SAC	-	598	-	-51	547
BBRG	BBRG	127 332	-	-	113	127 445
Subtotal		**149 784**	**598**	**-**	**-984**	**149 398**
Joint ventures and associates						
SWS	Belgo Bekaert Arames Ltda	3 328	-	-	-970	2 358
RR	BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	2 035	-	-	-593	1 442
Subtotal		**5 363**	**-**	**-**	**-1 563**	**3 800**
Total		**155 148**	**598**	**-**	**-2 547**	**153 198**

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 based on the latest business plan, followed by a terminal value assumption based on a nominal perpetual growth rate of 2% (in 2019: 2%), which mainly is based on a conservative industrial GDP evolution assumption;

» 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. 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.

The headroom for impairment, ie the excess of the recoverable amount over the carrying amount of the BBRG CGU is estimated at € 218.7 million (2019: € 76.9 million). The increase is the combined result of the updated business plan (€ +78.9 million) and a decrease of the capital employed of the business (€ -62.9 million). The headroom increased by € 114.2 million compared to half year at which time an impairment testing was done based upon a conservative update of the last year's business plan. Compared to this situation, the increase of the headroom at year-end is a combined result of the new business plan (€ 115.7 million, mainly coming from an improvement of EBITDA margin with 100 bps and from a higher compound annual growth rate (CAGR) over the explicit forecasted period with 155 bps), a decrease of the capital employed (impact of € 39.2 million), offset by an increase of the implied discount rate (€ -50.7 million).

The following scenario's illustrate the sensitivity of this headroom to changes in the key assumptions of the business plan:

» If the sales level would be 5% lower in all periods of the business plan, then headroom would be € 48.8 million lower (remaining € 169.9 million);
» If the percentage Underlying EBITDA on sales would be 1% short from the forecasted level in all periods of the business plan, then headroom would be € 70.4 million lower (remaining € 148.3 million);
» If the Underlying EBITDA would be € 5.0 million short from the forecasted level in all periods of the business plan, then headroom would be € 63.8 million lower (remaining € 154.9 million);
» If the discount factor would be 1% higher, then headroom would be € 76.8 million lower (remaining € 141.9 million);
» The combined effect of a lower sales level by 5% and a lower Underlying EBITDA margin by 1%, in all periods of the business plan would result in a drop of € 115.7 million in headroom (remaining € 103.0 million);
» The combined effect of a lower sales level by 5%, a lower Underlying EBITDA margin by 1% in all periods of the business plan and a higher discount factor with 1% would result in a drop of € 179.2 million in headroom (remaining € 39.5 million).

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.

Furthermore, as a result of the changes in the current economic environment related to the Covid-19 pandemic, management performed impairment tests for all its Cash Generating Units (CGU's), also for the ones to which no goodwill is allocated. Based on these tests, management concluded no impairment losses are to be recognized at this point in time:

» Despite the severely affected tire and automotive markets world-wide, management concluded there is no asset impairment issue for the Rubber Reinforcement CGU. The impairment testing used the latest 5-year business plan, followed by a terminal value assumption based on a nominal perpetual growth rate of 1%. A weighted nominal pre-tax discount rate of approximately 10.7% has been used. Applying reasonable changes in key assumptions (including discount rate, sales and margin evolution) would still result in a significant amount of headroom.
» Most of the markets served by Steel Wire Solutions currently seem less affected by the Covid-19 pandemic. Moreover a number of profitability improving actions were taken in the past 12 months, resulting in a significant jump in performance. The headroom resulting from the multiple impairment testing models, together with scenarios to see the sensitivity of this headroom to changes in assumptions of the business plans, provide enough evidence for management to conclude no impairment issues are incurred.
» For the Specialty Businesses CGU's, even under the very conservative assumption that the current demand is maintained for a very long period, no impairment issues are applicable.

Discount rates for impairment testing 2019			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			**1.4%**	**3.5%**	**5.0%**
Long term interest rate			1.7%	3.9%	5.1%
Short term interest rate			0.5%	2.3%	4.6%
Cost of Bekaert equity (post tax)	**$= R_f + \beta . E_m$**		**7.7%**	**9.5%**	**12.8%**
Risk free rate = R_f			-0.2%	1.6%	4.9%
Beta = β		1.2			
Market equity risk premium = E_m		6.6%			
Corporate tax rate		**27%**			
Cost of Bekaert equity before tax			**10.6%**	**13.1%**	**17.6%**
Bekaert WACC - nominal			**7.5%**	**9.9%**	**13.4%**
Expected inflation			1.7%	1.8%	2.9%
Bekaert WACC in real terms			**5.8%**	**8.1%**	**10.5%**

Discount rates for impairment testing 2020			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			**1.2%**	**3.8%**	**4.8%**
Long term interest rate			1.5%	4.2%	4.9%
Short term interest rate			0.4%	2.7%	4.4%
Cost of Bekaert equity (post tax)	**$= R_f + \beta . E_m$**		**7.9%**	**9.0%**	**13.1%**
Risk free rate = R_f			-0.3%	0.8%	4.9%
Beta = β		1.3			
Market equity risk premium = E_m		6.3%			
Corporate tax rate		**27%**			
Cost of Bekaert equity before tax			**10.8%**	**12.4%**	**18.0%**
Bekaert WACC - nominal			**7.6%**	**9.5%**	**13.6%**
Expected inflation			1.4%	2.0%	2.8%
Bekaert WACC in real terms			**6.2%**	**7.5%**	**10.8%**

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 2019	1 154 803	2 825 271	107 931	10 645	19 178	132 554	4 250 382
Expenditure	42 820	98 511	6 958	-	1 017	-50 871	98 434
Disposals and retirements	-1 635	-25 254	-3 517	-	-412	-19	-30 838
Transfers [1]	1 417	1 250	61	-10 645	-2 658	-173	-10 748
Exchange gains and losses (-)	5 647	21 729	318	-	141	1 718	29 554
As at 31 December 2019	**1 203 052**	**2 921 507**	**111 751**	**-**	**17 266**	**83 209**	**4 336 784**
As at 1 January 2020	1 203 052	2 921 507	111 751	-	17 266	83 209	4 336 784
Expenditure	30 526	56 434	4 638	-	366	8 140	100 104
Disposals and retirements	-23 901	-94 052	-5 109	-	-1 014	-195	-124 271
New consolidations	-	250	19	-	-	-	268
Transfers [1]	-	2 254	39	-	-	-2 817	-524
Reclassification to (-) / from held for sale [2]	-8 482	-	-	-	-	-	-8 482
Exchange gains and losses (-)	-48 096	-110 778	-3 225	-	-320	-4 313	-166 732
As at 31 December 2020	**1 153 100**	**2 775 614**	**108 112**	**-**	**16 298**	**84 023**	**4 137 147**

Accumulated depreciation and impairment							
As at 1 January 2019	585 428	2 105 560	85 045	1 993	5 714	-	2 783 740
Charge for the year	42 998	134 269	9 113	-	813	-	187 193
Impairment losses	-	23 127	37	-	-	-	23 164
Reversal impairment losses and depreciations	-410	-3 352	-	-	-	-	-3 762
Disposals and retirements	-470	-21 890	-3 263	-	-442	-	-26 064
Transfers [1]	727	-	-	-1 993	-727	-	-1 993
Exchange gains (-) and losses	3 647	14 057	303	-	98	-	18 106
As at 31 December 2019	**631 920**	**2 251 771**	**91 236**	**-**	**5 457**	**-**	**2 980 384**
As at 1 January 2020	631 920	2 251 771	91 236	-	5 457	-	2 980 384
Charge for the year	41 434	111 237	8 236	-	760	-	161 667
Impairment losses	1 931	14 779	210	-	-	-	16 920
Reversal impairment losses and depreciations	-	-3 125	-16	-	-	-	-3 141
Disposals and retirements	-15 797	-93 637	-4 913	-	-784	-	-115 131
Transfers [1]	-	788	-	-	-	-	788
Reclassification to (-) / from held for sale [2]	-2 115	-	-	-	-	-	-2 115
Exchange gains (-) and losses	-22 617	-74 523	-2 667	-	-187	-	-99 994
As at 31 December 2020	**634 755**	**2 207 291**	**92 087**	**-**	**5 246**	**-**	**2 939 379**

[1] *Total transfers equal zero when aggregating the balances of 'Intangible assets' (see note 6.1. 'Intangible assets') and 'Right-of-use property, plant and equipment' (see note 6.4. 'Rights-of-use (RoU) property, plant and equipment) and 'Property, plant and equipment'.*

[2] *In 2020, the reclassification to held for sale mainly relates to the buildings in Canada (see note 6.12. 'Assets classified as held for sale and liabilities associated with those assets').*

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 2019 before investment grants	**571 132**	**669 736**	**20 515**	**-**	**11 809**	**83 209**	**1 356 401**
Net investment grants	-5 313	-1 432	-	-	-	-	-6 744
Carrying amount as at 31 December 2019	**565 820**	**668 304**	**20 515**	**-**	**11 809**	**83 209**	**1 349 656**
Carrying amount as at 31 December 2020 before investment grants	**518 345**	**568 325**	**16 026**	**-**	**11 050**	**84 023**	**1 197 769**
Net investment grants	-4 704	-1 284	-	-	-	-	-5 988
Carrying amount as at 31 December 2020	**513 641**	**567 041**	**16 026**	**-**	**11 050**	**84 023**	**1 191 781**

Capital expenditure included capacity expansions and equipment upgrades across the group, but particularly in Rubber Reinforcement (in its plants in EMEA and China, as well as the start-up of its green field in Vietnam). Capital expenditure in the Steel Wire Solutions business was mainly in Central Europe and Latin America. In the Specialty Businesses segment, expansion capital expenditure was in Central Europe and India (Building Products), in Belgium (Fiber Technologies), and in the European plants of Combustion Technologies. Finally, capital expenditure in BBRG was mainly in its UK-based Ropes entity and in Advanced Cords plants.

As part of the announced closure of plants, impairment losses have been recorded in BBRG (Canada), Specialty Businesses (Combustion Technologies China) and Steel Wire Solutions (EMEA). In 2019, impairment losses have been recorded as part of the closure of plants in Steel Wire Solutions (North America and Malaysia) and in Specialty Businesses (Belgium).

From 2019 onwards, as per adoption of IFRS 16 ‘Leases’, property, plant and equipment under finance leases are reported as right-of-use assets (see note 6.4. ‘Right-of-use (RoU) property, plant and equipment’).

No items of PP&E were pledged as securities.

6.4. Right-of-use (RoU) property, plant and equipment

This note provides information for leases where the group is a lessee. In principal, the Group does not act as a lessor. The balance sheet showed the following roll-forward during the year relating to right-of-use assets:

Cost in thousands of €	**RoU land**	**RoU buildings**	**RoU plant, machinery and equipment**	**RoU industrial vehicles**	**RoU company cars**	**RoU office equipment**	**RoU other PP&E**	**Total**
As at 1 January 2019	-	-	-	-	-	-	-	-
RoU asset at transition date	-	56 370	2 171	8 307	15 868	508	315	83 540
New leases / extensions	13 074	12 827	98	10 715	5 660	1 065	62	43 502
Ending contracts / reductions in contract term	-	-5 147	-300	-3 596	-1 363	-28	-4	-10 438
Transfers [1]	65 246	7 712	2 364	-	500	-	-	75 821
Exchange gains and losses (-)	469	1 102	47	-14	143	1	-	1 748
As at 31 December 2019	**78 789**	**72 863**	**4 381**	**15 411**	**20 808**	**1 547**	**373**	**194 173**
As at 1 January 2020	78 789	72 863	4 381	15 411	20 808	1 547	373	194 173
New leases / extensions	-	11 809	1 500	5 026	5 334	406	235	24 309
Ending contracts / reductions in contract term	-3 978	-7 710	-285	-2 399	-3 122	-135	-12	-17 641
Transfers [1]	-	-	-2 255	-	-	-	-	-2 255
Exchange gains and losses (-)	-3 434	-3 276	-135	-545	-396	-87	-8	-7 881
As at 31 December 2020	**71 376**	**73 686**	**3 206**	**17 494**	**22 624**	**1 730**	**589**	**190 704**
Accumulated depreciation and impairment								
As at 1 January 2019	-	-	-	-	-	-	-	-
Charge for the year	1 384	10 844	973	4 959	6 676	304	72	25 212
Ending contracts	-	-2 219	-293	-1 161	-854	-8	-	-4 536
Transfers [1]	15 309	1 178	643	-	173	-	-	17 302
Change in accounting policy	-	7 032	-	-	-	-	-	7 032
Exchange gains (-) and losses	117	-16	9	-17	20	-1	-1	111
As at 31 December 2019	**16 809**	**16 818**	**1 331**	**3 781**	**6 015**	**296**	**71**	**45 121**
As at 1 January 2020	16 809	16 818	1 331	3 781	6 015	296	71	45 121
Charge for the year	1 419	9 987	832	4 949	6 301	353	88	23 930
Impairment losses	-	59	-	-	-	-	-	59
Ending contracts	-400	-3 792	-285	-1 542	-2 318	-34	-1	-8 372
Transfers [1]	-	-	-788	-	-	-	-	-788
Exchange gains (-) and losses	-627	-853	-36	-163	-147	-25	-3	-1 853
As at 31 December 2020	**17 201**	**22 219**	**1 055**	**7 026**	**9 852**	**590**	**155**	**58 097**
Carrying amount as at 31 December 2019	**61 980**	**56 045**	**3 049**	**11 630**	**14 793**	**1 251**	**302**	**149 051**
Carrying amount as at 31 December 2020	**54 175**	**51 467**	**2 151**	**10 468**	**12 773**	**1 141**	**433**	**132 607**

[1] *Total transfers equal zero when aggregating the balances of 'Intangible assets' (see note 6.1. 'Intangible assets') and 'Property, plant and equipment' (see note 6.3. 'Property, plant and equipment') and 'Right-of-use property, plant and equipment'.*

The Group leases various plants, offices, warehouses, equipment, industrial vehicles, company cars, servers and small office equipment like printers. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of company cars and industrial vehicles for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead account for these as a single lease component. The main non-lease components included in the lease component relate to costs for maintenance and for replacement of tires. The Group applied the practical expedient for low value assets to leases of printers and small office equipment. The Group applied the practical expedient for short term leases (defined as leases with a lease term of 12 months or less). There were no contracts with dismantling costs, residual value guarantees or initial direct costs, nor contracts with variable lease expenses other then those linked to an index or rate.

Due to the Covid-19 pandemic, Bekaert entities received a small amount of rent concessions (€ 0.2 million). Bekaert has chosen to use the practical expedient and not to treat these as a contract modification under IFRS 16 'Leases'.

The average lease term for the RoU assets (excluding the RoU land) was 9.8 years (2019: 10.3 years). RoU buildings had an average lease term of 13 years (2019: 14 years) and the other categories of PP&E (excluding land) had an average lease term between 4 and 6 years.

RoU land relates to land use rights that were paid in advance and had an average useful live of 54 years.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used to discount the future lease payments. The incremental borrowing rate is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The incremental borrowing rate is determined by Group Treasury, taking into account the market rate per currency for different relevant time buckets and the credit margin for each individual company based on its credit rating. The incremental borrowing rate is calculated as the total of both elements. The weighted average discount rate at the end of 2020 was 4.09% (2019: 3.71%).

The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. For further information on the lease liability, we refer to note 6.18. 'Interest-bearing debt'.

The Group is exposed to potential future increases in variable lease payments, based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets were generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The income statement showed the following amounts relating to leases:

2019 in thousands of €	**RoU land**	**RoU buildings**	**RoU plant, machinery and equipment**	**RoU office equipment**	**RoU industrial vehicles**	**RoU company cars**	**RoU other PP&E**	**Total**
Depreciation charge of right-of-use assets	-1 384	-10 844	-973	-4 959	-6 676	-304	-72	-25 212
Interest expense (included in finance cost)								-3 689
Expense relating to short-term leases								-695
Expense relating to low-value leases								-669
Total								**-30 264**

2020 in thousands of €	**RoU land**	**RoU buildings**	**RoU plant, machinery and equipment**	**RoU office equipment**	**RoU industrial vehicles**	**RoU company cars**	**RoU other PP&E**	**Total**
Depreciation charge of right-of-use assets	-1 419	-9 987	-832	-4 949	-6 301	-353	-88	-23 930
Interest expense (included in finance cost)								-3 593
Expense relating to short-term leases								-1 121
Expense relating to low-value leases								-888
Total								**-29 532**

The remaining operating lease expenses in the operating result mainly related to costs linked to leased assets such as fuel for company cars, non-deductible VAT on company car contracts and property taxes on buildings.

The total cash outflow for leases in 2020 was € 27.8 million (2019: € 29.1 million).

6.5. Investments in joint ventures and associates

In 2020 and 2019, the Group had no investments in entities qualified as associates.

Investments excluding related goodwill

Carrying amount in thousands of €	**2019**	**2020**
As at 1 January	148 221	155 302
Capital increases and decreases	128	872
Result for the year	28 959	34 355
Dividends	-19 506	-24 908
Exchange gains and losses	-2 511	-45 443
Other comprehensive income	11	3
As at 31 December	**155 302**	**120 181**

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 related mainly to the evolution of the Brazilian real versus the euro which declined in value significantly in 2020 (6.4 BRL/EUR end 2020 vs 4.5 BRL/EUR end 2019) while it remained stable in 2019.

Capital increases related to Agro - Bekaert Springs, SL and Agro-Bekaert Colombia SAS, new 50/50 joint ventures in Spain and Colombia, and to a lesser extent to Servicios Ideal AGF Inttegra Cía Ltda in Ecuador.

Related goodwill

Cost in thousands of €	**2019**	**2020**
As at 1 January	5 450	5 363
Exchange gains and losses	-87	-1 563
As at 31 December	**5 363**	**3 800**
Carrying amount of related goodwill as at 31 December	**5 363**	**3 800**
Total carrying amount of investments in joint ventures as at 31 December	**160 665**	**123 981**

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

in thousands of €		**2019**	**2020**
Joint ventures			
Agro-Bekaert Colombia SAS	Colombia	-	473
Agro - Bekaert Springs, SL	Spain	-	20
Belgo Bekaert Arames Ltda	Brazil	102 421	77 679
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	52 686	41 845
Servicios Ideal AGF Inttegra Cía Ltda	Ecuador	195	164
Total for joint ventures excluding related goodwill		**155 302**	**120 181**
Carrying amount of related goodwill		**5 363**	**3 800**
Total for joint ventures including related goodwill		**160 665**	**123 981**

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 Arcelor-Mittal 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** 2019	2020
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 €	**2019**	**2020**
Sales	850 227	694 366
Operating result (EBIT)	91 292	109 680
Interest income	11 873	8 524
Interest expense	-10 440	-4 397
Other financial income and expenses	-1 807	-2 062
Income taxes	-16 366	-25 656
Result for the period	74 552	86 089
Other comprehensive income for the period	25	6
Total comprehensive income for the period	74 577	86 095
Depreciation and amortization	24 050	16 214
EBITDA	115 342	125 894
Dividends received from the entity	19 506	24 908

Brazilian joint ventures: balance sheet in thousands of €	**2019**	**2020**
Current assets	256 465	217 429
Non-current assets	254 482	189 957
Current liabilities	-127 800	-109 817
Non-current liabilities	-39 493	-33 600
Net assets	**343 654**	**263 969**

Brazilian joint ventures: net debt elements in thousands of €	**2019**	**2020**
Non-current interest-bearing debt	1 541	8 247
Current interest-bearing debt	19 900	17 252
Total financial debt	**21 441**	**25 499**
Non-current financial receivables and cash guarantees	-18 955	-18 862
Cash and cash equivalents	-21 263	-19 393
Net debt	**-18 777**	**-12 756**

In 2019, the ICMS tax rate decreased which enabled the Brazilian joint ventures to fully compensate the ICMS tax receivables in the course of 2020. At year-end 2019, a total carrying amount of € 2.7 million was outstanding. They have also been facing claims relating to ICMS credits totaling € 6.0 million (2019: € 8.9 million). Several other tax claims, most of which date back several years, were filed for a total nominal amount of € 11.6 million (2019: € 14.3 million). 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 € 4.6 million (2019: € 11.1 million), including € 2.7 million (2019: € 9.8 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 € 25.2 million (2019: € 45.6 million).

There were no restrictions to transfer funds in the form of cash and dividends.
Bekaert had no commitments or contingent liabilities versus its Brazilian joint ventures.

Brazilian joint ventures: reconciliation with carrying amount in thousands of €	**2019**	**2020**
Net assets of Belgo Bekaert Arames Ltda	226 735	171 882
Proportion of the Group's ownership interest	45.0%	45.0%
Proportionate net assets	102 031	77 347
Consolidation adjustments	390	332
Carrying amount of the Group's interest in Belgo Bekaert Arames Ltda	**102 421**	**77 679**
Net assets of BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	116 919	92 088
Proportion of the Group's ownership interest	44.5%	44.5%
Proportionate net assets	52 029	40 979
Consolidation adjustments	657	866
Carrying amount of the Group's interest in BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	**52 686**	**41 845**
Carrying amount of the Group's interest in the Brazilian joint ventures	**155 107**	**119 524**

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 €	**2019**	**2020**
The Group's share in the result from continuing operations	-119	-397
The Group's share of other comprehensive income	6	-14
The Group's share of total comprehensive income	-113	-411
Aggregate carrying amount of the Group's interests in these joint ventures	196	657

6.6. Other non-current assets

in thousands of €	2019	2020
Non-current financial receivables and cash guarantees	6 518	7 451
Reimbursement rights and other non-current amounts receivable	2 767	3 164
Derivatives (cf. note 7.2.)	3 374	3 762
Overfunded employee benefit plans - non-current	10 470	18 082
Equity investments at FVTOCI	13 152	13 372
Total other non-current assets	**36 281**	**45 830**

The overfunded employee benefit plans related to the UK pension plans (see note 6.16. ‘Employee benefit obligations’).

Equity investments at FVTOCI

Carrying amount in thousands of €	2019	2020
As at 1 January	11 153	13 152
Fair value changes	2 372	220
Other movements	-328	-
Exchange gains and losses	-45	-
As at 31 December	**13 152**	**13 372**

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

» Shougang Concord Century Holdings Ltd, a Hong Kong Stock Exchange listed company. On this investment, an increase in fair value of € 0.1 million was recognized through OCI (2019: € 0.5 million).
» Bekaert Xinyu Metal Products Co Ltd. On this investment, an increase in fair value of € 0.2 million was recognized through OCI (2019: € 1.9 million).
» 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 6.14. ‘Retained earnings and other Group reserves’.

6.7. Deferred tax assets and liabilities

Carrying amount	Assets		Liabilities	
in thousands of €	**2019**	**2020**	**2019**	**2020**
As at 1 January	138 403	142 333	37 892	34 182
Increase or decrease via income statement	-5 981	-9 302	-11 351	10 467
Increase or decrease via OCI	1 552	557	-270	1 580
Change in accounting policies	15 891	-	15 891	-
Exchange gains and losses	1 158	-6 372	710	-4 919
Change in set-off of assets and liabilities	-8 690	-2 973	-8 690	-2 973
As at 31 December	**142 333**	**124 243**	**34 182**	**38 337**

Recognized deferred tax assets and liabilities

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

	Assets		Liabilities		Net assets	
in thousands of €	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**
Intangible assets	23 178	19 553	11 159	12 051	12 019	7 502
Property, plant and equipment	52 680	44 130	50 334	52 401	2 346	-8 271
Financial assets	8	111	16 140	20 961	-16 132	-20 850
Inventories	9 915	9 565	3 238	2 103	6 677	7 462
Receivables	4 049	4 614	189	57	3 860	4 557
Other current assets	1 084	831	1 926	2 598	-842	-1 767
Employee benefit obligations	21 074	23 494	132	119	20 942	23 375
Other provisions	3 956	3 477	483	177	3 473	3 300
Other liabilities	27 561	27 967	8 036	8 299	19 525	19 668
Tax deductible losses carried forward, tax credits and recoverable income taxes	56 283	50 930	-	-	56 283	50 930
Tax assets / liabilities	**199 788**	**184 672**	**91 637**	**98 766**	**108 151**	**85 906**
Set-off of assets and liabilities	-57 455	-60 429	-57 455	-60 429	-	-
Net tax assets / liabilities	**142 333**	**124 243**	**34 182**	**38 337**	**108 151**	**85 906**

The deferred taxes on property, plant and equipment mainly related to differences in depreciation method between IFRS and tax books, whereas the deferred taxes on intangible assets were mainly generated by intercompany gains which have been eliminated in the consolidated statements. The deferred taxes on employee benefit obligations were mainly generated by temporary differences arising from recognition of liabilities in accordance with IAS 19 ‘Employee Benefits’. The deferred tax liabilities on financial assets mainly related to temporary differences arising from undistributed profits from subsidiaries and joint ventures.

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

2019 in thousands of €	**As at 1 January**	**Recognized via income statement**	**Recognized via OCI**	**Change in accounting policies [1]**	**Exchange gains and losses**	**As at 31 December**
Temporary differences						
Intangible assets	20 796	-8 461	-	-	-316	12 019
Property, plant and equipment	14 820	1 628	-	-14 203	101	2 346
Financial assets	-15 794	-670	427	-	-95	-16 132
Inventories	5 463	1 327	-	-	-113	6 677
Receivables	3 687	264	-	-	-91	3 860
Other current assets	-4 252	3 455	-	-	-45	-842
Employee benefit obligations	19 676	-284	1 570	-	-20	20 942
Other provisions	3 709	1 612	-175	-1 688	15	3 473
Other liabilities	1 871	1 401	-	15 891	362	19 525
Tax deductible losses carried forward, tax credits and recoverable income taxes	50 535	5 098	-	-	650	56 283
Total	**100 511**	**5 370**	**1 822**	**-**	**448**	**108 151**

2020 in thousands of €	**As at 1 January**	**Recognized via income statement**	**Recognized via OCI**	**Change in accounting policies**	**Exchange gains and losses**	**As at 31 December**
Temporary differences						
Intangible assets	12 019	-4 805	-	-	288	7 502
Property, plant and equipment	2 346	-13 535	-	-	2 918	-8 271
Financial assets	-16 132	-3 136	-1 770	-	188	-20 850
Inventories	6 677	646	-	-	139	7 462
Receivables	3 860	840	-	-	-143	4 557
Other current assets	-842	-933	-	-	8	-1 767
Employee benefit obligations	20 942	2 812	580	-	-959	23 375
Other provisions	3 473	-300	167	-	-40	3 300
Other liabilities	19 525	853	-	-	-710	19 668
Tax deductible losses carried forward, tax credits and recoverable income taxes	56 283	-2 211	-	-	-3 142	50 930
Total	**108 151**	**-19 769**	**-1 023**	**-**	**-1 453**	**85 906**

[1] *Related to the initial application of IFRS 16 'Leases'. See note 6.4. 'Right-of-use (RoU) property, plant and equipment'.*

Deferred taxes related to other comprehensive income (OCI)

2019 in thousands of €	Before tax	Tax impact	After tax
Exchange differences	14 392	-	14 392
Net fair value gain (+) / loss (-) on investments in equity instruments	2 372	-	2 372
Remeasurement gains and losses on defined-benefit plans	-833	1 822	989
Share of OCI of joint ventures and associates	11	-	11
Total	**15 942**	**1 822**	**17 764**

2020 in thousands of €	Before tax	Tax impact	After tax
Exchange differences	-119 013	-	-119 013
Net fair value gain (+) / loss (-) on investments in equity instruments	250	-	250
Remeasurement gains and losses on defined-benefit plans	2 497	-1 023	1 474
Share of OCI of joint ventures and associates	4	-	4
Total	**-116 262**	**-1 023**	**-117 285**

Unrecognized deferred tax assets

Deferred tax assets, related to deductible temporary differences, have not been recognized for a gross amount of € 235.5 million (2019: € 239.8 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 were unrecognized.

2019 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*	-	-	*574*	*35 524*	*36 098*
	Allowance	-	-	*-574*	*-35 524*	*-36 098*
	Net balance	-	-	-	-	-
Trade losses	*Gross value*	*24 698*	*86 514*	*155 343*	*645 801*	*912 356*
	Allowance	*-15 857*	*-51 380*	*-132 007*	*-508 934*	*-708 178*
	Net balance	8 841	35 134	23 336	136 867	204 178
Tax credits	*Gross value*	*2 756*	*22 695*	*35 958*	*19 899*	*81 308*
	Allowance	-	*-22 695*	*-13 496*	*-17 096*	*-53 287*
	Net balance	2 756	-	22 462	2 803	28 021
Total	***Gross value***	***27 454***	***109 209***	***191 875***	***701 224***	***1 029 762***
	Allowance	***-15 857***	***-74 075***	***-146 077***	***-561 554***	***-797 563***
	Net balance	**11 597**	**35 134**	**45 798**	**139 670**	**232 199**

2020 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*	*-*	*-*	*536*	*43 072*	*43 608*
	Allowance	*-*	*-*	*-*	*-36 872*	*-36 872*
	Net balance	-	-	536	6 200	6 736
Trade losses	*Gross value*	*11 649*	*94 489*	*123 900*	*780 467*	*1 010 505*
	Allowance	*-11 583*	*-73 063*	*-110 464*	*-656 033*	*-851 143*
	Net balance	66	21 426	13 436	124 434	159 362
Tax credits	*Gross value*	*4 106*	*-*	*35 884*	*35 752*	*75 742*
	Allowance	*-*	*-*	*-17 775*	*-10 284*	*-28 059*
	Net balance	4 106	-	18 109	25 468	47 683
Total	***Gross value***	***15 755***	***94 489***	***160 320***	***859 291***	***1 129 855***
	Allowance	***-11 583***	***-73 063***	***-128 239***	***-703 189***	***-916 074***
	Net balance	**4 172**	**21 426**	**32 081**	**156 102**	**213 781**

The upper table represents the base amounts generating the net deferred tax assets (2020: € 50.9 million (2019: € 56.3 million)).

Deferred tax assets were recognized only to the extent that it was probable that future taxable profits would be available, taking into account all evidence, both positive and negative. This assessment was done using prudent estimates based on the business plan for the entity concerned, typically using a five year time horizon.
In some countries, deferred tax assets on capital losses, trade losses and tax credits were recognized to the extent of uncertain tax provisions recognized, in order to reflect that some tax audit adjustments would result in an adjustment of the amount of tax losses rather than in a cash tax out for the entity concerned.

6.8. Operating working capital

in thousands of €	**2019**	**2020**
Raw materials	*139 985*	*120 139*
Consumables and spare parts	*91 125*	*78 711*
Work in progress	*136 425*	*125 676*
Finished goods	*282 018*	*234 858*
Goods purchased for resale	*133 477*	*124 093*
Inventories	783 030	683 477
Trade receivables	644 908	587 619
Bills of exchange received	59 904	54 039
Advances paid	15 820	18 594
Trade payables	-652 384	-668 422
Advances received	-18 791	-15 682
Remuneration and social security payables	-125 051	-116 014
Employment-related taxes	-8 543	-9 101
Operating working capital	**698 893**	**534 510**

Carrying amount in thousands of €	**2019**	**2020**
As at 1 January	874 657	698 893
Organic increase or decrease	-171 466	-119 935
Write-downs and write-down reversals	-7 072	-7 304
New consolidations	-	329
Exchange gains and losses (-)	2 774	-38 258
Other	-	785
As at 31 December	**698 893**	**534 510**

Weighted average operating working capital represented 16.4% of sales (2019: 18.2%).

Additional information is as follows:

» Inventories
The cost of sales included expenses related to transport and handling of finished goods amounting to € 164.4 million (2019: € 182.7 million), which have never been capitalized in inventories. Movements in inventories in 2020 included write-downs of € -34.6 million (2019: € -38.1 million) and reversals of write-downs of € 27.7 million (2019: € 31.5 million).
Similar as in 2019, in 2020 no inventories were pledged as security for liabilities.

» Trade receivables and bills of exchange received
At year-end 2020, the carrying amount of the trade receivables involved in the factoring program amounted to € 152.3 million (2019: 121.1 million).
The following table presents the movements in the allowance for bad debt on trade receivables. No allowance was posted for bills of exchange received.

Trade receivables and bills of exchange received in thousands of €	**2019**	**2020**
Gross amount	746 499	682 152
Allowance for bad debts (impaired)	-41 687	-40 494
specific allowance for bad debts [1]	*-35 993*	*-35 097*
general allowance for bad debts [1]	*-5 694*	*-5 397*
Net carrying amount	704 812	641 658

[1] *The split of the allowance for bad debt in 2019 has been adjusted (reclass of € 5.6 million from the general to the specific allowance).*

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

Allowance for bad debt in thousands of €	**2019**	**2020**
As at 1 January	-40 818	-41 687
Losses recognized in current year	-6 417	-5 350
Losses recognized in prior years - amounts used	626	1 596
Losses recognized in prior years - reversal of amounts not used	5 345	3 354
New consolidations	-	-81
Exchange gains and losses (-)	69	1 550
Other	-492	124
As at 31 December	**-41 687**	**-40 494**

In accordance with the IFRS 9 ‘expected credit loss’ model for financial assets, a general bad debt allowance is made for trade receivables to cover the unknown bad debt risk at each reporting date. This general allowance constitutes of a percentage on outstanding trade receivables at each reporting date. The percentages are taking into account historical information on losses on trade receivables and are reviewed year-on-year. For more information on credit enhancement techniques, see note 7.2. ‘Financial risk management and financial derivatives’.

6.9. Other receivables

Carrying amount in thousands of €	**2019**	**2020**
As at 1 January	130 379	111 615
Increase or decrease	-21 786	-4 792
Write-downs (-) and write-down reversals	-2	-
New consolidations	-	192
Exchange gains and losses	3 024	-5 685
As at 31 December	**111 615**	**101 330**

Other receivables mainly related to income taxes (€ 35.1 million (2019: € 43.3 million)), VAT and other taxes (€ 52.1 million (2019: € 53.0 million)), social loans to employees (€ 3.7 million (2019: € 4.3 million)) and dividends from joint ventures (€ 2.1 million (2019: € 1.6 million)). See also note 6.21. 'Tax positions'. Write-downs of other receivables are included in note 5.5. 'Other financial income and expense'.

6.10. Cash & cash equivalents and short-term deposits

Carrying amount in thousands of €	**2019**	**2020**
Cash & cash equivalents	566 176	940 416
Short-term deposits	50 039	50 077

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 did not include any listed securities or equity instruments at the balance sheet date.

6.11. Other current assets

Carrying amount in thousands of €	**2019**	**2020**
Financial receivables and cash guarantees	8 779	7 707
Advances paid	15 820	18 594
Derivatives (cf. note 7.2.)	4 623	5 250
Deferred charges and accrued income	11 289	10 346
As at 31 December	**40 510**	**41 898**

The financial receivables and cash guarantees mainly related to receivables from the disposal of the majority stake in the rubber reinforcement plant Sumaré (Brazil) in 2017 (€ 4.6 million, same amount as in 2019) and various cash guarantees (€ 1.0 million (2019: € 2.5 million)).

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

Carrying amount (net) in thousands of €	**2019**	**2020**
As at 1 January	546	466
Increases and decreases (-)	-86	6 468
Exchange gains and losses	6	-193
As at 31 December	**466**	**6 740**

in thousands of €	**2019**	**2020**
Property, plant and equipment	466	6 740
Total assets classified as held for sale	**466**	**6 740**
Total liabilities associated with assets classified as held for sale	**-**	**-**

The increase in assets classified as held for sale almost entirely related to buildings in Canada following the announcement to close the manufacturing plant in Pointe-Claire (€ 6.1 million).

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

Issued capital in thousands of €		2019 Nominal value	2019 Number of shares	2020 Nominal value	2020 Number of shares
1	As at 1 January	177 793	60 408 441	177 793	60 408 441
	Movements in the year				
	Issue of new shares	-	-	*19*	*6 400*
	As at 31 December	177 793	60 408 441	177 812	60 414 841
2	Structure				
2.1	Classes of ordinary shares				
	Ordinary shares without par value	*177 793*	*60 408 441*	*177 812*	*60 414 841*
2.2	Registered shares		21 834 895		22 502 452
	Non-material shares		38 573 546		37 912 389
Authorized capital not issued		**176 000**		**176 000**	

A total of 6 400 subscription rights were exercised under the Company's SOP 2005-2009 stock option plan in 2020, requiring the issue of a total of 6 400 new shares of the Company.

On 31 December 2019, the Company held 3 873 075 treasury shares. Of these 3 873 075 treasury shares, 10 036 shares were transferred to non-executive Directors of Bekaert as remuneration for the performance of the duties as Chairman or member of the Board of Directors and 13 439 shares were transferred to members of the BGE pursuant to the Bekaert share-matching plan. A total of 10 766 own shares were sold to members of the BGE in the framework of the Bekaert personal shareholding requirement plan. In addition, 29 300 stock options were exercised under the Stock Option Plan 2010-2014 and 29 300 treasury shares were used for that purpose. The Company did not purchase any shares in the course of 2020 and no treasury shares were cancelled. As a result, the Company held an aggregate 3 809 534 treasury shares as of 31 December 2020.

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	Number of options Exercised	Number of options Forfeited	Number of options 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
17.12.2009	15.02.2010	33.990	49 500	5 000	44 500	-	22.05 - 30.06.2013	15.11 - 15.12.2019
			117 630	**43 810**	**44 500**	**29 320**		

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	190 683	15	-	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
17.12.2009	15.02.2010	08.09.2010	33.990	225 450	69 600	155 850	-	22.05 - 30.06.2013	15.11 - 15.12.2019
				785 058	**552 073**	**169 165**	**63 820**		

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	-	360 925	-	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	132 500	-	127 500	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	44 800	18 510	286 500	End Feb. - 08.04.2018	Mid Nov. - 17.12.2024
			1 899 185	**811 992**	**387 135**	**700 058**		

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	1 500	28 250	197 500	End Feb. - 07.04.2019	Mid Nov. - 16.12.2025
15.12.2016	13.02.2017	39.426	273 325	-	47 125	226 200	End Feb. - 12.04.2020	Mid Nov. - 14.12.2026
21.12.2017	20.02.2018	34.600	225 475	-	8 375	217 100	End Feb. - 11.04.2021	Mid Nov. - 20.12.2027
			726 050	**1 500**	**83 750**	**640 800**		

SOP2 Stock Option Plan	2019 Number of options	2019 Weighted average exercise price (in €)	2020 Number of options	2020 Weighted average exercise price (in €)
Outstanding as at 1 January	73 820	31.993	29 320	28.963
Forfeited during the year	-44 500	33.990	-	-
Exercised during the year	-	-	-	-
Outstanding as at 31 December	**29 320**	**28.963**	**29 320**	**28.963**

SOP 2005-2009 Stock Option Plan	2019 Number of subscription rights	2019 Weighted average exercise price (in €)	2020 Number of subscription rights	2020 Weighted average exercise price (in €)
Outstanding as at 1 January	173 570	31.630	70 220	28.156
Forfeited during the year	-103 350	33.990	-	-
Exercised during the year	-	-	-6 400	23.795
Outstanding as at 31 December	**70 220**	**28.156**	**63 820**	**28.594**

SOP 2010-2014 Stock Option Plan	2019 Number of options	2019 Weighted average exercise price (in €)	2020 Number of options	2020 Weighted average exercise price (in €)
Outstanding as at 1 January	1 025 083	39.653	1 025 083	39.653
Forfeited during the year	-	-	-295 725	77.000
Exercised during the year	-	-	-29 300	25.033
Outstanding as at 31 December	**1 025 083**	**39.653**	**700 058**	**24.488**

SOP 2015-2017 Stock Option Plan	2019 Number of options	2019 Weighted average exercise price (in €)	2020 Number of options	2020 Weighted average exercise price (in €)
Outstanding as at 1 January	718 550	33.866	711 675	33.863
Forfeited during the year	-5 375	36.283	-70 875	34.721
Exercised during the year	-1 500	26.375	-	-
Outstanding as at 31 December	**711 675**	**33.863**	**640 800**	**33.769**

Weighted average remaining contractual life in years	**2019**	**2020**
SOP2	2.6	1.6
SOP 2005-2009	2.6	1.8
SOP 2010-2014	3.2	3.0
SOP 2015-2017	7.0	6.0

As there were no options exercised in 2020, there was no weighted average share price for the SOP2 options (2019: n/a) and for the SOP 2015-2017 options (2019: € 26.38). The weighted average share price at the date of exercise in 2020 was € 25.03 for the SOP 2010-2014 options (2019: n/a) and € 23.80 for the SOP 2005-2009 subscription rights (2019: n/a). 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 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 6.14. '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	197 500	226 200	217 100

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 2020, no options (2019: no options) were granted under SOP 2015-2017. The Group has recorded an expense against equity of € 0.7 million (2019: € 1.8 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 Performance Share Units entitling the beneficiary to acquire Performance Shares: during 2015, 2016 and 2017 subject to the conditions of the Performance Share Plan 2015-2017 and in 2019 and 2020 under the conditions of the Performance Share Plan 2018-2020. 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	15.12.2016	52 450	-	4 217	48 233	-	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	-	4 900	50 350	-	31.12.2020
PSP 2018-2020	15.02.2019	178 233	-	11 427	-	166 806	31.12.2021
PSP 2018-2020	26.07.2019	35 663	-	2 837	-	32 826	31.12.2021
PSP 2018-2020	21.01.2020	182 900	-	4 481	-	178 419	31.12.2022
PSP 2018-2020	17.08.2020	12 580	-	-	-	12 580	31.12.2022
		532 076	**-**	**27 862**	**113 583**	**390 631**	

The Performance Share Units granted under these plans are recognized at fair value at grant date in accordance with IFRS 2 (see note 6.14. 'Retained earnings and other Group reserves'). The fair value of the Performance Share Units under the PSP 2015-2017 is determined using a binomial pricing model. 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	-	-	-	-	-	-

Under the PSP 2015-2017, the Group has recorded an expense against equity of € 0.6 million (2019: € 1.9 million) for the Performance Share Units granted, based on their fair value and vesting period.

In 2020, on 21 January an offer of 182 900 equity settled performance share units and on 17 August an offer of 12 580 equity settled performance share units were made under the terms of the PSP 2018-2020 (2019: on 15 February an offer of 178 233 equity settled performance share units and on 26 July an offer of 35 663). The fair value of the Performance Share Units under the terms of the PSP 2018-2020 plan is equal to the share price at grant date (21 January 2020: € 25.14 and 17 August 2020: € 16.92 (15 February 2019: € 23.76 and 26 July 2019: € 23.94)), since the performance conditions are non-market conditions (Underlying EBITDA and operational cash flow). The grant in 2020 represented a fair value of € 4.8 million (2019: € 5.1 million). The Group has recorded an expense against equity of € 4.7 million in 2020 (2019: € 2.2 million).

PSP 2015-2017	2019 Number of units	2019 Weighted average exercise price (in €)	2020 Number of units	2020 Weighted average exercise price (in €)
Outstanding as at 1 January	121 168	46.035	50 950	40.190
Forfeited during the year	-2 318	41.655	-600	40.190
Expired during the year	-67 900	50.571	-50 350	40.190
Outstanding as at 31 December	**50 950**	**40.190**	**-**	**-**

PSP 2018-2020	2019 Number of units	2019 Weighted average exercise price (in €)	2020 Number of units	2020 Weighted average exercise price (in €)
Outstanding as at 1 January	-	-	206 621	23.791
Granted during the year	213 896	23.790	195 480	24.058
Forfeited during the year	-7 275	23.760	-11 470	24.344
Outstanding as at 31 December	**206 621**	**23.791**	**390 631**	**24.185**

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	31.03.2017	14 668	13 428	1 240	-	31.12.2019
PSR 2016	01.09.2017	2 523	2 523	-	-	31.12.2019
PSR 2016	14.05.2018	15 251	14 191	1 060	-	31.12.2020
PSR 2016	31.03.2020	10 766	-	-	10 766	31.12.2022
		43 208	**30 142**	**2 300**	**10 766**	

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 6.14. 'Retained earnings and other Group reserves'). The fair value of the matching shares is determined using a binomial pricing model. 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**	**To be matched in December 2022**
	Start date March 2016	**Start date June 2016**	**Start date March 2017**	**Start date Sep 2017**	**Start date May 2018**	**Start date March 2020**
Inputs to the model						
Share price at start date (in €)	35.71	38.97	45.87	40.04	34.00	14.98
Expected volatility	39%	39%	39%	39%	39%	36%
Expected dividend yield	3%	3%	3%	3%	3%	3%
Vesting period (years)	2.75	2.50	2.75	2.33	2.60	2.75
Employee exit rate	4%	4%	4%	4%	4%	0%
Risk-free interest rate	-0.40%	-0.01%	-0.51%	-0.54%	-0.39%	-0.47%
Outcome of the model						
Fair value (in €)	29.27	32.16	37.60	33.20	27.95	13.81
Outstanding PSR Units	-	-	-	-	-	10 766

The matching shares to be granted represented a fair value of € 0.1 million (2019: € 0.4 million). The Group has recorded an expense against equity of € 0.2 million (2019: € 0.4 million) for the matching shares to be granted, based on their fair value and vesting period.

	Number of units	
PSR 2016	**2019**	**2020**
Outstanding as at 1 January	28 600	13 661
Matched during the year	-14 939	-13 661
Acquired during the year	-	10 766
Outstanding as at 31 December	**13 661**	**10 766**

Stock grant Board members

The fixed fee of the Chairperson is paid partly in cash and partly in Company shares, subject to a three-year holding period from grant date. For the other non-executive Directors, the fixed fee for performance of duties as a member of the Board are paid in cash, but with the option each year to receive part (0%, 25% or 50%) in Company shares.In accordance with IFRS 2 this is treated as a share based payment award with a cash alternative. The fair value of the stock grant are equal to the share price at grant date (29 May 2020: € 18.43). This stock grant vested immediately. The stock grant represented a fair value of € 0.2 million. The Group has recorded an expense against equity of € 0.2 million.

6.14. Retained earnings and other Group reserves

Carrying amount in thousands of €	**2019**	**2020**
Revaluation reserve for non-consolidated equity investments	*-12 117*	*-11 867*
Remeasurement reserve for defined-benefit plans	*-67 017*	*-63 543*
Other revaluation reserve	*-6*	*-*
Deferred tax reserve	*28 104*	*26 785*
Other reserves	-51 036	-48 626
Cumulative translation adjustments	-113 964	-227 823
Total other Group reserves	**-165 000**	**-276 448**
Treasury shares	**-107 463**	**-106 148**
Retained earnings	**1 492 028**	**1 614 781**

In the following sections of this disclosure, the movements in the Group reserves and in retained earnings are presented and commented.

Revaluation reserve for non-consolidated equity investments in thousands of €	**2019**	**2020**
As at 1 January	-14 489	-12 117
Fair value changes	2 372	250
As at 31 December	**-12 117**	**-11 867**
Of which		
Investment in Xinyu Xinsteel Metal Products Co Ltd	*-2 112*	*-1 951*
Investment in Shougang Concord Century Holdings Ltd	*-10 097*	*-10 009*
Other investments	*92*	*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 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 business plan for 2021-2025. See also note 6.6. 'Other non-current assets'.

Remeasurement reserve for defined-benefit plans in thousands of €	**2019**	**2020**
As at 1 January	-68 267	-67 017
Remeasurements of the period	1 261	3 474
Changes in Group structure	-11	-
As at 31 December	**-67 017**	**-63 543**

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 6.16. 'Employee benefit obligations').

Deferred tax reserve in thousands of €	**2019**	**2020**
As at 1 January	26 694	28 104
Deferred taxes relating to other comprehensive income	1 407	-1 319
Changes in Group structure	3	-
As at 31 December	**28 104**	**26 785**

Deferred taxes relating to other comprehensive income are also recognized in OCI (see note 6.7. 'Deferred tax assets and liabilities').

Treasury shares in thousands of €	**2019**	**2020**
As at 1 January	-108 843	-107 463
Shares sold	1 380	1 314
As at 31 December	**-107 463**	**-106 148**

The number of shares on hand were sufficient, both to anticipate any dilution and to hedge the cash flow risk on share-based payment plans. No additional shares were bought back in 2020 (2019: nil). 63 541 treasury shares were sold to the beneficiaries of the share-based payment plans of the Group (2019: 28 957). 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 below). See also note 6.13. 'Ordinary shares, treasury shares and equity-settled share-based payments'.

Cumulative translation adjustments in thousands of €	**2019**	**2020**
As at 1 January	-130 102	-113 964
Exchange differences on dividends declared	-1 601	-2 244
Movements arising from exchange rate fluctuations	17 739	-111 615
As at 31 December	**-113 964**	**-227 823**
Of which relating to entities with following functional currencies		
Chinese renminbi	*100 394*	*88 513*
US dollar	*29 945*	*12 453*
Brazilian real	*-169 744*	*-220 231*
Chilean peso	*-17 347*	*-21 028*
Venezuelan bolivar soberano [1]	*-59 691*	*-59 691*
Indian rupee	*-6 756*	*-10 319*
Czech koruna	*9 738*	*8 616*
British pound	*3 200*	*-13 974*
Russian ruble	*-2 742*	*-7 984*
Romanian leu	*-2 573*	*-3 296*
Other currencies	*1 611*	*-881*

[1] As a consequence of the functional currency switch to the US dollar on 1 January 2019, the value related to Venezuelan bolivar soberano remains frozen.

The swings in CTA reflected both the exchange rate evolution and the relative importance of the net assets denominated in the presented currencies.

Retained earnings in thousands of €	**Notes**	**2019**	**2020**
As at 1 January		1 480 234	1 492 028
Equity-settled share-based payments	6.13.	4 390	8 556
Result for the period attributable to equity holders of Bekaert		41 329	134 687
Dividends		-39 557	-19 787
Equity reclassification		-	-6
Treasury shares transactions	6.13.	-1 341	-231
Changes in Group structure		6 973	-467
As at 31 December		**1 492 028**	**1 614 781**

Treasury shares transactions (€ -0.2 million vs € -1.3 million in 2019) represented the difference between the proceeds and the FIFO book value of the shares that were sold. Changes in Group structure in 2020 related to the purchase of non-controlling interests (NCI) in Bekaert Slatina SRL, while in 2019 this related to the purchase of NCI in Bekaert Maccaferri Underground Solutions BVBA.

6.15. Non-controlling interests

Carrying amount in thousands of €	**2019**	**2020**
As at 1 January	119 071	96 430
Changes in Group structure	-13 504	-8 503
Share of the result for the period	6 871	13 350
Share of other comprehensive income excluding CTA	-1 667	-677
Dividend pay-out	-13 247	-8 270
Capital increases	652	-
Exchange gains and losses (-)	-1 746	-5 155
As at 31 December	**96 430**	**87 175**

The changes in Group structure in 2020 mainly related to the purchase of the non-controlling interests ('NCI') in Bekaert Slatina SRL, the carrying amount of which amounted to € +8.5 million at the transaction date. The changes in 2019 almost exclusively related to the purchase of the non-controlling interests ('NCI') in Bekaert Maccaferri Underground Solutions BVBA.

The share in the result of the period for entities in which NCI are held, improved significantly, mainly due to the much better contribution of entities which were in a loss position last year. However, also here the Covid-19 pandemic depressed to a certain degree this improvement.

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 two non-wholly owned groups of entities which are interconnected through their line of business and shareholder structure: (1) the Wire entities in Chile and Peru, where the non-controlling interests are mainly held by the Chilean partners, and (2) 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 2019	2020
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%
Grating Peru SAC	Peru	-	62.5%
Procercos SA	Chile	48.0%	48.0%
Prodalam SA	Chile	48.0%	48.0%
Prodicom Selva SAC	Peru	62.5%	62.5%
Prodimin SAC	Peru	62.5%	62.5%
Prodac Contrata SAC	Peru	62.5%	62.5%
Productos de Acero Cassadó SA	Peru	62.5%	62.5%
Wire entities Andina region			
Agro-Bekaert Colombia SAS	Colombia	-	60.0%
Agro - Bekaert Springs, SL	Spain	-	60.0%
Bekaert Ideal SL	Spain	20.0%	20.0%
Bekaert Costa Rica SA	Costa Rica	41.6%	41.6%
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 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: Industrias Acmanet Ltda, Procercos SA, Bekaert Ideal SL and Agro - Bekaert Springs 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 €	**2019**	**2020**	**2019**	**2020**
Wire entities Chile and Peru	5 248	9 602	71 643	72 282
Wire entities Andina region	1 489	2 156	12 017	11 474
Consolidation adjustments on material NCI	659	181	-28 031	-28 184
Contribution of material NCI to consolidated NCI	7 396	11 939	55 630	55 572
Other NCI	-525	1 411	40 800	31 603
Total consolidated NCI	6 871	13 350	96 430	87 175

The following tables show concise basic statements of the non-wholly owned groups of entities.

Wire entities Chile and Peru in thousands of €	**2019**	**2020**
Current assets	206 915	218 034
Non-current assets	134 516	121 990
Current liabilities	133 503	140 264
Non-current liabilities	72 797	62 648
Equity attributable to equity holders of Bekaert	**63 488**	**64 830**
Equity attributable to NCI	**71 643**	**72 282**

Wire entities Chile and Peru in thousands of €	**2019**	**2020**
Sales	495 350	433 751
Expenses	-483 891	-414 334
Result for the period	11 459	19 417
Result for the period attributable to equity holders of Bekaert	6 211	9 815
Result for the period attributable to NCI	5 248	9 602
Other comprehensive income for the period	-5 946	-7 360
OCI attributable to equity holders of Bekaert	-3 338	-3 270
OCI attributable to NCI	-2 608	-4 090
Total comprehensive income for the period	5 513	12 057
Total comprehensive income attributable to equity holders of Bekaert	2 873	6 545
Total comprehensive income attributable to NCI	2 640	5 512
Dividends paid to NCI	-6 720	-5 340
Net cash inflow (outflow) from operating activities	56 707	60 491
Net cash inflow (outflow) from investing activities	-8 956	-4 228
Net cash inflow (outflow) from financing activities	-40 962	-28 441
Net cash inflow (outflow)	6 788	27 822

Strong cash generation coupled to tight working capital control efforts (lower working capital assets and higher working capital liabilities) resulting in a significant lower Net Debt position. Non-current assets decreased due to depreciation charge exceeding capital expenditure.

Demand remained below pre-Covid-19 levels throughout the year, resulting in a drop of sales of 12.4%. However, a significant improvement in underlying EBIT margin on sales was realized (7.7% compared to 5.1% last year). The strong margin increase was the result of an improved business mix, stringent cost control and effectiveness of Covid-19 mitigating actions.

Wire entities Andina region in thousands of €	**2019**	**2020**
Current assets	78 647	75 125
Non-current assets	46 229	40 417
Current liabilities	82 759	74 998
Non-current liabilities	9 014	7 553
Equity attributable to equity holders of Bekaert	**21 086**	**21 517**
Equity attributable to NCI	**12 017**	**11 474**

Wire entities Andina region in thousands of €	**2019**	**2020**
Sales	182 162	157 487
Expenses	-177 069	-152 300
Result for the period	5 093	5 188
Result for the period attributable to equity holders of Bekaert	3 604	3 032
Result for the period attributable to NCI	1 489	2 156
Other comprehensive income for the period	-1 220	-3 325
OCI attributable to equity holders of Bekaert	-560	-2 270
OCI attributable to NCI	-660	-1 047
Total comprehensive income for the period	3 873	1 863
Total comprehensive income attributable to equity holders of Bekaert	3 044	761
Total comprehensive income attributable to NCI	829	1 109
Dividends paid to NCI	-5 691	-2 060
Net cash inflow (outflow) from operating activities	16 288	14 148
Net cash inflow (outflow) from investing activities	-1 801	-3 635
Net cash inflow (outflow) from financing activities	-20 161	-5 295
Net cash inflow (outflow)	-5 674	5 218

Working capital was more or less stable, with a reduction in both working capital assets and liabilities. The net debt position improved mainly resulting from a lower dividend pay-out in 2020.

Sales in 2020 were 13.5% lower mainly due to the Covid-19 pandemic. However, a significant improvement in underlying EBIT margin on sales was realized (8.6% compared to 5.6% last year). Also here the strong margin improvement resulted from changes in business mix, stringent cost control and effectiveness of Covid-19 mitigating actions.

The situation for Vicson SA (Venezuela) remains under control. The company manages to source an adequate amount of wire rod to keep its operations going, albeit at a subdued level. Furthermore, the access to US dollars has become more flexible in the country to a point that now invoicing to many customers is made in that currency. Its cash & cash equivalents and short-term deposits amounted to € 0.9 million at 31 December 2020 (vs € 1.3 million at 31 December 2019), mainly following the pre-payment for wire rod to avoid any shortage.

6.16. Employee benefit obligations

The total net liabilities for employee benefit obligations, which amounted to € 262.7 million as at 31 December 2020 (€ 261.7 million as at year-end 2019), are as follows:

in thousands of €	2019	2020
Liabilities for		
Post-employment defined-benefit plans	*120 248*	*118 892*
Other long-term employee benefits	*4 437*	*4 700*
Cash-settled share-based payment employee benefits	*1 662*	*2 556*
Short-term employee benefits	*125 051*	*116 014*
Termination benefits	*20 794*	*38 580*
Total liabilities in the balance sheet	**272 193**	**280 742**
of which		
Non-current liabilities	*123 409*	*130 948*
Current liabilities	*148 784*	*149 793*
Assets for		
Defined-benefit pension plans	*-10 470*	*-18 082*
Total assets in the balance sheet	**-10 470**	**-18 082**
Total net liabilities	**261 722**	**262 660**

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 € 1.9 million (2019: € 1.9 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 95.4% at 31 December 2020 (2019: 98.8%). During the period 2015 to 2022 there is no obligation for participating companies to fund any deficit of PMT (nor to receive any surplus).

Defined-contribution plans in thousands of €	2019	2020
Expenses recognized	16 601	15 534

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 2020 for all significant post-employment defined-benefit plans by independent actuaries. The Group's largest defined-benefit obligations were in Belgium, the United States and the United Kingdom. They accounted for 89.1% (2019: 89.2%) of the Group's defined-benefit obligations and 99.7% (2019: 99.6%) of the Group's plan assets.

Plans in Belgium

The funded plans in Belgium mainly related to retirement plans representing a defined-benefit obligation of € 229.4 million (2019: € 216.3 million) and € 205.7 million assets (2019: € 202.0 million). This is including the related 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 related to pre-retirement pensions (defined-benefit obligation € 8.4 million (2019: € 10.4 million)) which are not externally funded. An amount of € 3.4 million (2019: € 4.4 million) related 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 related to pension plans representing a defined-benefit obligation of € 127.4 million (2019: € 130.9 million) and assets of € 104.8 million (2019: € 99.5 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 included medical care plans (defined-benefit obligation € 3.8 million (2019: € 4.0 million)).

Plans in the United Kingdom

The funded plan in the United Kingdom related to a pension scheme closed for new entrants and further accrual representing a defined-benefit obligation of € 92.0 million (2019: 95.4 million) and assets of € 110.1 million (2019: 105.8 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.

The defined benefit obligation solely includes benefits for deferred pensioners and current pensioners. Broadly, about 70% of the liabilities are attributable to non-pensioners and 30% to current pensioners (2019: 20% pensioners).

UK legislation requires that pension schemes are funded prudently. The funding valuation of the scheme carried out as at 31 December 2019 by a qualified actuary showed a surplus of € 7.4 million. As a consequence, the company was able to stop earlier than foreseen, as of 1 July 2020, paying recovery plan contributions resulting from the 2016 funding valuation (set at € 0.8 million p.a. up 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 €	2019	2020
Belgium		
Present value of funded obligations	216 335	229 377
Fair value of plan assets	-201 965	-205 728
Deficit / surplus (-) of funded obligations	**14 369**	**23 649**
Present value of unfunded obligations	10 449	8 365
Total deficit / surplus (-) of obligations	**24 818**	**32 014**
United States		
Present value of funded obligations	130 913	127 361
Fair value of plan assets	-99 463	-104 847
Deficit / surplus (-) of funded obligations	**31 450**	**22 514**
Present value of unfunded obligations	9 612	8 975
Total deficit / surplus (-) of obligations	**41 062**	**31 489**
United Kingdom		
Present value of funded obligations	95 353	91 997
Fair value of plan assets	-105 823	-110 079
Deficit / surplus (-) of funded obligations	**-10 470**	**-18 082**
Present value of unfunded obligations	-	-
Total deficit / surplus (-) of obligations	**-10 470**	**-18 082**
Other		
Present value of funded obligations	1 377	1 633
Fair value of plan assets	-1 570	-1 425
Deficit / surplus (-) of funded obligations	**-193**	**208**
Present value of unfunded obligations	54 561	55 181
Total deficit / surplus (-) of obligations	**54 368**	**55 389**
Total		
Present value of funded obligations	443 977	450 368
Fair value of plan assets	-408 821	-422 079
Deficit / surplus (-) of funded obligations	**35 156**	**28 289**
Present value of unfunded obligations	74 622	72 521
Total deficit / surplus (-) of obligations	**109 778**	**100 810**

The movement in the defined-benefit obligation, plan assets, net liability and asset over the year were as follows:

in thousands of €	Defined-benefit obligation	Plan assets	Net liability / asset (-)
As at 1 January 2019	**475 011**	**-350 350**	**124 661**
Current service cost	16 483	-	16 483
Past service cost	-3 624	-	-3 624
Gains (-) / losses from settlements	-3 047	574	-2 474
Interest expense / income (-)	13 008	-9 099	3 909
Net benefit expense / income (-) recognized in profit and loss	**22 819**	**-8 525**	**14 294**
Components recognized in EBIT			*10 385*
Components recognized in financial result			*3 909*
Remeasurements			
Return on plan assets, excluding amounts included in interest expense / income (-)	-	*-53 233*	*-53 233*
Gain (-) / loss from change in demographic assumptions	*-2 993*	-	*-2 993*
Gain (-) / loss from change in financial assumptions	*57 575*	-	*57 575*
Experience gains (-) / losses	*-517*	-	*-517*
Changes recognized in equity	**54 066**	**-53 233**	**833**
Contributions			
Employer contributions / direct benefit payments	-	-29 551	-29 551
Employee contributions	169	-169	-
Payments from plans			
Benefit payments	-39 489	39 489	-
Foreign-currency translation effect	**6 024**	**-6 482**	**-458**
As at 31 December 2019	**518 600**	**-408 821**	**109 778**
As at 1 January 2020	**518 600**	**-408 821**	**109 778**
Current service cost	16 035	-	16 035
Past service cost	937	-	936
Gains (-) / losses from settlements	-3 816	-	-3 816
Interest expense / income (-)	9 402	-6 860	2 541
Net benefit expense / income (-) recognized in profit and loss	**22 557**	**-6 860**	**15 697**
Components recognized in EBIT			*13 155*
Components recognized in financial result			*2 541*
Remeasurements			
Return on plan assets, excluding amounts included in interest expense / income (-)	-	*-33 773*	*-33 773*
Gain (-) / loss from change in demographic assumptions	*-1 753*	-	*-1 753*
Gain (-) / loss from change in financial assumptions	*34 728*	-	*34 728*
Experience gains (-) / losses	*-2*	*-1 697*	*-1 699*
Changes recognized in equity	**32 973**	**-35 470**	**-2 497**
Contributions			
Employer contributions / direct benefit payments	-	-17 052	-17 052
Employee contributions	170	-170	-
Payments from plans			
Benefit payments	-30 914	30 914	**-**
Foreign-currency translation effect	**-20 497**	**15 380**	**-5 116**
As at 31 December 2020	**522 889**	**-422 079**	**100 810**

The past service cost mainly related to the restructuring in Belgium and the impact of the High Court judgement released in November 2020 on GMP equalization on past transfers towards other schemes in UK. Gains from settlements mainly related to plan changes in post-employment plans in Ecuador and the restructuring in Belgium. 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 amounted to € 0.2 million (2019: € 0.2 million).

Estimated contributions and direct benefit payments for 2021 are as follows:

Estimated contributions and direct benefit payments in thousands of €	**2021**
Pension plans	17 879
Total	**17 879**

Fair values of plan assets at 31 December were as follows:

in thousands of €	**2019**	**2020**
Belgium		
Bonds	**53 875**	**54 808**
Equity	**78 740**	**80 076**
Cash	**5 570**	**920**
Insurance contracts	**63 782**	**69 923**
Total Belgium	**201 965**	**205 728**
United States		
Bonds		
USD Long Duration Bonds	31 608	29 765
USD Fixed Income	4 765	4 944
USD Guaranteed Deposit	3 749	3 191
Equity		
USD Equity	37 665	42 610
Non-USD Equity	16 671	19 026
Real estate	5 006	5 310
Total United States	**99 463**	**104 847**
United Kingdom		
Bonds	**45 457**	**27 929**
Derivatives	**50 246**	**60 967**
Equity	**8 029**	**14 576**
Cash	**2 091**	**6 607**
Total United Kingdom	**105 823**	**110 079**
Other		
Bonds	**1 569**	**1 425**
Total Other	**1 569**	**1 425**
Total	**408 821**	**422 079**

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 a large proportion of assets is invested in liability driven investments and bonds.

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	2019	2020
Discount rate	1.9%	1.4%
Future salary increases	3.0%	3.0%
Underlying inflation rate	1.9%	1.4%
Health care cost increases (initial)	7.0%	6.8%
Health care cost increases (ultimate)	5.0%	5.0%
Health care (years to ultimate rate)	8	7

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	2019	2020
Belgium	0.8%	0.6%
United States	3.2%	2.4%
United Kingdom	2.1%	1.5%
Other	2.6%	2.9%

This resulted into the following inflation rates:

Inflation rates	2019	2020
Belgium	1.5%	1.5%
United States	-	-
United Kingdom	2.8%	2.9%
Other	2.1%	1.9%
Total	**1.9%**	**1.4%**

Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translated into the following average life expectancy in years for a pensioner retiring at age 65.

	2019	2020
Life expectancy of a man aged 65 (years) at balance sheet date	19.7	20.2
Life expectancy of a woman aged 65 (years) at balance sheet date	22.9	22.6
Life expectancy of a man aged 65 (years) ten years after balance sheet date	20.5	20.9
Life expectancy of a woman aged 65 (years) ten years after balance sheet date	23.7	23.4

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	31 561	6.0%
Salary growth rate	0.50%	Increase by	10 667	2.0%
Health care cost	0.50%	Increase by	197	0.10%
Life expectancy	1 year	Increase by	7 937	1.5%

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 USA 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 were as follows:

Weighted average durations of the DBO in years	**2019**	**2020**
Belgium	13.7	13.5
United States	12.1	12.1
United Kingdom	23.0	19.9
Other	9.9	11.9
Total	**14.7**	**14.1**

Termination benefits

Termination benefits are cash and other services paid to employees when their employment has been terminated. The net increase in 2020 mainly related to the setup for the restructuring program in Belgium, offset by the usage of these termination benefits.

Other long-term employee benefits

The other long-term employee benefits related 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 6.13. '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: € 27.16 (2019: € 26.50), expected volatility of 36% (2019: 35%), expected dividend yield of 3.0% (2019: 3.0%), vesting period of 3 years, contractual life of 10 years and an exercise factor of 1.40 (2019: 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 €	**Granted**	**Exercise price**	**Fair value as at 31 December 2019**	**Fair value as at 31 December 2020**
Grant 2012	21 200	27.63	3.80	3.20
Grant 2013	20 900	22.09	6.43	6.58
Grant 2014	36 800	25.66	5.36	5.41
Grant 2015	40 200	25.45	5.73	5.86
Grant 2016	20 250	28.38	5.23	5.34
Grant 2017	26 375	38.86	3.76	3.79
Grant 2018	16 875	37.06	4.31	4.33

Other SAR Plans details by grant in €	**Granted**	**Exercise price**	**Fair value as at 31 December 2019**	**Fair value as at 31 December 2020**
Grant 2012	19 500	25.14	4.69	4.25
Grant 2013	24 500	19.20	8.03	8.43
Exceptional grant 2013	10 000	21.45	6.89	7.17
Grant 2014	54 800	25.38	5.50	5.57
Grant 2015	44 700	26.06	5.61	5.73
Grant 2016	38 500	26.38	5.69	5.85
Grant 2017	53 000	39.43	3.70	3.68
Grant 2018	37 500	34.60	4.68	4.68

At 31 December 2020, the total liability for the USA SAR plan amounted to € 0.2 million (2019: € 0.3 million), while the total liability for the other SAR plans amounted to € 0.7 million (2019: € 0.7 million).

The Group recorded a total income of € 0.1 million (2019: cost of € 0.4 million) during the year in respect of SARs.

Performance Share Units ('PSU')

Certain management employees received cash-settled Performance Share Units (PSUs) entitling the beneficiary to receive the value of Performance Share Units: during 2015, 2016 and 2017 subject to the conditions of the Performance Share Plan 2015-2017 and in 2019 and 2020 under the conditions of the Performance Share Plan 2018-2020. 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 under PSU 2015-2017 is recalculated at balance sheet date, using the same binomial pricing model as for the equity-settled share-based payments (see note 6.13. 'Ordinary shares, treasury shares and equity-settled share-based payments'). Following inputs to the model are used: share price at balance sheet date: € 27.16 (2019: € 26.50), expected volatility of 36% (2019: 35%), expected dividend yield of 3.0% (2019: 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 each grant under PSU 2018-2020 is equal to the share price at balance sheet date, since the performance conditions are non-market conditions (Underlying EBITDA and operational cash flow).

The fair value of outstanding Performance Share Units by grant is shown below:

Performance Share Units details by grant in €		**Granted**	**Fair value as at 31 December 2019**	**Fair value as at 31 December 2020**
PSU 2015-2017	Grant 2017	13 500	5.51	-
PSU 2018-2020	Grant 2019	51 995	26.50	27.16
PSU 2018-2020	Grant 2020	45 141	-	27.16
PSU 2018-2020	Grant 2020	444	-	27.16

At 31 December 2020, the total liability for the USA PSUs amounted to € 0.3 million (2019: € 0.1 million), while the total liability for the other PSUs amounted to € 1.3 million (2019: € 0.5 million).

The Group recorded a total cost of € 0.8 million (2019: cost of € 0.6 million) during the year in respect of PSUs.

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.

6.17. Provisions

in thousands of €	Restructuring	Claims	Environment	Other	Total
As at 1 January 2019	**16 205**	**6 792**	**33 290**	**9 937**	**66 224**
Additional provisions	4 904	9 620	403	224	15 152
Unutilized amounts released	-60	-5 134	-654	-406	-6 254
Increase in present value	-	-	-	202	202
Charged to the income statement	**4 844**	**4 486**	**-250**	**20**	**9 100**
Amounts utilized during the year	-8 885	-2 950	-577	-831	-13 243
Change in accounting policy	-	-	-	-7 032	-7 032
Exchange gains (-) and losses	-10	130	25	32	177
As at 31 December 2019	**12 155**	**8 458**	**32 488**	**2 127**	**55 227**
Of which					
current	*11 104*	*4 246*	*14 574*	*298*	*30 222*
non-current - between 1 and 5 years	*1 051*	*3 813*	*1 973*	*1 518*	*8 355*
non-current - more than 5 years	*-*	*399*	*15 941*	*311*	*16 651*

in thousands of €	Restructuring	Claims	Environment	Other	Total
As at 1 January 2020	**12 155**	**8 458**	**32 488**	**2 127**	**55 227**
Additional provisions	755	2 391	2 090	935	6 170
Unutilized amounts released	-1 542	-2 596	-5 789	-153	-10 080
Increase in present value	-	-	-	43	43
Charged to the income statement	**-787**	**-205**	**-3 699**	**825**	**-3 867**
Amounts utilized during the year	-4 148	-1 077	-8 766	-169	-14 160
Transfers	-390	-369	24	734	-
Exchange gains (-) and losses	-305	-208	-31	-69	-613
As at 31 December 2020	**6 525**	**6 600**	**20 015**	**3 448**	**36 588**
Of which					
current	*6 467*	*3 389*	*737*	*828*	*11 421*
non-current - between 1 and 5 years	*58*	*3 211*	*3 988*	*2 364*	*9 621*
non-current - more than 5 years	*-*	*-*	*15 290*	*256*	*15 546*

The decrease of the restructuring programs mainly related to the utilization of the provision for the rubber reinforcement plant in Figline (Italy) and the steel wire solutions plant in Shelbyville (North America) and a release of the restructuring provision in Malaysia.

Provisions for claims mainly related to product warranty programs and various product quality claims in several entities.

The environmental provisions mainly related 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 in the environmental provisions mainly related to the disposal of the Hemiksem site (Belgium) due to which part of the provisions was utilized and released, partially offset by the setup of a new environmental provision in Bekaert Sardegna.

The increase of other provisions mainly related to reclassifications and some additional provisions for law suits.

6.18. Interest-bearing debt

An analysis of the carrying amount of the Group's interest-bearing debt by contractual maturity is presented below:

2019 in thousands of €	**Due within 1 year**	**Due between 1 and 5 years**	**Due after 5 years**	**Total**
Interest-bearing debt				
Lease liability	*19 728*	*42 689*	*25 835*	*88 253*
Credit institutions	*358 843*	*182 019*	*50 000*	*590 862*
Schuldschein loans	*-*	*188 349*	*131 019*	*319 368*
Bonds	*45 614*	*-*	*200 000*	*245 614*
Convertible bonds	*-*	*364 399*	*-*	*364 399*
Total financial debt	**424 184**	**777 456**	**406 854**	**1 608 495**

2020 in thousands of €	**Due within 1 year**	**Due between 1 and 5 years**	**Due after 5 years**	**Total**
Interest-bearing debt				
Lease liability	*19 746*	*39 603*	*21 157*	*80 505*
Cash guarantees received	*-*	*51*	*120*	*171*
Credit institutions	*246 817*	*187 511*	*-*	*434 328*
Schuldschein loans	*-*	*298 702*	*20 933*	*319 635*
Bonds	*-*	*-*	*400 000*	*400 000*
Convertible bonds	*375 092*	*-*	*-*	*375 092*
Total financial debt	**641 655**	**525 867**	**442 210**	**1 609 732**

An analysis of the undiscounted outflows relating to the Group's financial liabilities by contractual maturity is presented in note 7.2. 'Financial risk management and financial derivatives'. The financial debt due within one year increased with € 217.5 million due to the fact that the convertible bond will mature in June 2021 (€ 375.1 million), offset by a decrease in credit institutions (€ -112.0 million) and a matured retail bond (€ -45.6 million).

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 programs.

For further information on financial risk management, we refer to note 7.2. 'Financial risk management and financial derivatives'.

Net debt calculation

Similar to all financial derivative assets and liabilities, the conversion option (€ 0.03 million vs € 0.1 million in 2019) embedded in the convertible bond is not included in the net debt (see note 6.19. 'Other non-current liabilities'). The table below summarizes the calculation of the net debt.

in thousands of €	**2019**	**2020**
Non-current interest-bearing debt	1 184 310	968 076
Current interest-bearing debt	424 184	641 655
Total financial debt	**1 608 495**	**1 609 732**
Non-current financial receivables and cash guarantees	-6 518	-7 451
Current loans	-8 779	-7 707
Short-term deposits	-50 039	-50 077
Cash and cash equivalents	-566 176	-940 416
Net debt	**976 984**	**604 081**

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 2020 related to the acquisition of Grating Peru SAC. In 2020, other changes in financial debt mainly related to the non-cash movements on the lease liability (€ 22.0 million) (see also note 6.4. 'Right-of-use (RoU) property, plant and equipment'), and interest accruals from amortizations on liabilities using the effective interest method (€ 11.0 million). Derivatives held to hedge financial debt included swaps and options that provide (economic) hedges for interest-rate risk, see note 7.2. 'Financial risk management and financial derivatives'. Acquisitions and disposals in 2019 related to the extinguishement of the put option as part of the transaction in which the Group purchased the non-controlling interest from Maccaferri. Other changes in 2019 mainly related to the non-cash movements on the lease liability in adopting and applying IFRS 16 'Leases' (€ 108.0 million) (see also note 6.4. 'Right-of-use (RoU) property, plant and equipment'), and interest accruals from amortizations on liabilities using the effective interest method (€ 14.2 million).

			Non-cash changes				
2019 in thousands of €	**As at 1 January**	**Cash flows**	**Acquisitions & disposals**	**Cumulative translation adjust-ments**	**Fair value changes**	**Other changes**	**As at 31 December**
Financial debt							
Long-term interest-bearing debt [1]	1 372 759	-89 560	-	-1 594	-	122 199	1 403 804
Finance leases	*2 664*	*-*	-	*-*	-	*-2 664*	*-*
Lease liability	*-*	*-27 866*	-	*1 784*	-	*114 335*	*88 253*
Credit institutions	*775 461*	*-385 912*	-	*-3 378*	-	*-*	*386 171*
Schuldschein loans	*-*	*319 218*	-	*-*	-	*150*	*319 368*
Bonds	*240 614*	*5 000*	-	*-*	-	*-*	*245 614*
Convertible bonds	*354 021*	*-*	-	*-*	-	*10 378*	*364 398*
Short-term interest bearing debt	255 946	-76 715	-	25 460	-	-	204 691
Total financial debt	**1 628 705**	**-166 275**	**-**	**23 866**	**-**	**122 199**	**1 608 495**
Derivatives held to hedge financial debt							
Interest-rate swaps	-	-	-	-	496	-	496
Cross-currency interest-rate swaps	522	-	-	-	-4 227	-	-3 705
Other liabilities from financing activities							
Put options of NCI	11 033	-	-11 033	-	-	-	-
Conversion derivative	220	-	-	-	-105	-	115
Total liabilities from financing activities	**1 640 480**	**-166 275**	**-11 033**	**23 866**	**-3 837**	**122 199**	**1 605 400**

[1] *Including the current portion of non-current interest-bearing debt of € 686.1 million as at 1 January and € 219.5 million as at 31 December.*

2020 in thousands of €	**As at 1 January**	**Cash flows**	**Non-cash changes** **Acquisitions & disposals**	**Cumulative translation adjust-ments**	**Fair value changes**	**Other changes**	**As at 31 December**
Financial debt							
Long-term interest-bearing debt [1]	1 403 804	-46 364	-	-9 486	-	32 912	1 380 866
Cash guarantees received	*-*	*175*	*-*	*-3*	*-*	*-*	*171*
Lease liability	*88 253*	*-25 785*	*-*	*-3 914*	*-*	*21 952*	*80 505*
Credit institutions	*386 171*	*-175 139*	*-*	*-5 569*	*-*	*-*	*205 463*
Schuldschein loans	*319 368*	*-*	*-*	*-*	*-*	*267*	*319 635*
Bonds	*245 614*	*154 386*	*-*	*-*	*-*	*-*	*400 000*
Convertible bonds	*364 398*	*-*	*-*	*-*	*-*	*10 694*	*375 092*
Short-term interest bearing debt	204 691	41 358	1 237	-18 420	-	-	228 865
Total financial debt	**1 608 495**	**-5 006**	**1 237**	**-27 906**	**-**	**32 912**	**1 609 732**
Derivatives held to hedge financial debt							
Interest-rate swaps	496	-	-	-	585	-	1 081
Cross-currency interest-rate swaps	-3 705	-	-	-	-1 325	-	-5 030
Other liabilities from financing activities							
Conversion derivative	115	-	-	-	-81	-	34
Total liabilities from financing activities	**1 605 400**	**-5 006**	**1 237**	**-27 906**	**-820**	**32 912**	**1 605 817**

[1] *Including the current portion of non-current interest-bearing debt of € 219.5 million as at 1 January and € 412.8 million as at 31 December.*

6.19. Other non-current liabilities

Carrying amount in thousands of €	**2019**	**2020**
Other non-current amounts payable	150	150
Derivatives (cf. note 7.2.)	115	1 081
Total	**265**	**1 231**

The derivatives related to an interest-rate swap to hedge the variable interest in some of the Schuldschein loans (€ 1.1 million) (see notes 6.18. 'Interest-bearing debt' and 7.2. 'Financial risk management and financial derivatives').

6.20. Other current liabilities

Carrying amount in thousands of €	**2019**	**2020**
Other amounts payable	7 375	9 939
Derivatives (cf. note 7.2.)	2 116	1 885
Advances received	18 791	15 682
Other taxes	30 307	27 073
Accruals and deferred income	9 399	9 872
Total	**67 988**	**64 451**

The derivatives included forward-exchange contracts (€ 1.6 million (2019: € 1.4 million)) and CCIRSs (€ 0.2 million (2019: € 0.7 million)). Other taxes predominantly related to VAT payable, employment-related taxes withheld and other non-income taxes payable.

6.21. 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 €	**2019**	**2020**
Tax receivables [1]	93 150	83 487
Certain tax liabilities [2]	47 990	48 976
Uncertain tax positions [3]	64 728	31 639

[1] *The balance of 2019 is adjusted by including the other non-income taxes receivable (€ 2.5 million).*

[2] *The balance of 2019 is adjusted by including the other non-income taxes payable (€ 10.4 million) and employment-related taxes withheld (€ 8.5 million).*

[3] *In 2020 a number of pending tax audits in different countries were finalized, leading to an additional tax expense on the one hand but also to the release of some provisions for uncertain tax positions on the other hand.*

7. Miscellaneous items

7.1. Notes to the cash flow statement

Summary in thousands of €	**2019**	**2020**
Operating result (EBIT)	*155 017*	*256 527*
Non-cash items added back to operating result (EBIT)	*248 271*	*216 067*
EBITDA	*403 288*	*472 594*
Other gross cash flows from operating activities	*-61 567*	*-91 535*
Gross cash flows from operating activities	*341 721*	*381 059*
Changes in operating working capital [1]	*168 549*	*124 419*
Other operating cash flows	*14 056*	*-556*
Cash from operating activities	524 326	504 921
Cash from investing activities	-91 089	-31 209
Cash from financing activities	-268 793	-82 741
Net increase or decrease in cash and cash equivalents	**164 444**	**390 972**

[1] *The value differs from the organic decrease reported in note 6.8. 'Operating working capital' due to a reclassification of € -16.1 million for capex related to trade payables balances at year-end (2019: € -20.6 million).*

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 €	**2019**	**2020**
Non-cash items included in operating result (EBIT)		
Depreciation and amortization [1]	*229 069*	*202 103*
Impairment losses on assets	*19 202*	*13 964*
Non-cash items added back to operating result (EBIT)	248 271	216 067
Employee benefits: set-up / reversal (-) of amounts not used	*41 385*	*49 703*
Provisions: set-up / reversal (-) of amounts not used	*11 152*	*-3 909*
Equity-settled share-based payments	*4 390*	*8 556*
Other non-cash items included in operating result (EBIT)	56 928	54 350
Total	**305 198**	**270 417**
Investing items included in operating result (EBIT)		
Gains (-) and losses on business disposals (portion sold)	-	705
Gains (-) and losses on disposals of intangible assets + PP&E	3 428	-39 331
Total	**3 428**	**-38 626**
Amounts used on provisions and employee benefit obligations		
Employee benefits: amounts used	-45 801	-36 596
Provisions: amounts used	-15 498	-14 160
Total	**-61 299**	**-50 756**
Income taxes paid		
Current income tax expense	-56 451	-36 744
Increase or decrease (-) in net income taxes payable	-4 173	-19 760
Total	**-60 624**	**-56 504**
Other operating cash flows		
Movements in other receivables and payables	10 610	-1 225
Other	3 446	669
Total	**14 056**	**-556**

[1] *Including € -7.3 million (2019: € -7.1 million) write-downs / (reversals of write-downs) on inventories and trade receivables (see note 6.8. 'Operating working capital').*

Gross cash flows from operating activities increased by € +39.3 million as a result of higher EBITDA (€ +69.3 million), lower usage of provisions and employee benefit obligations (€ 10.5 million) and the adjustment for the accounting profit on investing items was € 42.1 million higher, reflecting the result on disposal real estate in Scheldestroom NV.

The cash inflow from the decrease in working capital amounted to € +124.4 million in 2020 (2019: € +168.5 million) (see organic decrease in note 6.8. 'Operating working capital'). This was a combined effect of lower stock level resulting mainly from strict stock level control, lower trade receivables and higher trade payables resulting from the continuous efforts on payment term adjustment to mirror customer payment terms.

Other operating cash flows mainly related to swings in other receivables and payables not included in working capital and not arising from investing or financing activities.

In 2020, € 56.5 million income taxes were paid. Most taxes were paid mainly in China (€ 19.4 million), Belgium (€ 12.9 million), Turkey (€ 6.5 million) and Indonesia (€ 4.9 million).

Cash from investing activities

New business combinations relate to the investments in new joint ventures in 2020.

Cash-outs from capital expenditure for property, plant and equipment increased from € 94.5 million in 2019 to € 104.5 million in 2020.

In 2019 the earn-out for the disposal of the drying activities is presented in 'Proceeds from disposals of investments'. Proceeds from sales of fixed assets in 2020 related to the sale of (1) Bekaert sites in Belgium, (2) land and buildings due to restructuring in Belgium and (3) the Belton, Texas factory due to the restructuring in the United States. In 2019 there was only a minor amount for the sale of assets.

The following table presents more details on selected investing cash flows:

Details of selected investing items in thousands of €	**2019**	**2020**
Other portfolio investments		
New business combinations	-	-978
Total	**-**	**-978**
Proceeds from disposals of fixed assets		
Proceeds from disposals of property, plant and equipment	1 349	48 199
Proceeds from disposals of RoU Land	-	3 861
Total	**1 349**	**52 060**

Cash from financing activities

New long-term debt issued (€ 201.3 million) mainly related to a new retail bond (2019: € 585.7 million, related to the retail bond issued in October 2019 (€ 200.0 million), the cash-in from the Schuldschein loans (€ 320.5 million) and financing transactions in China, Chile and Peru (€ 66,5 million)). Repayments of long-term debt (€ -247.7 million) mainly related to the repayment of a bond (€ -45.6 million) and refinancing of local loans in Belgium (€ -75.0 million), China (€ -91.3 million), in Chile (€ -9.1 million) and in the United Kingdom (€ -2.6 million). Cash-ins from short-term debt amounted to € 41.4 million in 2020 (2019: cash-outs € -76.7 million). For an overview of the movements in liabilities arising from financing activities, see note 6.18. 'Interest-bearing debt'.

In 2020 the treasury shares transactions amounted to € 1.1 million (2019: almost none) and consisted of proceeds from options being exercised.

In 2020 'Sales and purchases of non-controlling interests' concerned the acquisition of the (20%) shares previously held by Continental Global Holding Netherlands BV in Bekaert Slatina SRL in Romania (€ -9.0 million). In 2019, it consisted of Maccaferri's 50% share in Bekaert Maccaferri Underground Solutions BVBA (€ -9.5 million). As for other financing cash flows, cash-ins resulted from new shares issued following exercise of subscription rights (€ 0.2 million vs nil in 2019), capital paid in by non-controlling interestholders (nil vs € 0.7 million in 2019), and net receipts from loans and receivables (€ -0.2 million vs € 11.9 million in 2019). Other financial income and expenses mainly related amongst others to taxes and bank charges on financial transactions (€ -3.4 million vs € -3.8 million in 2019).

The following table presents more details about selected financing items:

Details of selected financing items in thousands of €	2019	2020
Other financing cash flows		
New shares issued following exercise of subscription rights	-	153
Capital paid in by non-controlling interestholders	652	-
Increase (-) or decrease in current and non-current receivables	11 902	-211
Increase (-) or decrease in current financial assets	-3	-46
Other financial income and expenses	-5 012	-4 215
Total	**7 540**	**-4 319**

7.2. 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, Risk 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, Risk 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

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 - 2019

in thousands of €	Total exposure	Total derivatives	Open position
AUD/USD	1 614	-6 044	-4 431
BRL/EUR	25 900	-	25 900
CLP/EUR	-20 164	-	-20 164
CZK/EUR	870	-820	50
EUR/CNY	-81 668	39 553	-42 116
EUR/GBP	-8 033	6 101	-1 932
EUR/INR	-33 154	-	-33 154
EUR/MYR	-15 551	15 000	-551
EUR/RON	-42 080	7 473	-34 607
EUR/USD	-2 043	6 212	4 169
IDR/USD	8 199	-	8 199
JPY/CNY	4 792	-2 657	2 135
JPY/USD	4 158	-2 478	1 680
NOK/GBP	9 547	-	9 547
NZD/USD	-9 347	-859	-10 206
RUB/EUR	32 263	-32 256	8
TRY/EUR	25 074	-	25 074
USD/BRL	-20 256	-	-20 256
USD/CLP	8 004	-	8 004
USD/CNY	-59 157	68 126	8 968
USD/COP	-10 586	18 359	7 773
USD/EUR	230 415	-254 001	-23 587
USD/GBP	100 058	-	100 058
USD/INR	-42 405	18 539	-23 866

Currency pair - 2020

in thousands of €	Total exposure	Total derivatives	Open position
BRL/EUR	2 104	-	2 104
CZK/EUR	11 317	3 908	15 225
EUR/CNY	-27 568	-2 500	-30 068
EUR/GBP	-4 047	2 464	-1 583
EUR/INR	-33 691	18 530	-15 161
EUR/MYR	-23 277	-	-23 277
EUR/RON	-31 373	-	-31 373
EUR/RUB	-28 520	21 866	-6 654
EUR/USD	-2 648	4 014	1 365
IDR/USD	2 497	-	2 497
JPY/CNY	5 143	-2 554	2 589
JPY/USD	3 504	-2 042	1 462
NOK/GBP	11 878	-	11 878
NZD/USD	-9 585	-765	-10 350
RUB/EUR	21 869	-	21 869
TRY/EUR	14 378	-	14 378
USD/BRL	-17 094	-	-17 094
USD/CLP	1 586	-	1 586
USD/CNY	17 752	8 300	26 052
USD/COP	2 515	11 744	14 259
USD/EUR	140 981	-82 843	58 138
USD/GBP	-2 438	-	-2 438
USD/INR	-48 221	-	-48 221

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.

If rates had weakened/strengthened by such changes with all other variables constant, the result for the period before taxes would have been € 1.6 million lower/higher (2019: € 7.3 million).

Currency sensitivity in relation to hedge accounting
At 31 December 2020 the Group does not apply hedge accounting (also none at 31 December 2019).

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, Risk 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, excluding the effects of any swaps, at the balance sheet date.

The convertible bond (EUR) 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				
2019	**Fixed rate**	**Floating rate**	**Total**	**Short-term**	**Total**
US dollar	4.65%	4.12%	4.28%	2.77%	3.06%
Chinese renminbi	-	4.63%	4.63%	4.13%	4.44%
Euro	1.26%	1.40%	1.32%	1.25%	1.32%
Other	6.74%	-	6.74%	5.22%	5.72%
Total	**1.65%**	**2.06%**	**1.75%**	**3.57%**	**2.16%**

	Long-term				
2020	**Fixed rate**	**Floating rate**	**Total**	**Short-term**	**Total**
US dollar	4.69%	3.50%	4.10%	1.72%	2.06%
Chinese renminbi	-	3.71%	3.71%	3.80%	3.79%
Euro	1.39%	1.48%	1.43%	0.55%	1.43%
Other	6.31%	-	6.31%	3.92%	4.83%
Total	**1.72%**	**1.67%**	**1.71%**	**2.82%**	**1.92%**

Interest-rate sensitivity analysis

Interest-rate sensitivity of the financial debt

As disclosed in note 6.18. ‘Interest-bearing debt’, the total financial debt of the Group as of 31 December 2020 amounted to € 1 609.7 million (2019: € 1 608.5 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.

	Long-term		Short-term	
2019	**Fixed rate**	**Floating rate**	**Floating rate**	**Total**
US dollar	1.00%	2.20%	14.10%	17.30%
Chinese renminbi	-	1.90%	1.20%	3.10%
Euro	54.70%	14.70%	0.20%	69.60%
Other	3.30%	-	6.70%	10.00%
Total	**59.00%**	**18.80%**	**22.20%**	**100.00%**

	Long-term		Short-term	
2020	**Fixed rate**	**Floating rate**	**Floating rate**	**Total**
US dollar	0.80%	0.80%	9.10%	10.70%
Chinese renminbi	-	0.50%	4.40%	4.90%
Euro	62.10%	13.00%	0.30%	75.40%
Other	3.40%	-	5.60%	9.00%
Total	**66.30%**	**14.30%**	**19.40%**	**100.00%**

On the basis of the annualized daily volatility of the 3-month Interbank Offered Rate in 2020 and 2019, the reasonable estimates of possible interest rate changes, with a 95% confidence interval, are set out for the main currencies in the table below.

2019	**Interest rate at 31 December**	**Reasonably possible changes (+/-)**
Chinese renminbi [1]	2.64%	0.44%
Euro	0.00%	0.00%
US dollar	1.91%	0.28%

2020	**Interest rate at 31 December**	**Reasonably possible changes (+/-)**
Chinese renminbi [1]	2.53%	0.42%
Euro	0.00%	0.00%
US dollar	0.24%	0.24%

[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 € 3.9 million higher/lower (2019: € 1.7 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 except for the fair value remeasurement of the interest rate swap at reporting date.

Interest-rate sensitivity in relation to hedge accounting

At 31 December 2020, the Group does not apply hedge accounting (2019: none) and no sensitivity analysis was required.

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 2020, 57.3% (2019: 64.7%) 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. In accordance with the IFRS 9 'expected credit loss' model for financial assets, a general bad debt allowance is made for trade receivables to cover the unknown bad debt risk at each reporting date. This general allowance constitutes of a percentage on outstanding trade receivables at each reporting date. The percentages are taking into account historical information on losses on trade receivables and are reviewed year-on-year. In the view of the Covid-19 pandemic, the outstanding trade receivables were monitored bi-weekly, taking a close look at the evolution of the Days Sales Outstanding (DSO). As the DSO decreased per 31 December 2020 compared to last year and there were no indicators for an increased bad debt risk, no extra general allowance has been put in place in 2020.

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 € 200 million (2019: € 200 million) at floating interest rates with fixed margins. At year-end, nothing was outstanding under these facilities (2019: nil). In addition, the Group has a commercial paper and medium-term note program available for a maximum of € 123.9 million (2019: € 123.9 million). At the end of 2020, no commercial paper notes were outstanding (2019: nil). At year-end, no external bank debt was subject to debt covenants (2019: nil). The Group has discounted outstanding receivables per 31 December 2020 for a total amount of € 145.3 million (2019: € 121.3 million) under its existing factoring agreements. In 2020, the Group has entered into new factoring agreements in Indonesia and China under which at the end of 2020, € 7.0 million was withdrawn. Under these agreements, substantially all risks and rewards of ownership of the receivables are transferred to the factor. As a consequence, at the end of 2020, the factored receivables are derecognized.

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.

2019 in thousands of €	**2020**	**2021**	**2022-2024**	**2025 and thereafter**
Financial liabilities - principal				
Trade payables	*-652 384*	*-*	*-*	*-*
Other payables	*-7 375*	*-150*	*-*	*-*
Interest-bearing debt	*-427 578*	*-452 771*	*-349 021*	*-416 826*
Derivatives - gross settled	*-196 609*	*-*	*-4 930*	*-*
Financial liabilities - interests				
Trade and other payables	*-*	*-*	*-*	*-*
Interest-bearing debt	*-24 786*	*-13 917*	*-35 708*	*-13 895*
Derivatives - net settled	*-596*	*-809*	*-982*	*-21*
Derivatives - gross settled	*-5 150*	*-539*	*-581*	*-*
Total undiscounted cash flow	**-1 314 478**	**-468 186**	**-391 222**	**-430 742**

2020 in thousands of €	**2021**	**2022**	**2023-2025**	**2026 and thereafter**
Financial liabilities - principal				
Trade payables	*-668 422*	*-*	*-*	*-*
Other payables	*-9 939*	*-150*	*-*	*-*
Interest-bearing debt	*-649 314*	*-42 990*	*-490 011*	*-450 037*
Derivatives - gross settled	*-103 678*	*-18 530*	*-*	*-*
Financial liabilities - interests				
Trade and other payables	*-*	*-*	*-*	*-*
Interest-bearing debt	*-24 001*	*-18 041*	*-45 128*	*-17 087*
Derivatives - net settled	*-348*	*-348*	*-609*	*-*
Derivatives - gross settled	*-2 825*	*-2 059*	*-*	*-*
Total undiscounted cash flow	**-1 458 527**	**-82 118**	**-535 748**	**-467 124**

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

The Group did not apply hedge accounting in 2020 (2019: none) so there were no fair value hedges nor cash flow hedges in 2020 (2019: none).

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. The Group entered into interest-rate swaps for € 196.5 million to hedge the Schuldschein loans with floating interest rates (2019: € 196.5 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 € 0.03 million at 31 December 2020 (2019: € 0.1 million), as a result of which a gain of € 0.1 million was recognized in other financial income (2019: a gain of € 0.1 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 € 10.7 million (2019: € 10.4 million).
» In June 2019, the Group entered into a renewable energy Virtual Power Purchase Agreement (VPPA) for a wind generation facility located in North America. The characteristics of the contract are such that the VPPA constitutes a derivative in accordance with IFRS 9. The fair value of the derivative amounted to € 3.2 million at 31 December 2020 (2019: € 2.5 million), as a result of which a gain of € 1.0 million was recognized in other financial income.

Derivatives

The following table analyzes the notional amounts of the derivatives according to their maturity date. In the case that derivatives are designated for hedge accounting as set out in IFRS 9, a distinction will be made depending on whether these are part of a fair value hedge (FVH) or cash flow hedge (CFH). At 31 December 2020, Bekaert does not apply hedge accounting:

2019 in thousands of €	**Due within one year**	**Due between one and 5 years**	**Due after more than 5 years**
Held for trading			
Forward exchange contracts	192 025	-	-
Interest-rate swaps	-	196 500	-
Cross-currency interest-rate swaps	312 895	4 930	-
Conversion derivative	-	380 000	-
Total	**504 920**	**581 430**	**-**

2020 in thousands of €	**Due within one year**	**Due between one and 5 years**	**Due after more than 5 years**
Held for trading			
Forward exchange contracts	71 063	-	-
Interest-rate swaps	-	196 500	-
Cross-currency interest-rate swaps	108 665	18 530	-
Conversion derivative	380 000	-	-
Total	**559 728**	**215 030**	**-**

The following table summarizes the fair values of the various derivatives carried. In the case that derivatives are designated for hedge accounting as set out in IFRS 9, a distinction will be made depending on whether these are part of a fair value hedge (FVH) or cash flow hedge (CFH). At 31 December 2020, Bekaert does not apply hedge accounting:

Fair value of current and non-current derivatives in thousands of €	**Assets**		**Liabilities**	
	2019	**2020**	**2019**	**2020**
Financial instruments				
Held for trading				
Forward exchange contracts	1 602	570	1 424	1 618
Interest-rate swaps	-	-	496	1 081
Cross-currency interest-rate swaps	3 902	5 264	197	234
Conversion derivative	-	-	115	34
Other derivative financial assets	2 492	3 178	-	-
Total	**7 997**	**9 012**	**2 231**	**2 967**
Non-current	3 374	3 762	610	1 081
Current	4 623	5 250	1 621	1 885
Total	**7 997**	**9 012**	**2 231**	**2 967**

In 2020, the other derivative financial assets related to the VPPA derivative for € 3.2 million (2019: € 2.5 million).

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 some 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**	
	2019	**2020**	**2019**	**2020**
Total derivatives recognized in balance sheet	7 997	9 012	2 231	2 967
Enforceable netting	-197	-234	-197	-234
Net amounts	**7 800**	**8 778**	**2 034**	**2 733**

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 IFRS 9 categories:

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 IFRS 9**	**31 December 2019** **Carrying amount**	**31 December 2019** **Fair value**	**31 December 2020** **Carrying amount**	**31 December 2020** **Fair value**
Assets					
Non-current financial assets					
- Financial & other receivables and cash guarantees	AC	9 026	9 026	10 365	10 365
- Equity investments	FVTOCI/Eq	13 152	13 152	13 372	13 372
- Derivatives					
- Held for trading	FVTPL/Mnd	3 374	3 374	3 762	3 762
Current financial assets					
- Financial receivables and cash guarantees	AC	8 779	8 779	7 707	7 707
- Cash and cash equivalents	AC	566 176	566 176	940 416	940 416
- Short term deposits	AC	50 039	50 039	50 077	50 077
- Trade receivables	AC	644 908	644 908	587 619	587 619
- Bills of exchange received	AC	59 904	59 904	54 039	54 039
- Other current assets					
- Other receivables	AC	17 831	17 831	17 830	17 830
- Derivatives					
- Held for trading	FVTPL/Mnd	4 623	4 623	5 250	5 250
Liabilities					
Non-current interest-bearing debt					
- Lease liabilities	AC	68 525	68 525	60 760	60 760
- Cash guarantees received	AC	-	-	171	171
- Credit institutions	AC	232 019	232 019	187 511	187 511
- Schuldschein loans	AC	319 368	319 368	319 635	319 635
- Bonds	AC	564 399	567 749	400 000	401 693
Current interest-bearing debt					
- Lease liabilities	AC	19 728	19 728	19 746	19 746
- Credit institutions	AC	358 843	358 843	246 817	246 817
- Bonds	AC	45 614	46 523	375 092	377 929
Other non-current liabilities					
- Conversion option	HfT	115	115	-	-
- Other derivatives	HfT	-	-	1 081	1 081
- Other payables	AC	150	150	150	150
Trade payables	AC	652 384	652 384	668 422	668 422
Other current liabilities					
- Conversion option	HfT	-	-	34	34
- Other payables	AC	26 165	26 165	25 621	25 621
- Derivatives					
- Held for trading	HfT	2 116	2 116	1 851	1 851
Aggregated by category in accordance with IFRS 9					
Financial assets	AC	1 356 662	1 356 662	1 668 053	1 668 053
	FVTOCI/Eq	13 152	13 152	13 372	13 372
	FVTPL/Mnd	7 997	7 997	9 012	9 012
Financial liabilities	AC	2 287 195	2 291 454	2 303 925	2 308 454
	HfT	2 231	2 231	2 967	2 967
	FVTPL	-	-	-	-

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 6.6. '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. At the end of 2020, Bekaert had two financial instruments for which the fair value measurement can be characterized as 'level 3' : (1) the share conversion option in the convertible bond and (2) the VPPA agreement. 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). Secondly, the fair value of the VPPA contract is determined using a Monte Carlo valuation model. The main factors determining the fair value of the VPPA agreement are the discount rate (level 2), the estimated energy output based on wind studies in the area and the off-peak/on-peak price volatility (level 3).

Convertible bond issued in 2016	**Issue date**	**31 December 2018**	**31 December 2019**	**31 December 2020**
Level 1 inputs				
Share price	€ 37.97	€ 21.06	€ 26.50	€ 27.16
Level 2 inputs				
Reference swap rate	0.03%	-0.13%	-0.31%	-0.54%
Level 3 inputs				
Volatility	29.00%	22.00%	22.00%	33.90%
Credit spread	225 bps	200 bps	190 bps	175 bps
Outcome of the model (in thousands of €)				
Fair value of the convertible debt	380 000	363 432	371 564	377 963
Fair value of the plain vanilla debt	339 509	363 212	371 449	377 929
Fair value of the conversion option	40 491	220	115	34

Derivative in VPPA arrangement	**31 December 2020**
Level 2 inputs	
Discount rate	Weighted average of investment grade corporate bond curves
Level 3 inputs	
Power forward sensitivity	Estimated on peak/off peak price forecasts
Production sensitivity	Based on wind studies in the area
Outcome of the model (in thousands of €)	
Fair value of the VPPA derivative	3 178

The carrying amount (i.e. the fair value) of the level-3 liabilities/(assets) has evolved as follows:

Level-3 Financial liabilities / (assets) in thousands of €	**2019**	**2020**
At 1 January	11 253	-2 378
Extinguished	-11 033	-
(Gain) / loss in fair value	-2 597	-766
At 31 December	-2 378	-3 144

Gains and losses in fair value are reported in other financial income and expenses.

The following table shows the sensitivity of the fair value calculation to the most significant level-3 inputs for the conversion option and the VPPA agreement.

Sensitivity analysis in thousands of €	**Change**	**Impact on conversion option**	
Volatility	3.5%	increase by	57
	-3.5%	decrease by	-27
Credit spread	25 bps	increase by	-
	-25 bps	decrease by	-

Sensitivity analysis in thousands of €	**Change**	**Impact on VPPA derivative**	
Power forward sensitivity	+10%	increase by	1 385
	-10%	decrease by	-1 385
Production sensitivity	+5%	increase by	407
	-5%	decrease by	-407

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:

2019 in thousands of €	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Derivative financial assets	-	*5 505*	*2 492*	*7 997*
Financial assets at fair value through OCI				
Equity investments	*5 745*	*7 407*	-	*13 152*
Total assets	**5 745**	**12 912**	**2 492**	**21 149**
Financial liabilities held for trading				
Conversion option	-	-	*115*	*115*
Other derivative financial liabilities	-	*2 116*	-	*2 116*
Total liabilities	**-**	**2 116**	**115**	**2 231**

2020 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	-	*5 834*	*3 178*	*9 012*
Equity instruments designated as at fair value through OCI				
Equity investments	*5 833*	*7 538*	-	*13 372*
Total assets	**5 833**	**13 372**	**3 178**	**22 384**
Financial liabilities held for trading				
Conversion option	-	-	*34*	*34*
Other derivative financial liabilities	-	*2 932*	-	*2 932*
Total liabilities	**-**	**2 932**	**34**	**2 967**

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 2019.

The capital structure of the Group consists of net debt, as defined in note 6.18. 'Interest-bearing debt', and equity (both attributable to equity holders of Bekaert and to non-controlling interests).

Gearing ratio

The Group's Audit, Risk 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,
  - cash collection actions;
  - better aligned payment terms;
  - optimized factoring usage,
- strict control of capital expenditure;
- active business portfolio management, including M&A and divestments.

Gearing in thousands of €	**2019**	**2020**
Net debt	976 984	604 081
Equity	1 531 540	1 535 055
Net debt to equity ratio	**63.8%**	**39.4%**

7.3. Contingencies, commitments, secured liabilities and assets pledged as security

As at 31 December, the important contingencies and commitments were:

in thousands of €	2019	2020
Contingent liabilities	8 830	12 105
Commitments to purchase fixed assets	50 072	45 690
Commitments to invest in venture capital funds	10 835	8 246

At year-end 2020, there were no outstanding bank guarantees linked to environmental obligations.

Apart from the leases, there are no restrictions to realize assets or settle liabilities. The lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default. The contingencies, commitments and assets pledged as security in joint ventures are disclosed in note 6.5.'Investments in joint ventures and associates'.

7.4. 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 €	**2019**	**2020**
Sales of goods	17 377	12 117
Purchases of goods	23 998	18 621
Services rendered	282	177
Royalties and management fees received	12 944	10 074
Interest and similar income	-	1
Dividends received	19 439	24 706

Outstanding balances with joint ventures in thousands of €	**2019**	**2020**
Non-current receivables	24	-
Trade receivables	5 817	4 554
Other current receivables	1 499	2 060
Trade payables	5 134	4 271
Other current payables	-	1 181

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 €	**2019**	**2020**
Number of persons	34	34
Short-term employee benefits		
Basic remuneration	*7 607*	*7 621*
Variable remuneration	*792*	*3 103*
Remuneration as directors of subsidiaries	*596*	*563*
Post-employment benefits		
Defined-benefit pension plans	*517*	*419*
Defined-contribution pension plans	*721*	*1 276*
Share-based payment benefits	4 991	6 280
Total gross remuneration	**15 224**	**19 262**
Average gross remuneration per person	448	567
Number of performance share units granted (cash-settled and equity-settled)	156 026	156 021
Number of matching share units acquired	-	10 766
Number of shares granted	13 787	23 475

The disclosures relating to the Belgian Corporate Governance Code are included in the Corporate Governance Statement of this annual report.

7.5. Events after the balance sheet date

» A grant of 144 708 equity settled performance share units was made on 15 January 2021 under the terms of the PSP 2018-2020 Performance Share Plan. The granted performance share units represented a fair value of € 4.2 million.

» A grant of 43 804 cash settled performance share units was made on 15 January 2021 under the terms of the PSU 2018-2020 Performance Share Plan. The granted performance share units represented a fair value of € 1.3 million.

» Since 1 January 2021, a total of 186 108 treasury shares have been disposed of following the exercise of stock options under the stock option plans SOP 2010-2014 and SOP 2015-2017.

» As part of this global approach and of the strategy of Bridon-Bekaert Ropes Group (BBRG) to improve its operational footprint, on 5 January 2021 the Company announced to consolidate the North American ropes platform in the US and phase out the production activities in Pointe-Claire, Canada, by the end of May 2021. The impairment losses and lay off costs will be offset by the gain on the disposal of the assets.

» On 4 December 2020, Bekaert announced the intention to reorganize the global engineering activities, several functional department areas serving the Group's global or local business needs, and a number of support and technical roles in the production plants in Zwevegem. The relevant information and consultation phase was formally closed on 4 March 2021, after which the development and negotiation of the dismissal terms were started up.

7.6. Services provided by the statutory auditor and related persons

During 2020, the statutory auditor and persons professionally related to him performed additional services for fees amounting to € 1 044 806.

These fees essentially relate to further assurance services (€ 53 200), tax advisory services (€ 771 136) and other non-audit services (€ 220 470). The additional services were approved by the Audit, Risk and Finance Committee.

The audit fees for NV Bekaert SA and its subsidiaries amounted to € 2 171 941.

7.7. Subsidiaries, joint ventures and associates

Companies forming part of the Group as at 31 December 2020

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	100
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
Grating Perú S.A.C.	Lima, Peru	USD	38
Ideal Alambrec SA	Quito, Ecuador	USD	58
Industrias Chilenas de Alambre - Inchalam SA	Talcahuano, Chile	CLP	52
Prodimin SAC	Lima, Peru	USD	38
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	USD	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 (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 (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, Vietnam	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 Gesellschaft mbH	Vienna, Austria	EUR	100
Bekaert GmbH	Neu-Anspach, Germany	EUR	100
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 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
Prodalam SA	Santiago, Chile	CLP	52
Prodicom Selva SAC	Ucayali, Peru	USD	38
Specialty Films de Services Company SA de CV	Monterrey, Mexico	MXN	100
Asia Pacific			
Bekaert Architectural Design Consulting (Shanghai) Co Ltd	Shanghai, China	CNY	100
Bekaert Japan Co Ltd	Tokyo, Japan	JPY	100
Bekaert Korea Ltd	Seoul, South-Korea	KRW	100
Bekaert Malaysia Sdn Bhd	Kuala Lumpur, Malaysia	MYR	100
Bekaert Management (Shanghai) Co Ltd	Shanghai, China	CNY	100
Bekaert Shah Alam Sdn Bhd	Kuala Lumpur, Malaysia	MYR	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	Mayfield East, 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
Bridon (South East Asia) Ltd	Hong Kong, China	HKD	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	Santiago, Chile	CLP	100
BBRG Finance (UK) 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	Zwevegem, Belgium	EUR	100
Bridon-Bekaert Ropes Group Ltd	Doncaster, United Kingdom	EUR	100
Bridon Holdings Ltd	Doncaster, United Kingdom	GBP	100
Bridon Ltd	Doncaster, United Kingdom	GBP	100
Industrias Acmanet Ltda	Talcahuano, Chile	CLP	52
Inversiones Bekaert Andean Ropes SA	Santiago, Chile	CLP	100
InverVicson SA	Valencia, Venezuela	USD	80
Procercos SA	Talcahuano, Chile	CLP	52

Joint ventures

Industrial companies	*Address*	*FC[1]*	*%[2]*
Latin America			
Agro-Bekaert Colombia SAS	Malambo - Atlántico, Colombia	COP	40
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

Financial companies	*Address*	*FC[1]*	*%[2]*
EMEA			
Agro - Bekaert Springs SL	Burgos, Spain	EUR	40

[1] Functional currency
[2] Financial interest percentage

Changes in 2020

1. New investments

Joint ventures	*Address*	*%*[1]
Agro-Bekaert Colombia SAS	Malambo – Atlántico, Colombia	40

2. Subsidiaries acquired through business combinations

Subsidiaries	*Address*	*%*[1]
Grating Perú S.A.C.	Lima, Peru	38

3. Changes in ownership without change in control

Subsidiaries	*Address*	*%*[1]
Bekaert Slatina SRL	Slatina, Romania	From 80 to 100

4. Name changes

New name	*Former name*
Bekaert Coördinatiecentrum NV	Bekaert Coördinatiecentrum
Bekaert Malaysia Sdn Bhd	Bekaert Ipoh Sdn Bhd
Bekintex NV	Bekintex

5. Liquidated

Companies	*Address*
Bekaert Maccaferri Underground Solutions BV	Aalst (Erembodegem), Belgium
Bridon Ropes NV/SA	Zwevegem, Belgium

6. Active proposal to strike off

Companies	*Address*
BBRG Holding (UK) Ltd	Doncaster, United Kingdom
BBRG Operations (UK) Ltd	Doncaster, United Kingdom
BBRG Production (UK) Ltd	Doncaster, United Kingdom
BBRG (Purchaser) Ltd	Doncaster, United Kingdom
BBRG (Subsidiary) Ltd	Doncaster, United Kingdom
Bridon-Bekaert Ropes Group (UK) 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 Wire Rope Industry NV	BTW BE 0550.983.358 RPR Gent, division Kortrijk
Bekintex NV	BTW BE 0452.746.609 RPR Gent, division Dendermonde
NV Bekaert SA	BTW BE 0405.388.536 RPR Gent, division Kortrijk
Scheldestroom NV	BTW BE 0403.676.188 RPR Gent, division Kortrijk

[1] *Financial interest percentage*

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	2019	2020
Sales	319 403	281 052
Operating result before non-recurring items	-2 950	-14 004
Non-recurring operational items	386	-3 430
Operating result after non-recurring items	-2 564	-17 434
Financial result before non-recurring items	101 126	1 763
Non-recurring financial items	-40 472	-73 711
Financial result after non-recurring items	60 654	-71 947
Profit before income taxes	58 089	-89 381
Income taxes	3 237	2 492
Result for the period	**61 327**	**-86 890**

Condensed balance sheet after profit appropriation

in thousands of € - 31 December	2019	2020
Fixed assets	**2 167 321**	**2 000 915**
Formation expenses, intangible fixed assets	76 888	66 449
Tangible fixed assets	40 577	32 588
Financial fixed assets	2 049 856	1 901 878
Current assets	**322 614**	**461 406**
Total assets	**2 489 935**	**2 462 321**
Shareholders' equity	**1 100 900**	**957 368**
Share capital	177 793	177 812
Share premium	37 751	37 884
Revaluation surplus	1 995	1 995
Statutory reserve	17 779	17 779
Unavailable reserve	102 636	103 467
Reserves available for distribution, retained earnings	762 945	618 430
Provisions and deferred taxes	**56 887**	**77 510**
Creditors	**1 332 148**	**1 427 443**
Amounts payable after one year	1 025 650	845 650
Amounts payable within one year	306 498	581 793
Total equity and liabilities	**2 489 935**	**2 462 321**

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 € 281.1 million, a decrease of -12% compared to 2019. The operating loss before non-recurring items was € -14.0 million, compared with a loss of € -3.0 million last year. The decrease of the operating result was a combined effect of lower sales volumes and costs from the announcement of the restructuring in 2020.

Non-recurring items included in the operating result amounted to € -3.4 million in 2020 (mainly accelerated depreciation and realisation of tangible fixed assets), compared to € 0.4 million last year.

The financial result before non-recurring items was € 1.8 million compared to € 101.1 million last year. The lower dividend income in 2020 was the main element explaining this evolution.

The non-recurring financial items amounted to € -73.7 million in 2020, against € -40.5 million in the previous year, which was mainly driven by write-downs on portfolio.

The income taxes of € 2.5 million were positive due to tax credit receivable on intangible fixed assets, similar to last year.

This led to a result for the period of € -86.9 million compared with € 61.3 million in 2019.

Environmental programs

The provisions for environmental programs decreased to € 17.2 million (2019: € 17.8 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 2020, the Company did not receive any transparency notifications. On 31 December 2020, the total number of securities conferring voting rights was 60 414 841.

Detailed information can be found on: www.bekaert.com/other-regulated-information.

Proposed appropriation of NV Bekaert SA 2020 result

The after-tax result for the year was € -86 889 620 compared with € 61 326 822 for the previous year.

The Board of Directors has proposed that the Annual General Meeting to be held on 12 May 2021 appropriate the above result as follows:

	in €
Result of the year to be appropriated	-86 889 620
Transfer from reserves	143 684 803
Profit for distribution	**56 795 183**

The Board of Directors has proposed that the Annual General Meeting approve the distribution of a gross dividend of € 1.00 per share (2019: € 0.35 per share).

The dividend will be payable in euros on 14 May 2021 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 independent Directors Henriette Fenger Ellekrog and Eriikka Söderström will expire at the Annual General Meeting of Shareholders of 12 May 2021.

The Board of Directors proposes that the General Meeting:

» re-appoints Henriette Fenger Ellekrog as independent Director for a term of four years, up to and including the Annual General Meeting to be held in 2025;
» re-appoints Eriikka Söderström as independent Director for a term of four years, up to and including the Annual General Meeting to be held in 2025.

AUDITOR'S REPORT

NV Bekaert SA | 31 December 2020

Statutory auditor's report to the shareholders' meeting of NV Bekaert SA for the year ended 31 December 2020 - 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 8 May 2019, in accordance with the proposal of the board of directors ("bestuursorgaan" / "organe d'administration") issued upon recommendation of the audit committee and presentation of the works council. Our mandate expires on the date of the shareholders' meeting deliberating on the annual accounts for the year ending 31 December 2020, in view of Article 41 of EU Regulation nr. 537/2014 that states that as from 17 June 2020, an audit mandate can no longer be prolonged for those audit mandates running 20 years or more at the date of entry into force of the regulation. 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 24 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 2020, the consolidated income statement, the consolidated income 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 4 288 100 (000) EUR and the consolidated statement of comprehensive income shows a profit for the year then ended of 148 037 (000) 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 2020 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 2020, 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 judgement in making estimates of cash flow projections, sales growth, margin evolution and the discount rate. 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 the 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 budgeting accuracy of management. Moreover, we specifically focused on the sensitivity in the available headroom of BBRG's cash-generating unit 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 considering 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 relating adjustments in this respect in accordance with IFRS 10 including, amongst others, the reclassification to income statement of the translation adjustment. 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.	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 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.

The group disclosed the outcome of this evaluation in 3.1 and note 6.14 to the consolidated financial statements.	
Income taxes payable – Uncertain tax positions Uncertain tax positions recognized as income taxes payable amount to 31,7 million EUR as at 31 December 2020. 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 judgement of the probable amount of the liability. Management exercises judgement in assessing the level of accruals for uncertain tax positions. The group disclosed the outcome of its assessment in note 3.2 and 6.21 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 judgement 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 judgement 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 124,2 million EUR. The group 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 judgemental and requires careful consideration of the expected future market and economic conditions. The group disclosed deferred tax assets in note 5.6 and 6.7 of the consolidated financial statements.	As part of our audit procedures, we assessed and challenged management's assumptions to determine the probability to recover the recognized deferred tax assets 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.

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. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

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 the use of the going concern basis of accounting by the board of directors 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 on 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 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 3:32 of the Code of companies and associations.

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 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 3:32, § 2 of the Code of companies and associations, 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 3:32, § 2 of the Code of companies and associations 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 3:80 § 1, 5° of the Code of companies and associations 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 3:65 of the Code of companies and associations, 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.

Signed at Gent.

The statutory auditor

Digitally signed by
Charlotte Vanrobaeys
DocuSign
Signed By: Charlotte Vanrobaeys (Signature)
Signing Time: 25-Mar-21 | 11:46 CET
C: BE
Issuer: Citizen CA
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Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Charlotte Vanrobaeys

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Envelope Sent	Hashed/Encrypted	25-Mar-21 | 11:42

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Payment Events	Status	Timestamps

As of end of March 2021[1]

Bekaert Group Executive

Oswald Schmid[1]	Chief Executive Officer & Chief Operations Officer
Juan Carlos Alonso	Chief Strategy Officer
Kersten Artenberg	Chief Human Resources Officer
Taoufiq Boussaid	Chief Financial Officer
Arnaud Lesschaeve	Divisional CEO Rubber Reinforcement
Jun Liao[1]	Divisional CEO Specialty Businesses & country manager China
Curd Vandekerckhove	Divisional CEO BBRG
Stijn Vanneste	Divisional CEO Steel Wire Solutions

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
Lieven Larmuseau	Executive Vice President Strategy, Sales & Marketing Rubber Reinforcement
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 Building Products
Adam Touhig	Senior Vice President Rubber Reinforcement Asia
Gunter Van Craen	Chief Digital & Information Officer
Piet Van Riet	Executive Vice President Steel Wire Solutions South & Central America
Luc Vankemmelbeke	Senior Vice President Procurement
Geert Voet	Chief Operations Officer Ropes BBRG
Zhigao Yu	Senior Vice President Technology

Company Secretary

Isabelle Vander Vekens

Auditors

Deloitte Bedrijfsrevisoren

Communications & Investor relations

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The annual report for the 2020 financial year is available in English and Dutch on annualreport.bekaert.com

Editor & Coordination: Katelijn Bohez, VP Investor Relations & External Communications

[1] *On April 2021 Yves Kerstens will join Bekaert as Divisional CEO Specialty businesses and Chief Operations Officer and become a member of the BGE. Jun Liao will take up the role of China CEO and lead the China Transformation Office in addition to his current responsibilities as country manager for China.*

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 2020 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:

Oswald Schmid
Chief Executive Officer

Jürgen Tinggren
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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