

## 4. Segment reporting

The Group uses a geographical segmentation since this is the best enabler to evaluate the nature and financial effects of the business and to make stakeholders understand our business as a whole in a transparent way. The segmentation reflects the importance of the regions following from the company's global growth strategy.

The Company's regional businesses are typically characterized by common cost drivers, a product portfolio that is tailored to regional industry requirements, and specific distribution channels. They distinguish themselves in terms of political, economic and currency risks and in terms of geographic market trends and growth patterns. Adding to the relevance of the segmentation is the fact that the company sells the vast majority of its production volumes in the region where they are manufactured. According to IFRS 8, four reporting segments have been defined, reflecting the company's presence in four main regions:

- 1) EMEA – Europe, Middle-East and Africa: 33% of consolidated sales (2012: 30%)
- 2) North America: 17% of consolidated sales (2012: 19%)
- 3) Latin America: 20% of consolidated sales (2012: 24%)
- 4) Asia Pacific: 30% of consolidated sales (2012: 27%)

### Key data by reporting segment

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

2013		North	Latin	Asia	Group &	Reconcilia-	Consoli-
in thousands of €	EMEA	America	America	Pacific	Business support	tions	dated
Net sales	1 040 171	547 700	644 619	953 138	-	-	3 185 628
Operating result before non-recurring items (REBIT)	87 930	18 603	44 045	77 303	-71 422	9 458	165 917
Non-recurring items	-3 166	-10 896	-40	-4 091	-10 454	-	-28 647
<b>Operating result (EBIT)</b>	<b>84 764</b>	<b>7 707</b>	<b>44 005</b>	<b>73 212</b>	<b>-81 876</b>	<b>9 458</b>	<b>137 270</b>
Depreciation and amortization	46 730	12 190	19 413	75 154	11 188	-13 604	151 071
Impairment losses	1 370	2 153	182	4 945	-	-	8 650
<b>EBITDA</b>	<b>132 864</b>	<b>22 050</b>	<b>63 600</b>	<b>153 311</b>	<b>-70 688</b>	<b>-4 146</b>	<b>296 991</b>
Segment assets	716 289	244 956	407 301	1 220 697	156 452	-164 351	2 581 344
Unallocated assets	-	-	-	-	-	799 113	799 113
<b>Total assets</b>	<b>716 289</b>	<b>244 956</b>	<b>407 301</b>	<b>1 220 697</b>	<b>156 452</b>	<b>634 762</b>	<b>3 380 457</b>
Segment liabilities	188 219	57 586	76 162	133 792	79 155	-72 876	462 038
Unallocated liabilities	-	-	-	-	-	1 414 543	1 414 543
<b>Total liabilities</b>	<b>188 219</b>	<b>57 586</b>	<b>76 162</b>	<b>133 792</b>	<b>79 155</b>	<b>1 341 667</b>	<b>1 876 581</b>
Capital employed	528 070	187 370	331 139	1 086 905	77 297	-91 475	2 119 306
Average capital employed	554 379	202 847	356 900	1 151 915	76 522	-95 366	2 247 196
Return on average capital employed (ROCE) <sup>2</sup>	15.3%	3.8%	12.3%	6.4%	-	-	6.1%
Capital expenditure – PP&E	25 699	8 567	18 157	46 531	22 471	-26 788	94 637
Capital expenditure – intangible assets	1 114	-	464	214	484	-100	2 176
Share in the results of joint ventures and associates	15	-	30 041	188	-	-	30 244
Investments in joint ventures and associates	102	-	144 534	11 202	-	-	155 838
Number of employees (year-end) <sup>3</sup>	5 146	1 547	3 998	9 389	1 710	-	21 790
<b>2012</b>		<b>North</b>	<b>Latin</b>	<b>Asia</b>	<b>Group &amp;</b>	<b>Reconcilia-</b>	<b>Consoli-</b>
in thousands of €	<b>EMEA</b>	<b>America</b>	<b>America</b>	<b>Pacific</b>	<b>Business support<sup>1</sup></b>	<b>tions</b>	<b>dated<sup>1</sup></b>
Net sales	1 044 090	658 855	812 293	945 386	-	-	3 460 624
Operating result before non-recurring items (REBIT)	63 278	29 508	63 534	37 171	-79 254	2 929	117 166
Non-recurring items	-74 600	-13 786	15 960	-69 849	-24 826	-	-167 101
<b>Operating result (EBIT)</b>	<b>-11 322</b>	<b>15 722</b>	<b>79 494</b>	<b>-32 678</b>	<b>-104 080</b>	<b>2 929</b>	<b>-49 935</b>
Depreciation and amortization	52 079	12 373	20 730	148 742	8 940	-13 761	229 103
Impairment losses	26 982	10 698	232	56 255	820	-	94 987
<b>EBITDA</b>	<b>67 739</b>	<b>38 793</b>	<b>100 456</b>	<b>172 319</b>	<b>-94 320</b>	<b>-10 832</b>	<b>274 155</b>
Segment assets	757 762	276 808	479 647	1 358 539	137 171	-191 697	2 818 230
Unallocated assets	-	-	-	-	-	849 468	849 468
<b>Total assets</b>	<b>757 762</b>	<b>276 808</b>	<b>479 647</b>	<b>1 358 539</b>	<b>137 171</b>	<b>657 771</b>	<b>3 667 698</b>
Segment liabilities	177 075	58 485	96 986	141 614	61 425	-92 441	443 144
Unallocated liabilities	-	-	-	-	-	1 620 961	1 620 961
<b>Total liabilities</b>	<b>177 075</b>	<b>58 485</b>	<b>96 986</b>	<b>141 614</b>	<b>61 425</b>	<b>1 528 520</b>	<b>2 064 105</b>
Capital employed	580 687	218 323	382 661	1 216 925	75 746	-99 256	2 375 086
Average capital employed	626 220	219 307	278 537	1 353 146	95 959	-101 534	2 471 634
Return on average capital employed (ROCE) <sup>2</sup>	-1.8%	7.2%	28.5%	-2.4%	-	-	-2.0%
Capital expenditure – PP&E	38 965	10 013	29 418	48 267	5 666	-8 973	123 356
Capital expenditure – intangible assets	1 737	304	161	3 132	573	-1 921	3 986
Share in the results of joint ventures and associates	33	-	16 275	-5 925	-	-	10 383
Investments in joint ventures and associates	102	-	155 754	11 739	-	-	167 595
Number of employees (year-end) <sup>3</sup>	5 159	1 627	3 986	9 984	1 793	-	22 549

<sup>1</sup> Restated, see note 7.9. 'Restatement effects'.

<sup>2</sup> ROCE: Operating result (EBIT) relative to average capital employed.

<sup>3</sup> Number of employees: full-time equivalents.

Following table provides more information on the amounts presented as 'Reconciliations' in the previous table:

Reconciliations in thousands of €	2012	2013
<b>Operating result (EBIT)</b>		
Intangible assets	102	-10
PP&E	-6 582	-6 808
Inventories	-4 352	2 672
<b>Intersegment margin eliminations</b>	<b>-10 832</b>	<b>-4 146</b>
Intangible assets	-4	-4
PP&E	-13 757	-13 600
<b>Depreciation and amortization relating to intersegment margin eliminations</b>	<b>-13 761</b>	<b>-13 604</b>
Intangible assets	106	-6
PP&E	7 175	6 792
Inventories	-4 352	2 672
<b>EBIT: intersegment elimination minus related depreciation &amp; amortization</b>	<b>2 929</b>	<b>9 458</b>
<b>Segment assets</b>		
Intangible assets	-340	-346
PP&E	-92 005	-86 876
Inventories	-6 911	-4 253
Trade receivables	-92 144	-72 863
Advances paid	-297	-13
<b>Intersegment eliminations on capital employed assets</b>	<b>-191 697</b>	<b>-164 351</b>
<b>Unallocated assets</b>		
<b>Other assets than capital employed elements</b>	<b>849 468</b>	<b>799 113</b>
<b>Segment liabilities</b>		
Trade payables	-92 139	-72 863
Advances received	-302	-13
<b>Intersegment eliminations on capital employed liabilities</b>	<b>-92 441</b>	<b>-72 876</b>
<b>Unallocated liabilities</b>		
<b>Other liabilities than capital employed elements</b>	<b>1 620 961</b>	<b>1 414 543</b>
<b>Capital employed</b>		
Segment assets eliminations	-191 697	-164 351
- Segment liabilities eliminations	92 441	72 876
<b>Intersegment eliminations on capital employed elements</b>	<b>-99 256</b>	<b>-91 475</b>
<b>Capex PP&amp;E</b>		
Intersegment margin eliminations on PP&E	-8 973	-26 788
<b>Capex PP&amp;E adjustments</b>	<b>-8 973</b>	<b>-26 788</b>
<b>Capex Intangible assets</b>		
Intersegment margin eliminations on intangible assets	-1 921	-100
<b>Capex Intangible assets adjustments</b>	<b>-1 921</b>	<b>-100</b>

## Revenue by product application

in thousands of €	2012	2013	Variance (%)
<b>Net sales</b>			
<i>Rubber reinforcement products</i>	1 337 188	1 206 510	-9.8%
<i>Other steel wire products</i>	1 927 321	1 788 174	-7.2%
<i>Stainless products</i>	178 973	180 634	0.9%
<i>Coating products &amp; other</i>	17 142	10 310	-39.9%
<b>Total</b>	<b>3 460 624</b>	<b>3 185 628</b>	<b>-7.9%</b>

Rubber reinforcement products include tire cord, bead wire, hose reinforcement wire, belt cord and steel cord fabric. Other steel wire products include industrial steel wires, specialty steel wires, building products, ropes and sawing wire. Stainless products include stainless wires, fibers, advanced filtration products and combustion products for heating, drying and flaring. The Advanced Filtration activities were sold on 3 December 2013 and the Flaring activities were sold on 5 July 2012. Coating sales have ceased completely since the sale of the Industrial Coating business on 2 April 2012.

All product groups are sold in all segments, except for coating products which – until disposal in April 2012 – were not sold in Latin America. The product mix is very similar in EMEA and North America, while in Asia Pacific rubber reinforcement products are predominant, whereas in Latin America other steel wire products make up the largest part of the business.

## Additional information by country

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

in thousands of €	2012	% of total	2013	% of total
Net sales from Belgium	273 034	8%	275 287	9%
Net sales from Chile	349 542	10%	307 099	10%
Net sales from China	697 796	20%	685 564	21%
Net sales from USA	560 964	16%	465 395	15%
Net sales from other countries	1 579 288	46%	1 452 283	45%
<b>Total net sales</b>	<b>3 460 624</b>	<b>100%</b>	<b>3 185 628</b>	<b>100%</b>
Non-current assets located in Belgium	101 660	7%	90 371	7%
Non-current assets located in Chile	111 128	8%	97 603	7%
Non-current assets located in China	627 064	42%	565 266	42%
Non-current assets located in USA	73 222	5%	66 684	5%
Non-current assets located in other countries	563 668	38%	506 546	39%
<b>Total non-current assets</b>	<b>1 476 742</b>	<b>100%</b>	<b>1 326 470</b>	<b>100%</b>