

4. Segment reporting

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

The following five reporting segments are presented:

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

In line with the organizational changes announced on 1 March 2019, Bekaert's segment reporting will be changed in 2019. The new segmentation will drive transparency into the business dynamics of each reporting unit and replace the previous geographic segmentation, to which Bridon-Bekaert Ropes Group had been added as a separate reporting segment. The Group's business units (BU) are characterized by BU-specific product and market profiles, industry trends, cost drivers, and technology needs tailored to specific industry requirements.

4.1. Key data by reporting segment

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

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

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

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

² Number of employees: full-time equivalents.

4.2. Revenue by product application

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

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

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

Additional information by country

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

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