

4. Segment reporting

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

The following four business units are presented:

1. Rubber Reinforcement (RR): 45% of consolidated third party sales (2018: 44%)
2. Steel Wire Solutions (SWS): 34% of consolidated third party sales (2018: 35%)
3. Specialty Businesses (SB): 10% of consolidated third party sales (2018: 10%)
4. Bridon-Bekaert Ropes Group (BBRG): 11% of consolidated third party sales (2018: 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

2018 in thousands of €	Rubber Reinforcement	Steel Wire Solutions	Specialty Businesses	BBRG	Group	Intersegment	Consolidated
Consolidated third party sales	1 907 805	1 497 073	410 782	463 325	26 285	-	4 305 269
Consolidated sales	1 939 390	1 554 509	425 190	465 879	146 235	-225 934	4 305 269
Operating result (EBIT)	152 406	58 953	-33 441	-20 006	-59 809	48 776	146 880
EBIT - Underlying	176 858	57 241	25 585	-6 908	-51 789	9 152	210 140
Depreciation and amortization	127 217	46 396	21 437	32 685	8 523	-18 085	218 173
Impairment losses	453	2 747	54 964	2 928	19	-39 659	21 452
EBITDA	280 075	108 096	42 961	15 608	-51 267	-8 968	386 505
Segment assets	1 701 181	1 012 034	299 174	560 839	118 179	-185 869	3 505 538
Unallocated assets							943 951
Total assets							4 449 489
Segment liabilities	337 057	331 529	81 011	120 439	119 271	-81 630	907 676
Unallocated liabilities							2 025 811
Total liabilities							2 933 487
Capital employed	1 364 125	680 505	218 163	440 400	-1 093	-104 239	2 597 862
Weighted average capital employed	1 374 262	672 683	225 271	452 744	37 295	-130 313	2 631 942
Return on weighted average capital employed (ROCE)	11.1%	8.8%	-14.8%	-4.4%	-	-	5.6%
Capital expenditure – PP&E	102 501	48 182	36 074	19 326	9 507	-17 462	198 127
Capital expenditure – intangible assets	2 339	109	161	531	1 828	-460	4 508
Share in the results of joint ventures and associates	4 878	19 997	-	-	-	-	24 875
Investments in joint ventures and associates	51 538	102 133	-	-	-	-	153 671
Number of employees (year-end) ¹	13 088	6 598	1 549	2 574	1 997	-	25 806

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 €	2018	% of total	2019	% of total
Consolidated third party sales				
from Belgium	360 186	8%	341 696	8%
from Chile	387 954	9%	385 282	9%
from China	855 857	20%	921 153	21%
from USA	696 724	16%	703 660	16%
from Slovakia	354 692	8%	343 124	8%
from other countries	1 649 856	39%	1 627 535	38%
Total third party consolidated sales	4 305 269	100%	4 322 450	100%
Selected non-current assets				
in Belgium	135 356	7%	137 619	7%
in Chile	94 270	5%	90 051	5%
in China	381 318	20%	342 611	18%
in USA	151 755	8%	139 802	7%
in Slovakia	147 182	8%	141 388	8%
in other countries	966 996	52%	1 017 952	55%
Total selected non-current assets	1 876 877	100%	1 869 423	100%

Bekaert's top 5 customers together represented 21% (2018: 21%) of the Group's total consolidated sales, while the next top 5 customers represented another 8% (2018: 8%) of the Group's total consolidated sales.