

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 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 (2014: 33%)
- 2) North America: 16% of consolidated sales (2014: 17%)
- 3) Latin America: 21% of consolidated sales (2014: 20%)
- 4) Asia Pacific: 30% of consolidated sales (2014: 30%)

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.

2015 in thousands of €	EMEA	North America	Latin America	Asia Pacific	Group & Business support	Reconcilia- tions	Consoli- dated
Net sales	1 227 350	593 013	764 464	1 086 254	-	-	3 671 081
Operating result before non-recurring items (REBIT)	138 963	19 604	45 799	82 275	-68 770	5 018	222 889
Non-recurring items	5 974	13 612	-593	-11 363	-10 399	-	-2 769
Operating result (EBIT)	144 937	33 216	45 206	70 912	-79 169	5 018	220 120
Depreciation and amortization	56 389	12 745	26 474	116 538	10 701	-14 446	208 401
Impairment losses	89	-	426	12 809	-62	-	13 262
Negative goodwill	-	-	-	-340	-	-	-340
EBITDA	201 415	45 961	72 106	199 919	-68 530	-9 428	441 443
Segment assets	883 520	334 539	582 091	1 269 072	148 149	-183 544	3 033 827
Unallocated assets	-	-	-	-	-	847 292	847 292
Total assets	883 520	334 539	582 091	1 269 072	148 149	663 748	3 881 119
Segment liabilities	223 960	68 157	113 251	172 526	94 808	-87 234	585 468
Unallocated liabilities	-	-	-	-	-	1 779 740	1 779 740
Total liabilities	223 960	68 157	113 251	172 526	94 808	1 692 506	2 365 208
Capital employed	659 560	266 382	468 840	1 096 546	53 341	-96 310	2 448 359
Weighted average capital employed	687 933	248 822	486 344	1 149 190	68 523	-108 536	2 532 276
Return on weighted average capital employed (ROCE) ¹	21.1%	13.3%	9.3%	6.2%	-	-	8.7%
Capital expenditure – PP&E	47 677	55 387	24 261	50 185	4 770	-11 578	170 702
Capital expenditure – intangible assets	3 783	22	478	440	1 145	-	5 868
Share in the results of joint ventures and associates	-	-	24 268	-5 948	-	-	18 320
Investments in joint ventures and associates	-	-	114 119	-	-	-	114 119
Number of employees (year-end) ²	6 584	1 496	4 452	9 403	1 731	-	23 666

2014 in thousands of €	EMEA	North America	Latin America	Asia Pacific	Group & Business support	Reconcilia- tions	Consoli- dated
Net sales	1 063 846	554 698	631 287	965 883	-	-	3 215 714
Operating result before non-recurring items (REBIT)	114 418	20 045	26 069	63 005	-60 987	1 857	164 407
Non-recurring items	1 816	7 882	7 944	-9 320	-1 475	-	6 847
Operating result (EBIT)	116 234	27 927	34 013	53 685	-62 462	1 857	171 254
Depreciation and amortization	43 883	9 476	16 739	93 906	14 545	-13 938	164 611
Impairment losses	4 974	226	-	11 762	-	-	16 962
Negative goodwill	-	-	-10 893	-	-	-	-10 893
EBITDA	165 091	37 629	39 859	159 353	-47 917	-12 081	341 934
Segment assets	876 913	302 759	620 126	1 282 277	159 738	-205 050	3 036 763
Unallocated assets	-	-	-	-	-	920 952	920 952
Total assets	876 913	302 759	620 126	1 282 277	159 738	715 902	3 957 715
Segment liabilities	210 683	68 607	111 746	143 744	76 165	-98 166	512 779
Unallocated liabilities	-	-	-	-	-	1 878 724	1 878 724
Total liabilities	210 683	68 607	111 746	143 744	76 165	1 780 558	2 391 503
Capital employed	666 230	234 152	508 380	1 138 533	83 573	-106 884	2 523 984
Weighted average capital employed	545 080	210 761	388 466	1 112 720	80 623	-99 180	2 238 470
Return on weighted average capital employed (ROCE) ¹	21.3%	13.3%	8.8%	4.8%	-	-	7.7%
Capital expenditure – PP&E	33 421	26 196	31 779	51 190	3 987	-13 789	132 784
Capital expenditure – intangible assets	33 237	-	1 987	1 882	846	-16 200	21 752
Share in the results of joint ventures and associates	-	-	26 386	-1 056	-	-	25 330
Investments in joint ventures and associates	-	-	144 697	11 037	-	-	155 734
Number of employees (year-end) ²	6 162	1 606	4 739	9 849	1 771	-	24 127

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

² 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 €	2014	2015
Operating result (EBIT)		
PP&E	-11 873	-10 642
Inventories	-208	1 214
Intersegment margin eliminations	-12 081	-9 428
Intangible assets	-6	-6
PP&E	-13 932	-14 440
Depreciation and amortization relating to intersegment margin eliminations	-13 938	-14 446
Intangible assets	6	6
PP&E	2 059	3 798
Inventories	-208	1 214
EBIT: intersegment elimination minus related depreciation & amortization	1 857	5 018
Segment assets		
Intangible assets	-16 540	-16 534
PP&E	-82 962	-75 203
Inventories	-6 336	-4 692
Trade receivables	-99 204	-87 115
Advances paid	-8	-
Intersegment eliminations on capital employed assets	-205 050	-183 544
Unallocated assets		
Other assets than capital employed elements	920 952	847 292
Segment liabilities		
Trade payables	-98 158	-87 115
Advances received	-8	-119
Intersegment eliminations on capital employed liabilities	-98 166	-87 234
Unallocated liabilities		
Other liabilities than capital employed elements	1 878 724	1 779 740
Capital employed		
Segment assets eliminations	-205 050	-183 544
- Segment liabilities eliminations	98 166	87 234
Intersegment eliminations on capital employed elements	-106 884	-96 310
Capex PP&E		
Intersegment margin eliminations on PP&E	-13 789	-11 578
Capex PP&E adjustments	-13 789	-11 578
Capex intangible assets		
Intersegment margin eliminations on intangible assets	-16 200	-
Capex intangible assets adjustments	-16 200	-

Revenue by product application

in thousands of €	2014	2015	Variance (%)
Net sales			
<i>Rubber reinforcement products</i>	1 205 565	1 503 081	24.7%
<i>Other steel wire products</i>	1 851 473	2 004 759	8.3%
<i>Stainless products</i>	143 494	153 257	6.8%
<i>Other</i>	15 182	9 984	-34.2%
Total	3 215 714	3 671 081	14.2%

Rubber reinforcement products include tire cord, bead wire and hose reinforcement wire. Other steel wire products include industrial steel wires, specialty steel wires (including stainless wires), building products, ropes and sawing wire. Stainless products include fibers and combustion products for heating and drying. In 2015, belt cord and steel cord fabric were moved from Rubber reinforcement products to Other steel wire products (ropes).

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

Additional information by country

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

in thousands of €	2014	% of total	2015	% of total
Net sales from Belgium	290 236	9%	326 590	9%
Net sales from Chile	282 441	9%	312 832	9%
Net sales from China	680 904	21%	746 433	20%
Net sales from USA	495 412	15%	536 905	15%
Net sales from Slovakia	263 140	8%	276 089	8%
Net sales from other countries	1 203 581	38%	1 472 232	39%
Total net sales	3 215 714	100%	3 671 081	100%
Non-current assets located in Belgium	108 678	7%	114 319	7%
Non-current assets located in Chile	100 852	7%	96 475	6%
Non-current assets located in China	581 896	38%	568 863	35%
Non-current assets located in USA	91 876	6%	137 566	8%
Non-current assets located in Slovakia	156 345	10%	151 732	9%
Non-current assets located in other countries	509 726	32%	566 646	35%
Total non-current assets	1 549 373	100%	1 635 601	100%