First Half Year Results 2015

31 July 2015

Matthew Taylor, Chief Executive Officer
Bruno Humblet, Chief Financial Officer

BEKAERT
better together

Address by Matthew Taylor

Chief Executive Officer

better together

Highlights first half 2015

- Consolidated sales of € 1.9 billion (+18%) and combined sales of € 2.3 billion (+14%)
- FX: € +174 mln (+11%) on consolidated sales; € +157 mln (+8%) on combined sales
- M&A: €+162 mln (+10%) on consolidated sales; € +153 mln (+8%) on combined sales
- Gross profit of € 304 million (16% margin) compared with € 257 million (16% margin)
- REBIT of € 112 million (5.9% margin) compared with € 100 million (6.2% margin)
- Non-recurring items of € -2.5 million compared with € +16.6 million
- EBIT of € 110 million (5.8% margin) compared with € 117 million (7.3% margin)
- REBITDA of € 219 million (11.5% margin) compared with € 180 million (11.2% margin)
- EPS: € 0.94 compared with € 1.33
- Net debt of € 1 023 million, versus € 673 million as at 30 June 2014 and € 853 million as at year-end 2014

BEKAERT
better together

Bekaert economic environment

- Global industrial environment was mixed with lower growth in the emerging markets while European and North American markets remain resilient.
- Overcapacity in the global steel market - mainly due to the slowdown in China - created competitive pressure in SEA and Latin America.
- Low commodity prices, mainly copper, and low oil prices negatively impact the economies in Latin America.
- Weaker euro helps to keep the volume momentum in EMEA.
- Lower oil prices continue to have a positive impact on the growth rate of automotive markets in EMEA and North America.

BEKAERT
better together

Business review

EMEA:

- Stable markets at strong level, driven by automotive and construction
- Oil and Gas sector was weak
- Successful integration of Pirelli tire cord plants
- Sustained focus on cost control and product portfolio optimization

North America:

- Strong demand in automotive but negative impact of the fire in the Rome plant
- Industrial wire segment continues to suffer from overcapacity and related low prices
- Oil and Gas sector very weak

Business review (2)

Latin America:

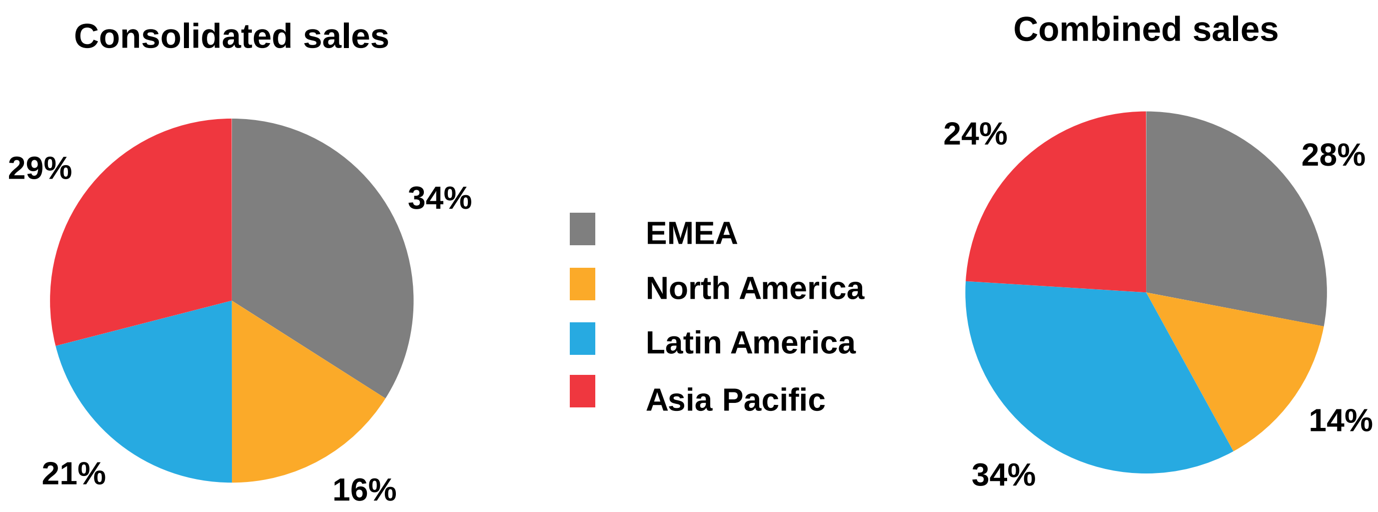
- Solid performance in weakening economic environment
- Stable to increasing market share
- Improved price-mix while pricing pressure from Chinese imports remains
- Brazil remained strong but saw important drop towards end of quarter 2
- Venezuela remains very uncertain

Asia Pacific:

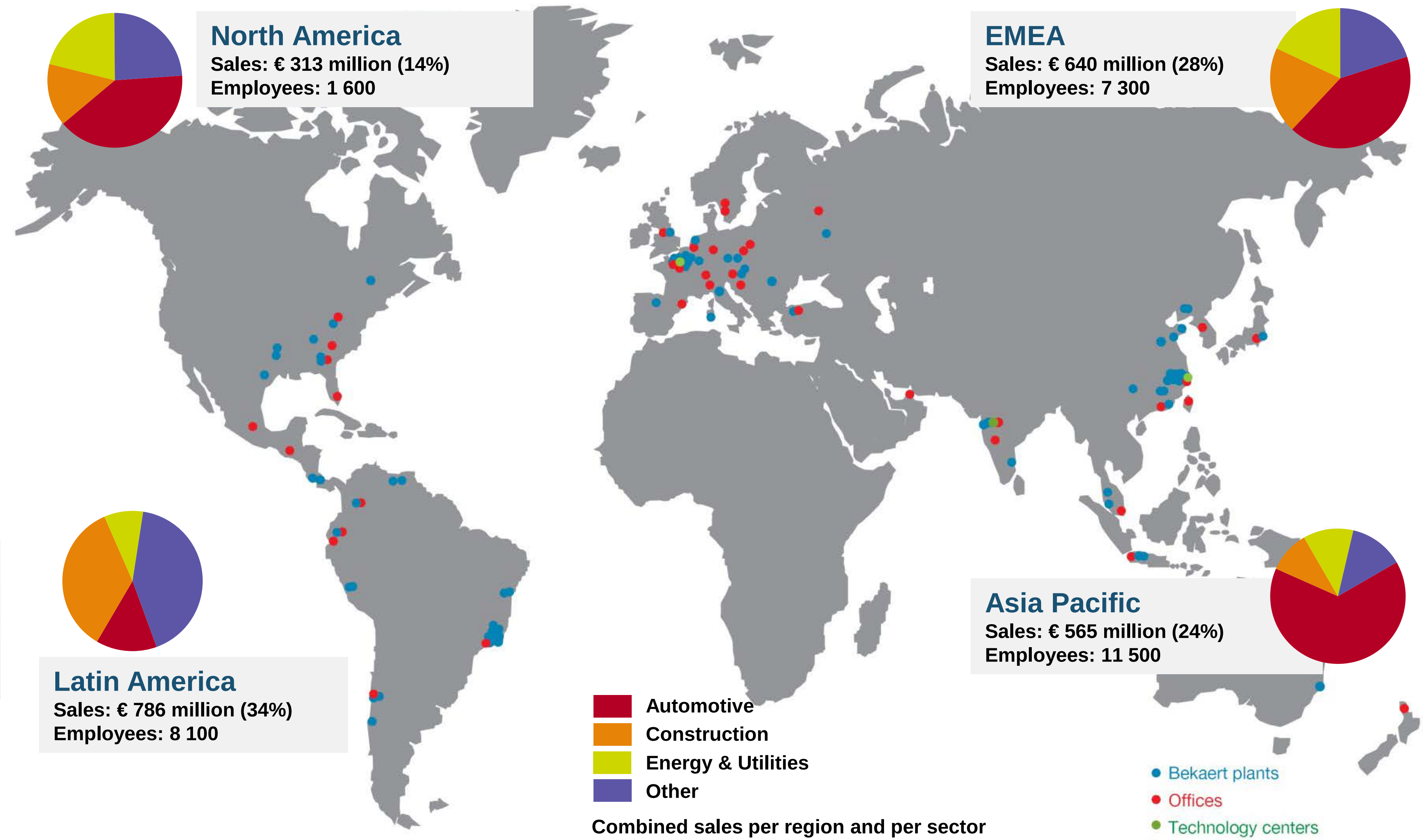
- Slowdown in China impacting all markets and prices
- Improved tire cord position in China after weak start
- Solid cash generation but prudency for potential bad debt
- Progress in turnaround of loss making facilities but more progress needed

Sales by segment

Half year 2015	Consolidated sales		Combined sales	
	In mio €	Variance	In mio €	Variance
EMEA	644	+16%	640	+17%
North America	313	+11%	313	+11%
Latin America	400	+36%	786	+13%
Asia Pacific	541	+13%	565	+13%
Total	1 897	+18%	2 304	+14%



Bekaert global presence



Combined sales per region and per sector

Address by Bruno Humblet

Chief Financial Officer

BEKAERT
better together

Consolidated income statement: key figures

(In mio €)	1H 2014	1H 2015
Sales	1 609	1 897
Cost of sales	(1 351)	(1 593)
Gross profit	**257**	**304**
Gross profit margin	16.0%	16.0%

- Sales increase of 18% reflects:
  - +10% from newly acquired entities (Pirelli tire cord and ropes Australia)
  - +11% exchange rate fluctuations (stronger USD and CNY)
  - - 4% lower wire rod prices
  - -3% organic volume decline
  - +4% improved mix effects
- Gross margin remains stable at 16%:
  - negative impact from price erosion on tire cord China, cost inflation and lower volume
  - fully offset by cost reductions and improved price-mix

Consolidated income statement: key figures

(In mio €)	1H 2014	1H 2015
Gross profit	**257**	**304**
Selling expenses	(68)	(83)
Administrative expenses	(65)	(73)
R&D expenses	(30)	(33)
Others	5	(3)
Operating result before non-recurring items (REBIT)	**100**	**112**

- SG&A as % of sales remains stable at 10%.
- Absolute SG&A increase of € 26 million mainly due to exchange rate movements (€ +12 million) and new entities (€ +6 million).
- Selling expenses also include bad debt reserves in China, in line with prudent valuation rules.
- Administrative expenses increase due to consultancy fees for operational cost reduction program, partly offset by efficiency improvements.

BEKAERT
better together

Consolidated income statement: key figures

(In mio €)	1H 2014	1H 2015
Operating result before non-recurring items (REBIT)	100	112
REBIT margin on sales	6.2%	5.9%
Non-recurring items	17	(3)
Operating result (EBIT)	117	110
EBIT margin on sales	7.3%	5.8%
EBITDA	189	217
EBITDA margin on sales	11.8%	11.4%

- REBIT improvement by 12% thanks to a significant improvement in Q2 and favorable exchange rate movements.
- Positive impact of M&A activities, partly offset by one-off items.
- Non-recurring reflects restructuring costs, largely offset by gain on disposal of carding solutions.

BEKAERT better together

Segment reporting: EMEA

(In mio €)	1H 2014	1H 2015
Consolidated sales	555	644
Operating result before non-recurring items (REBIT)	64	80
REBIT margin on sales	11.5%	12.4%
Non-recurring items	7	7
Operating result (EBIT)	70	87
Depreciation, amortization and impairment losses	22	28
EBITDA	93	115
EBITDA margin on sales	16.7%	17.8%

- Sales increase (+16%) due to acquisitions (+14%) and volume increase in the second quarter. Impact of lower wire rod prices offset by better product mix.
- Further REBIT margin improvement reflects very high capacity utilization and sustainable cost control.
- Non-recurring mainly reflects the gain on disposal of carding solutions.

BEKAERT
better together

Segment reporting: North America

(In mio €)	1H 2014	1H 2015
Consolidated sales	281	313
Operating result before non-recurring items (REBIT)	14	12
REBIT margin on sales	5.1%	3.7%
Non-recurring items	1	(5)
Operating result (EBIT)	15	7
Depreciation, amortization and impairment losses	5	5
EBITDA	20	12
EBITDA margin on sales	7.2%	3.8%

- Sales increase of 11% due to weaker Euro (+19%) offset by lower volume of -11% (Rome fire and closure Canada). Positive product mix effects more than offset the impact of lower wire rod prices.
- Non-recurring includes costs of Rome fire but is expected to be covered by insurance in the second half of the year.
- Low margin due to low volume base and competitive market situation.

BEKAERT
better together

Segment reporting: Latin America

(In mio €)	1H 2014	1H 2015
Consolidated sales	295	400
Operating result before non-recurring items (REBIT)	11	22
REBIT margin on sales	3.8%	5.5%
Non-recurring items	10	(1)
Operating result (EBIT)	21	21
Depreciation, amortization and impairment losses	8	14
Negative goodwill	-11	0
EBITDA	18	35
EBITDA margin on sales	6.1%	8.9%

- Sales growth of 36% reflects acquisitions (+20%), exchange rate movements (+12%) and improved price-mix, partly offset by lower wire rod prices.
- Margin improvement reflects positive mix effects and an important cost control program to offset the difficult economic environment.

BEKAERT
better together

Segment reporting: Asia Pacific

(In mio €)	1H 2014	1H 2015
Consolidated sales	478	541
Operating result before non-recurring items (REBIT)	43	30
REBIT margin on sales	8.9%	5.6%
Non-recurring items	(4)	1
Operating result (EBIT)	39	31
Depreciation, amortization and impairment losses	49	61
EBITDA	88	92
EBITDA margin on sales	18.4%	17.1%

- Sales increase of 13% due to exchange rate impact (+18%), acquisitions (+5%) and a positive product mix offset by lower volume, lower wire rod prices, and price erosion.
- Lower margin reflects lower volume (weak Q1) and price erosion, only partly offset by cost improvements.
- EBITDA margin remains very strong, reflecting good cash generation in the business.

BEKAERT
better together

Consolidated income statement: key figures

(In mio €)	1H 2014	1H 2015
Operating result (EBIT)	117	110
Interest income / expense	(27)	(30)
Other financial income & expenses	0	(14)
Result before taxes	90	66
Income taxes	(23)	(26)
Result after taxes (consolidated companies)	67	40

- Higher interest expense reflects much higher debt financed at lower cost.
- Other financial expense reflects stamp duty on the acquisition in Australia and realized and unrealized exchange losses.

BEKAERT
better together

Consolidated income statement: key figures

(In mio €)	1H 2014	1H 2015
Result after taxes from consolidated companies	67	40
Share in the results of JVs and associates	12	13
Result for the period	80	53
Attributable to non-controlling interests	2	0
Attributable to the Group	78	52

- Result in Brazil remains strong in spite of challenging economic environment.
- Non-controlling interests at zero as one-off costs and losses in some entities offset the share of profits to partners.

BEKAERT
better together

Cash flow: key figures

(In mio €)	1H 2014	1H 2015
Gross cash flows from operations	135	170
Cash flows from operations	10	161
Cash flows from investment activities	(46)	(219)
Cash flows from financing activities	177	(96)

- Cash from operations in 2014 impacted by working capital increase.
- Investment activities reflect acquisitions and higher capital expenditure.

BEKAERT
better together

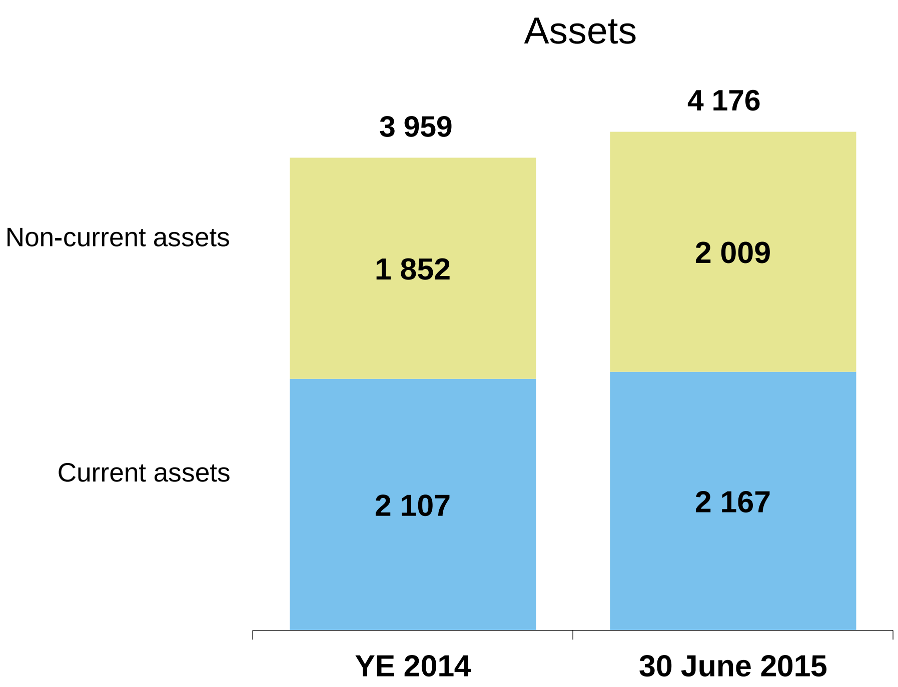
Working capital: key figures

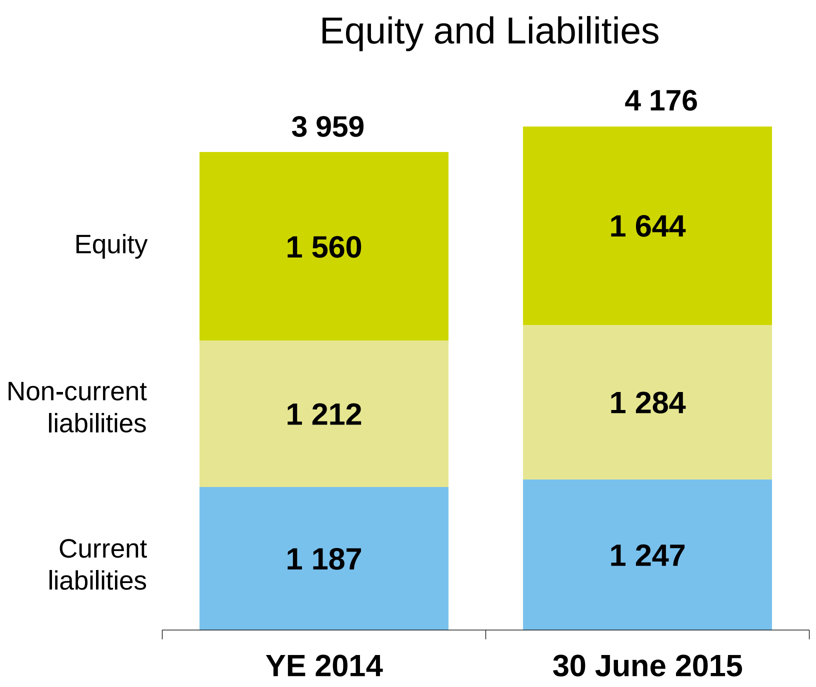
(In mio €)	1H 2014	YE 2014	1H 2015
Inventories	618	641	698
Accounts receivable	819	847	959
Accounts payable	(502)	(513)	(563)
Working capital	935	975	1 095

- Working capital increase versus H1 2014 due to exchange rate movements (€ +114 million) and M&A (€ +106 million). Organic improvement of € 54 million.

BEKAERT
better together

Consolidated balance sheet: key figures





- Asset and liability increases reflect the impact of acquisitions.

Balance sheet: key figures

(In mio €)	1H 2014	YE 2014	1H 2015
Net financial debt	673	853	1 023
Gearing (net debt to equity)	43.7%	54.7%	62.2%
Net debt on EBITDA	1.8	2.5	2.4
Net debt on REBITDA	1.9	2.6	2.3

- Net debt reflects the impact of acquisitions.

BEKAERT
better together

Ratios: key figures

(In mio €)	1H 2014	1H 2015
EBITDA margin on sales	11.8%	11.4%
REBIT margin on sales	6.2%	5.9%
EBIT margin on sales	7.3%	5.8%
Sales on capital employed (asset rotation)	1.5	1.4
Return on capital employed (ROCE)	10.6%	8.1%
Return on equity (ROE)	10.5%	6.6%

BEKAERT
better together

Key figures per share

(In mio €)	1H 2014	1H 2015
Share price	27.29	25.31
Number of existing shares	60 063 871	60 111 405
Book value	22.84	23.97
Earnings per share (EPS)	1.33	0.94
Weighted average number of shares	58 388 094	55 836 395

BEKAERT
better together

Address by Matthew Taylor

Chief Executive Officer

BEKAERT
better together

Outlook

Bekaert expects continued strong demand from automotive and construction markets in EMEA and North America for the rest of the year, but perceives subdued demand in oil and gas markets worldwide. The tire cord market in China is expected to remain stable at the level of the second quarter. Low oil and commodity prices affect government budgets and public spending in Latin American markets where economic conditions are weakening.

Bekaert is undertaking a set of actions to drive value creation over time, including a program aimed at optimizing the company's manufacturing cost base and a product portfolio analysis. In addition, we have stepped up our investments in innovation and manufacturing capacity to support future growth.

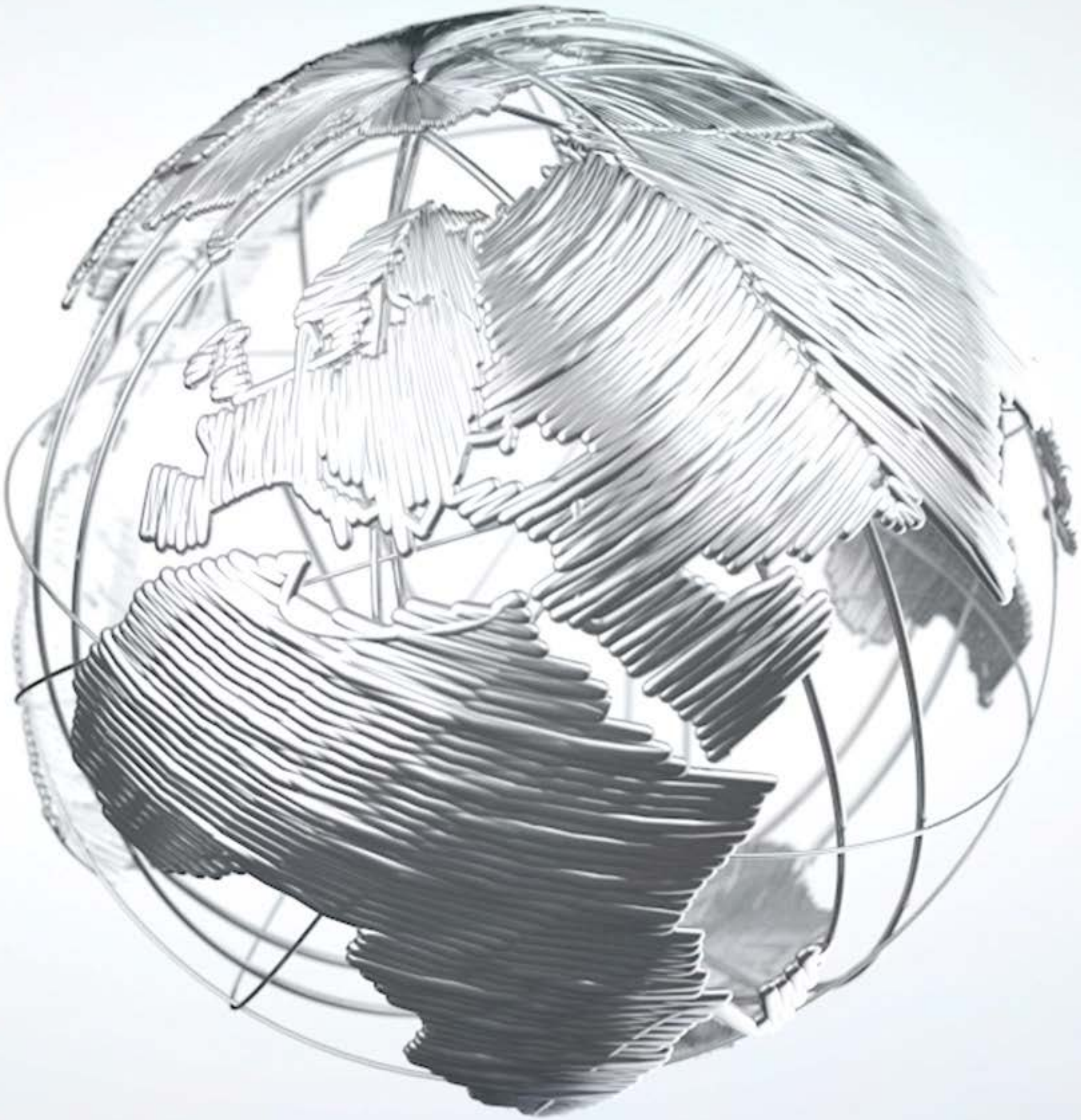
We expect to see more benefits from recent acquisitions and investments come into effect in the second half of 2015. These benefits will partially offset the normal seasonality impact.

BEKAERT
better together

Financial calendar

Third quarter trading update 2015	13	November	2015
2015 results	26	February	2016
2015 annual report available on the internet	25	March	2016
First quarter trading update 2016	11	May	2016
General Meeting of Shareholders	11	May	2016

BEKAERT
better together



BEKAERT
better together