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Annual results 2009

B. De Graeve, CEO
B. Humblet, CFO

Brussels, 26 February 2010

Address by B. De Graeve,
Chief Executive Officer

Highlights

- EBITDA of € 386 million or 15.8% of sales
- EBIT of € 232 million vs € 210 million (+10%)
- EBIT margin at 9.5% of sales
- Net debt reduction of 37% to € 395 million
- Gearing of 28.8%
- EPS at € 7.69 vs € 8.83
- Consolidated sales € 2.44 billion (-8.5%)
- Dividend increase of 5% to € 2.94 /share

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Strategy review

Bekaert created Sustainable Profitable Growth during a global recession by focusing on the key strategies:

- **Innovation:** Continued investment to identify new applications and to improve current products
- **Geographical expansion:** Fast growth close to its customers in emerging economies while maintaining strategic presence in mature markets
- **Operational excellence** at all levels and processes with strong customer focus during difficult times

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Innovation

- Doubling investment in innovation over the last 10 years with simultaneous shift to core competences
- Product portfolio renewed with 50% in the last 10 years
- Further growth of R&D efforts in China
- Enhanced presence in sectors less sensitive to an economic downturn

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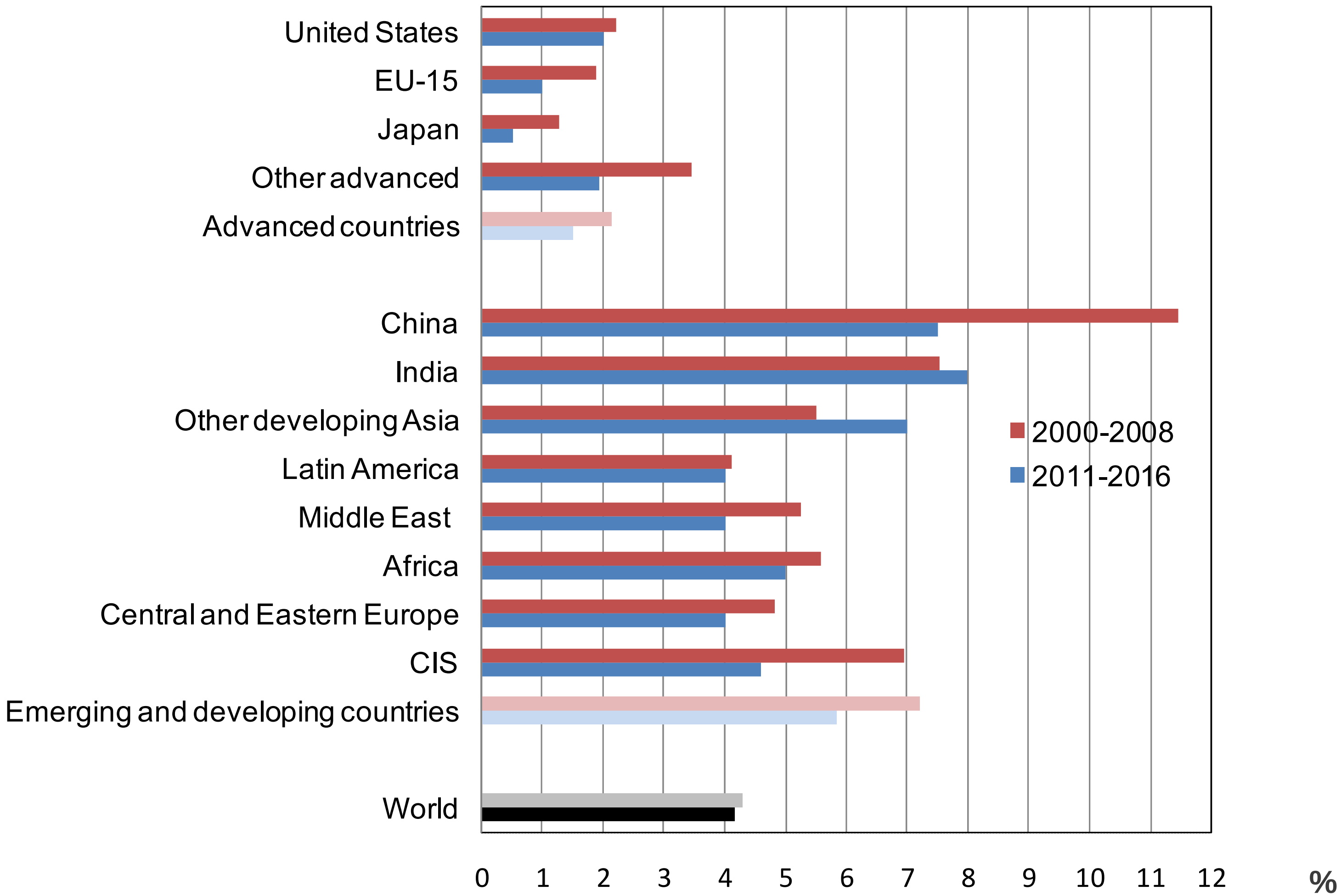
Geographical Expansion

Over 80% of expansion capital is spent in emerging markets

- Opening of the steel cord plant in Chongqing (China) together with Ansteel
- Further increase of tire cord capacity in China reaching 350k T
- Broadening of our product offering in Asia
- Investments in India for several types of wire products
- Upgrading our facility in Slovakia to broaden the product scope
- Opening of our plant in Lipetsk (Russia)

Geographical Expansion

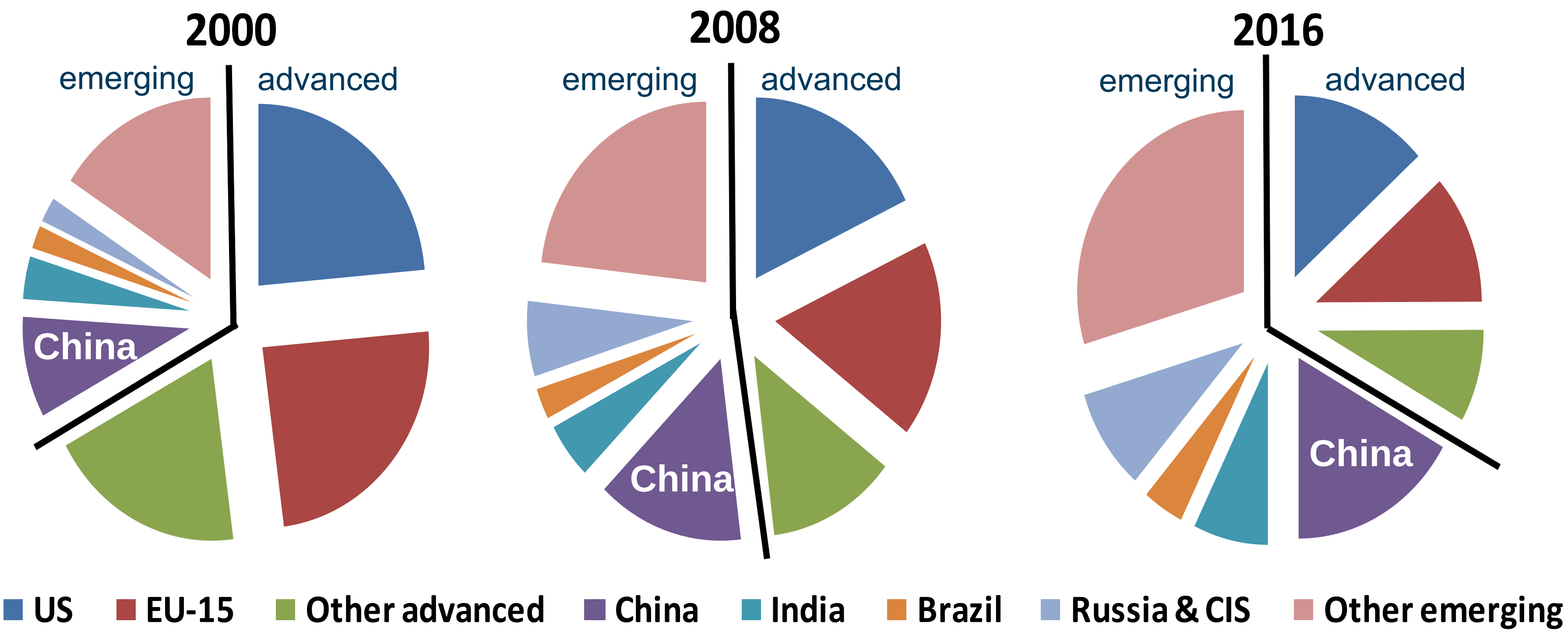
China will continue to lead the world economy in growth. but a much slower rate than in the past 10 years



Source: The Conference Board Total Economy Database. January 2010

Geographical Expansion

The emerging & developing economy share in total world output (GDP) changes for 1/3 to 2/3 within two decades – China's share rises to 15%



Source: The Conference Board & Groningen Growth and Development Centre

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Operational Excellence

- Implementation of cost reduction programs across all entities and business platforms
- Continued focus on quality to differentiate us from our competitors
- Leverage internal engineering department to ensure cost competitive equipment
- Energy consumption reduction programs
- Customer focus to improve total value creation
- Efficiency of financial reporting organization and systems

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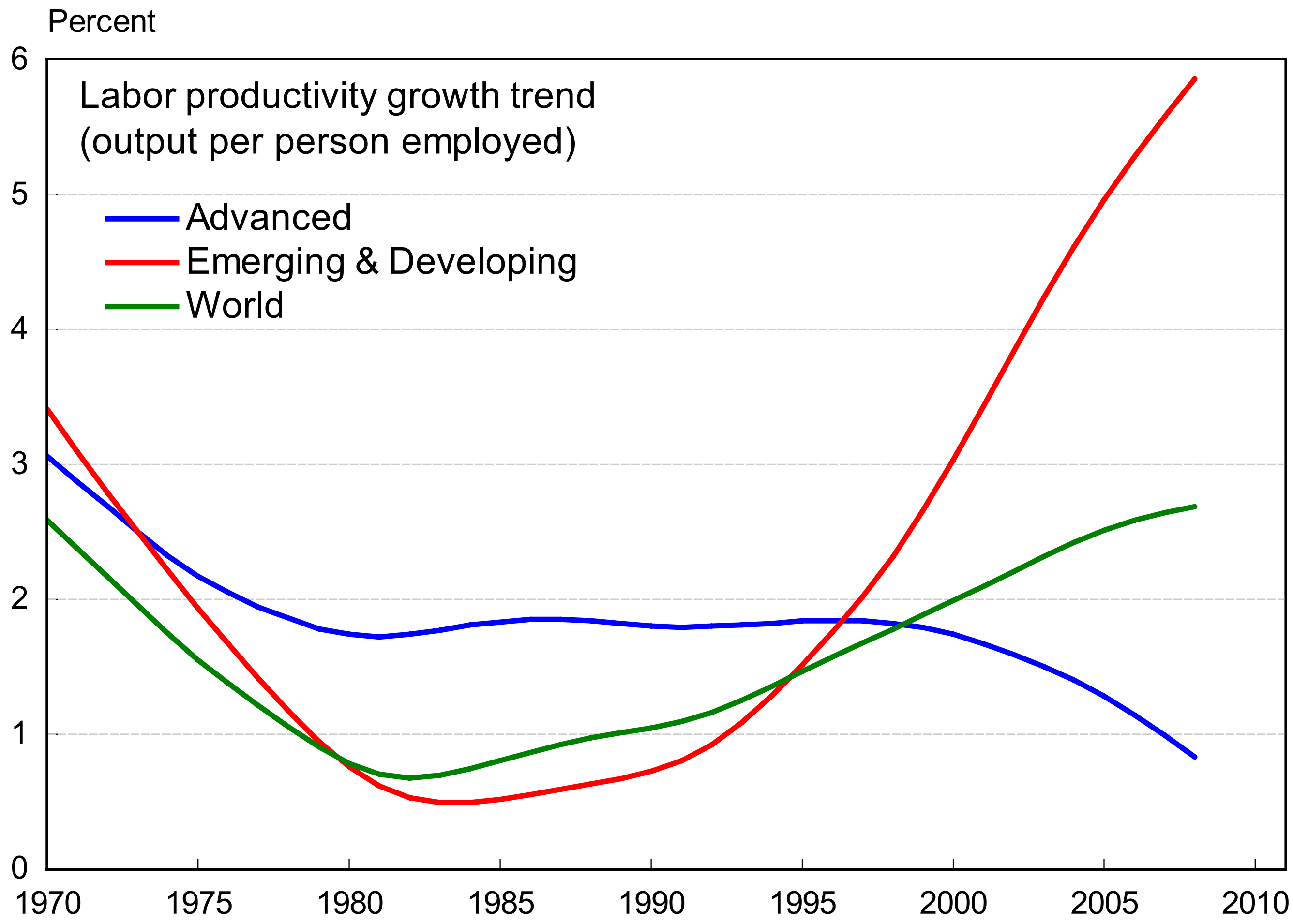
Operational Excellence

Emerging economies have taken strong lead on labor productivity trend



Note: Trend until 2008 using the Hodrick-Prescott filter

Source: The Conference Board Total Economy Database. January 2010

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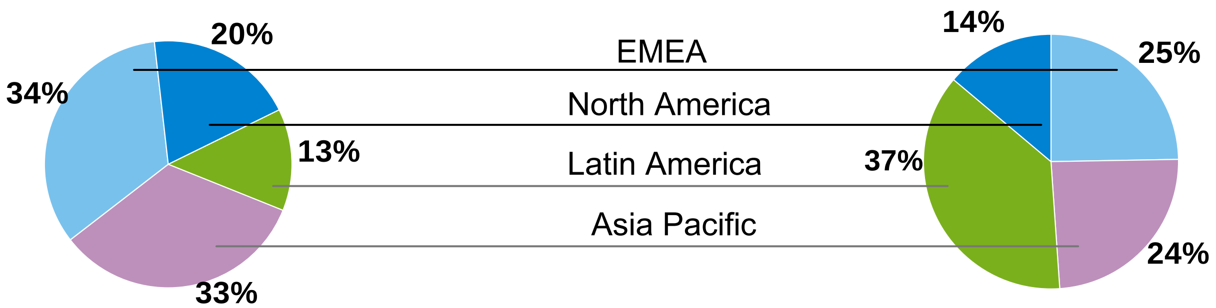
Address by B. Humblet,
Chief Financial Officer

Sales by segment

	Consolidated		Combined	
	In mio €	variance	In mio €	variance
EMEA	827	-29%	823	-29%
North America	474	-22%	469	-22%
Latin America	327	+85%	1 237	-19%
Asia Pacific	809	+13%	814	+12%
Total	**2 437**	**-9%**	**3 343**	**-17%**



Sales by segment

EMEA:

- Sales drop of 29% reflecting
  - Volume 20% below last year. mainly due to weak demand in the first half year
  - Average sales prices about 10% below last year due to lower wire rod prices
- In the second half year business picked up in most sectors
- Increased volume in lower end products to drive up capacity utilization

North America:

- Sales decrease of 22% reflecting lower volume due to weak demand across all sectors. but primarily in automotive and construction
- The effect of lower price levels due to cheaper wire rod was partly offset by a stronger USD

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Sales by segment

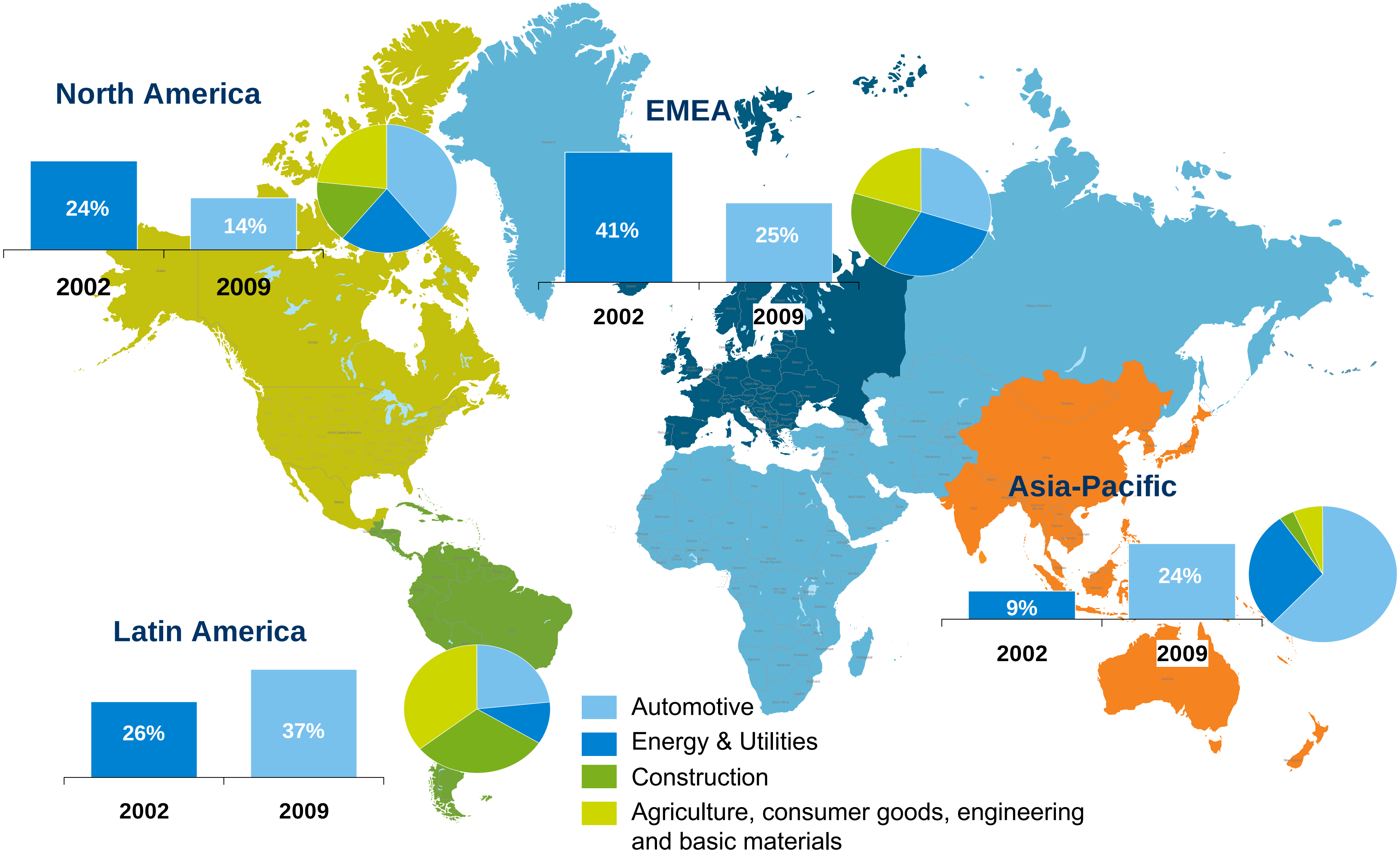
Latin America:

- The growth in Latin America reflects the integration of Peru/Ecuador in the consolidated perimeter
- In the consolidated entities our sales remained stable in spite of the economic downturn
- The businesses in Brazil and Chile – run via JVs – saw a significant volume drop and prices put under pressure due to imports

Asia Pacific:

- Sales growth of 13% reflects a strong volume increase partly offset by lower price level due to much cheaper wire rod
- After a very weak January. business took off in China and achieved record sales in the second half year
- SEA and India have delivered steady growth in a broad range of products

Sales per region and per sector



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Consolidated income statement : key figures

(In mio €)	2008	2009
Sales	2 662	2 437
Cost of sales	-2 061	-1 903
Gross profit	**602**	**534**
Gross profit margin	22.6%	21.9%

- Sales decrease of 9% reflects:
  - Organic decline of 17% reflecting lower volume in the first half year and lower sales prices due to lower wire rod prices in the second half year - versus 2008
  - Integration of Peru/Ecuador (+6%)
  - Weaker Euro (+2%) mainly in the first half year
- Solid gross margin mainly due to strong performance in second half year

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Consolidated income statement : key figures

(In mio €)	2008	2009
Gross profit	**602**	**534**
Selling expenses	-122	-105
Administration expenses	-114	-111
R&D expenses	-69	-63
Others	-4	2
Operating result (EBIT) before non-recurring items	**294**	**257**

- SG&A remains at 8.9% of sales:
  - Increase from including Peru/Ecuador is offset by the positive impact of cost reduction measures
  - Release of a specific bad debt reserve in China positively impacted selling expenses
- Investment in venture capital was put on hold due to strong focus on cash spending
- Investment in innovation remained at a high level further developing the R&D center in China

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Consolidated income statement : key figures

(In mio €)	2008	2009
Operating result (EBIT) before non-recurring items	**294**	**257**
EBIT margin on sales before non-recurring items	11.1%	10.5%
Non-recurring items	-84	-25
Operating result (EBIT)	**210**	**232**
EBIT margin on sales	7.9%	9.5%
EBITDA	**412**	**386**
EBITDA margin on sales	15.5%	15.8%

- REBIT of 10.5% reflecting strong result in second half year as volumes increased in mature markets while emerging markets remained very strong
- Non-recurring reflects the impact of restructurings announced in 2008, impairments in industrial burners business and Diamond-Like Coatings
- EBIT margin of 9.5% reflects strong geographical and product mix, combined with a positive impact of cost reduction measures

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Segment reporting: EMEA

(In mio €)	2008	2009	1H2009	2H2009
Consolidated sales	1168	827	410	417
Operating result before non-recurring items (REBIT)	**68**	**2**	**-21**	**22**
REBIT margin on sales	5.8%	0.2%	-5.0%	5.5%
Non-recurring items	-77	-21	-6	-15
Operating result (EBIT)	-9	-19	-27	7
EBIT margin on sales	-0.7%	-2.3%	-6.5%	1.8%
EBITDA	**95**	**47**	**0**	**47**
EBITDA margin on sales	8.2%	5.7%	0.0%	11.2%

- Second half year showed some recovery of volume after a significant drop in demand in the first half year
- Important improvement of the profitability in the second half year reflecting volume increase combined with the positive impact of cost control measures
- Non-recurring reflects the impact of restructurings announced in 2008. impairments in industrial burners business and Diamond-Like Coatings

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Segment reporting: North America

(In mio €)	**2008**	**2009**	1H2009	2H2009
Consolidated sales	605	474	263	210
Operating result before non-recurring items (REBIT)	**25**	**-5**	**-5**	**0**
REBIT margin on sales	4.1%	-1.1%	-1.7%	-0.2%
Non-recurring items	1	-3	0	-3
Operating result (EBIT)	25	-8	-5	-4
EBIT margin on sales	4.2%	-1.8%	-1.8%	-1.7%
EBITDA	**44**	**13**	**4**	**9**
EBITDA margin on sales	7.2%	2.7%	1.5%	4.3%

- Sales decrease reflects continued weak demand mainly in automotive and construction
- Second half REBIT was breakeven reflecting positive impact of cost reduction programs

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Segment reporting: Latin America

(In mio €)	2008	2009	1H2009	2H2009
Consolidated sales	177	327	160	167
Operating result before non-recurring items (REBIT)	**16**	**28**	**9**	**19**
REBIT margin on sales	8.9%	8.4%	5.3%	11.4%
Non-recurring items	0	-1	-1	0
Operating result (EBIT)	15	26	8	19
EBIT margin on sales	8.8%	8.0%	4.7%	11.4%
EBITDA	**21**	**36**	**12**	**24**
EBITDA margin on sales	11.8%	11.1%	7.8%	14.3%

- Peru/Ecuador are included as consolidated entities
- Further rebound of the business across all countries
- Higher volume in the second half year results in better margins

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Segment reporting: Asia Pacific

(In mio €)	2008	2009	1H2009	2H2009
Consolidated sales	713	809	367	443
Operating result before non-recurring items (REBIT)	**249**	**288**	**128**	**160**
REBIT margin on sales	34.9%	35.6%	34.9%	36.1%
Non-recurring items	-5	0	0	0
Operating result (EBIT)	244	288	128	160
EBIT margin on sales	34.2%	35.6%	34.9%	36.1%
EBITDA	**319**	**349**	**157**	**192**
EBITDA margin on sales	44.7%	43.2%	42.9%	43.4%

- Strong growth rate continued in the second half year
- We could capture additional volume as we remained ready to serve our customers
- Full capacity utilization drives margins even stronger

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Consolidated income statement : key figures

(In mio €)	2008	2009
Operating result (EBIT)	**210**	**232**
Interest income / expense	-41	-57
Other financial result	-8	-9
Result from continuing operations before taxes	161	167
Income taxes	-25	-34
Result from continuing operations (consolidated companies)	**136**	**133**

- Interest cost reflects higher average debt levels as well as higher cash levels to ensure liquidity in all entities
- Tax rate increased to 20.4% as tax holidays are expiring. a trend that will continue in the future

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Consolidated income statement : key figures

(In mio €)	2008	2009
Result from consolidated companies	136	133
Share in the results of JV's and associates	56	38
Result for the period	**192**	**170**
Minority interests	18	19
Attributable to the Group	**174**	**152**

- Results in the joint ventures reduced as:
  - Peru/Ecuador moved to the consolidated business
  - Business in Brazil showed significant volume reduction due to overall economic slowdown in the first half year. On top. the strong Brazilian Real (versus USD) attracts imports reducing profitability levels of the local business
- Strong result for the Group reflecting very strong second half year

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Cash flow: key figures

(In mio €)	2008	2009
Gross cash from operations	411	310
Net cash from operations	222	497
Cash from investment activities	-243	-127
Cash from financing activities	67	-341

- Gross cash from operations reflect strong EBITDA, partly offset by cash outflow for employee related benefits
- Net cash shows strong growth reflecting the significant reduction of working capital
- Lower capex level in 2009 reduces the cash from investment activities

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Working capital: key figures

(In mio €)	**2008**	**2009**
Inventories	511	358
Accounts receivable	498	511
Accounts payable	-356	-350
Working capital	653	519

- Important reduction in working capital mainly driven by a significant reduction in inventory only partly offset by inclusion of Peru/Ecuador
- Average working capital at 24% of sales

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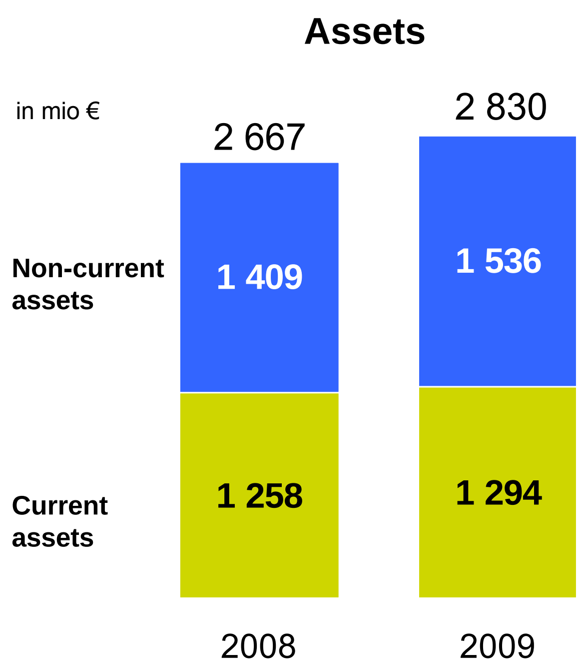
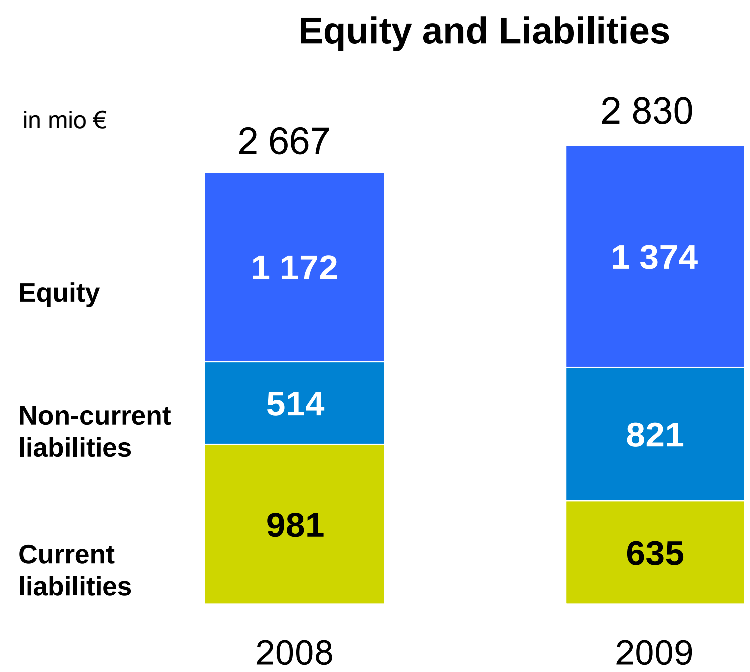
Consolidated balance sheet: key figures





- Non-current liabilities increased while current liabilities decreased reflecting the retail bond emissions to strengthen the liquidity position
- Equity increased mainly due to strong earnings and revaluation of pension assets

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Balance sheet: key figures

(In mio €)	**2008**	**2009**
Net financial debt	627	395
Gearing (net debt to equity)	53.5%	28.8%

- Significant reduction of net debt reflecting
  - Very healthy cash generation of the business
  - Strong reduction in working capital
  - Positive impact of cost reduction measures initiated early in the year
- Gearing well below our long-term target of 50%

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Ratios: key figures

	2008	2009
EBITDA on sales	15.5%	15.8%
REBIT margin on sales before non-recurring items	11.1%	10.5%
EBIT margin on sales	7.9%	9.5%
Sales on capital employed (asset rotation)	1.6	1.4
Return on capital employed	12.5%	12.9%
Return on equity	16.5%	13.4%
Debt on EBITDA	1.5	1.0

Key figures per share

(in €)	2008	2009
Share price at 31 December	48.32	108.50
Number of existing shares at 31 December	19 783 625	19 834 469
Book value	59.26	69.25
Earnings per share	8.83	7.69
Weighted average number of shares	19 796 210	19 740 206
Cash flow attributable to the Group	19.06	15.46
Dividend per share	2.80	2.94

- Earnings per share only decreased with 13% after a record level in 2008 in spite of very difficult global economic environment
- Dividend increase with 5% to 2.94 €/share

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What customers say

Risks

- Poor market visibility
- Sustainability of current signs of recovery
- Volatile raw material costs
- Credit availability

Opportunities

- Growth in emerging markets
- Record low customer inventory

2010: The Need for Prudence

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2010 Outlook

- Stabilization of economic activity in mature markets at a low level

- Further investment in emerging markets to support the forecasted growth but
    - Uncertainties from changing monetary policies and positions in Asia and Latin America
    - Hyper inflation in Venezuela impacting the business and the exchange rate
    - High interest cost
    - Increased tax cost as tax holidays expire

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Bekaert–Bridgestone Deal

The agreement between Bridgestone and Bekaert, announced on 1 February 2010, involves:

- A long term agreement for the supply of steel tire cord to the Bridgestone group
- The full acquisition (100% of the shares) by Bekaert of two tire cord plants
  - Bridgestone Metalpha Italy (BMI - Sardinia)
  - Bridgestone Steelcord Huizhou (BSSH – China)

Assemini plant, Sardinia, Italy

Huizhou plant, Guangdong Province, China

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Contact

Bekaert is always near to you.
Any questions? Please do not hesitate to contact us:

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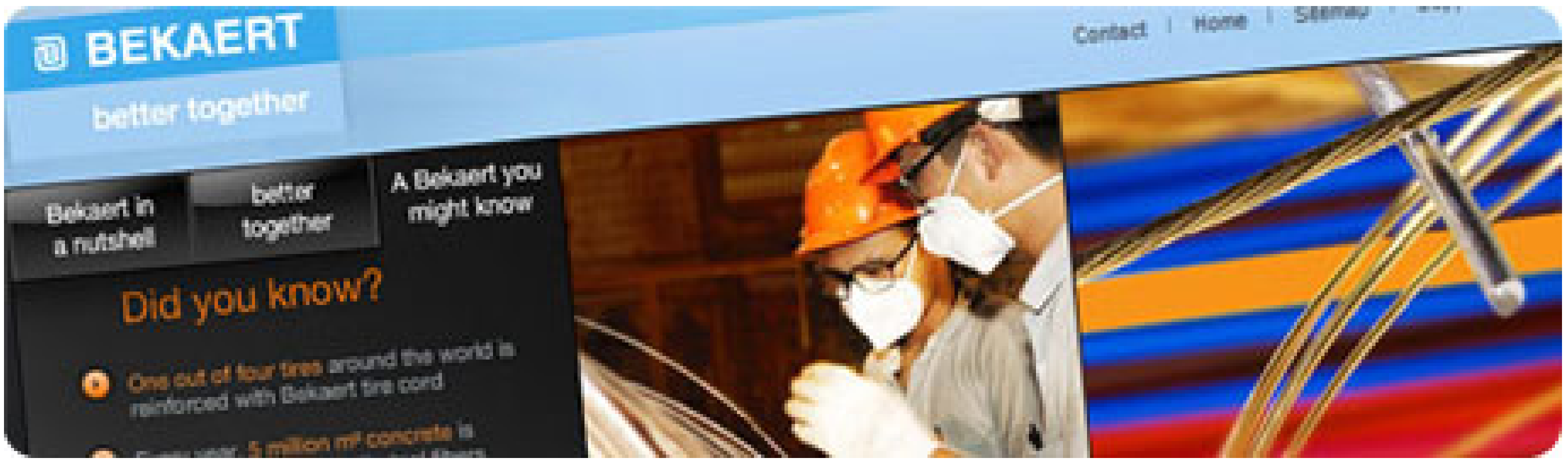

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