Half year results 2008

1 August 2008

Bert De Graeve, Chief Executive Officer

Bruno Humblet, Chief Financial Officer

Address by Bert De Graeve, Chief Executive Officer

2 Introductory remark

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.
Half year results are unaudited.

All comparisons are made relative to the figures of the first half of 2007.

Combined sales are sales generated by consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

This document contains forward-looking information that involves risks and uncertainties. Readers are cautioned that forward-looking statements include known and unknown risks and are subject to significant business, economic and competitive uncertainties and contingencies. Bekaert, nor any other person, assumes any responsibility for the accuracy of these forward-looking statements. The company undertakes no obligation to publicly update any forward-looking statements.

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4 Highlights first half 2008

- Consolidated sales +22%, combined sales +18%
- Steel cord China +80%, wire Latin America +25%
- Increased selling prices reflecting mainly the increase in raw material prices
- 12.5% REBIT margin on sales, compared with 8.5%
- 11.2% EBIT margin on sales, compared with 8.1%
- EBITDA € 225 million or 17.3% on sales, compared with € 145 million or 13.6%
- Earnings per share € 6.40, compared with € 3.61

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- Highlights
- **Business review**
- Financials
- Key challenges & Outlook

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6 Business Review

- Strategic choices to focus on innovation, emerging markets and fast growing new industries deliver record results
- Important price increases of raw material and energy force substantial price increases in all regions
- Recent significant investments in emerging markets offer more resilience to economic downturn in mature markets
- Innovation and a broad product and technology portfolio allow to improve product mix by taking advantage of fast growing new sectors

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7 SPG: Growth

- Consolidated sales growth of 22.3%
  - +20% organic growth
  - +7.6% from acquisitions: Venezuela & Columbia
  - -5.3% translation effect due to strong euro
- Combined sales growth of 18%
- Widely spread growth provides resilience to downturn in mature markets and automotive and construction linked activities in those markets
- Innovative products are critical to improve mix in the mature markets and to accelerate growth emerging regions
- Cost driven price increases result in further top line growth

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8 Profitability

- EBIT margin of 11.2%
- EBITDA of € 225 mio
- Result attributable to the Group increases to € 126 mio, up 73%
- Maximum capacity utilization in nearly all plants, mainly in emerging markets
- Constant focus on operational excellence further optimizes cost structure and reduces waste
- Additional capacity in emerging markets creates strong profitable growth
- Customer driven developments and new innovative products to support new fast growing industries deliver better product mix
- Increased selling prices reflecting steep increases of raw materials

9 Sustainability

- Broad based sales growth
- Healthy cash flow generation providing the financial capacity to further invest in future growth
- Acceleration of capital investments to support organic growth
- Increased effort in R&D to identify future growth opportunities
- Gross margin improvement driven by:
  - Better geographical footprint
  - Optimal utilization of existing capacities
  - Innovative products
  - Process optimization

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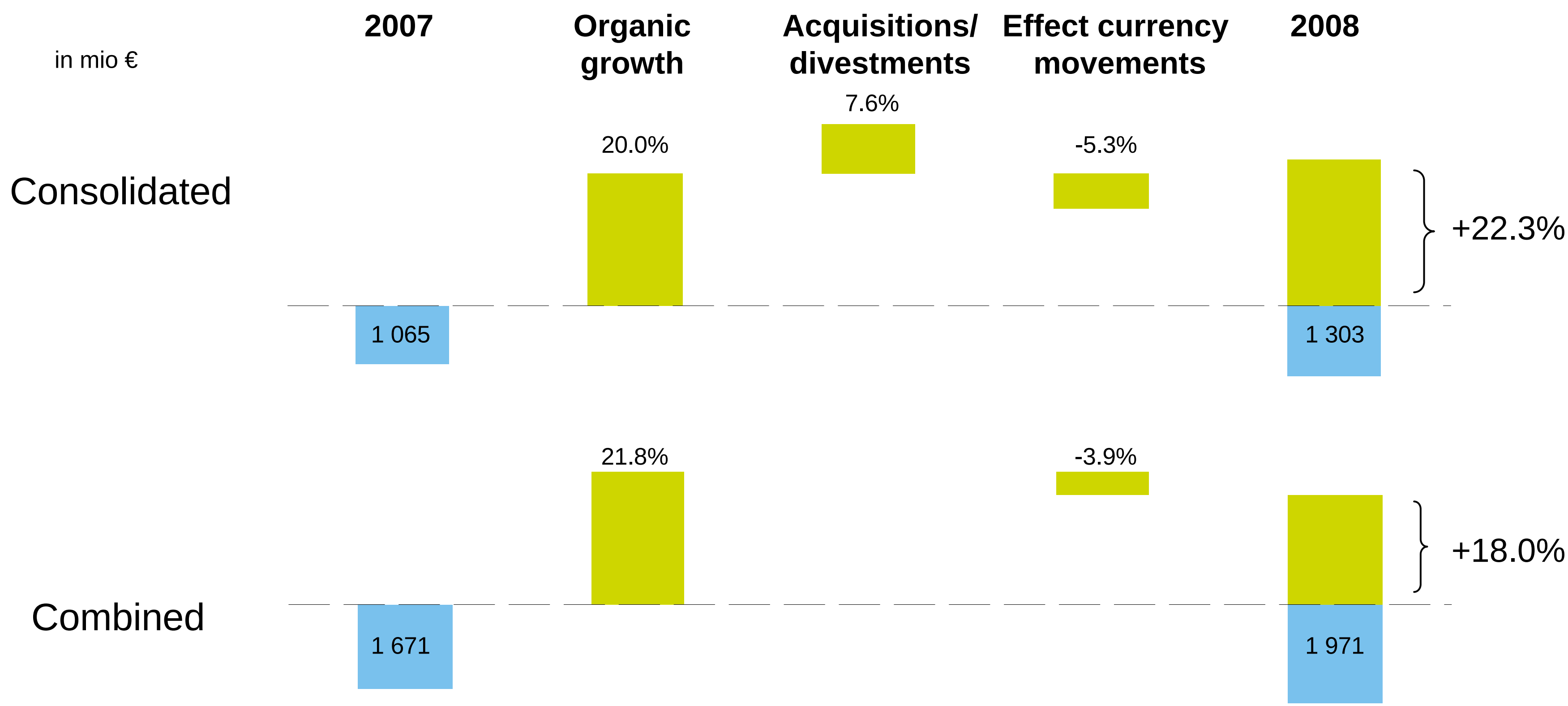
Sales



- Strong organic growth driven by emerging markets
- Acquisition of our JV partner's shares in Vicson results in the consolidation of the business in Venezuela and Colombia
- Stronger euro mainly versus USD and RMB have a negative effect on the growth

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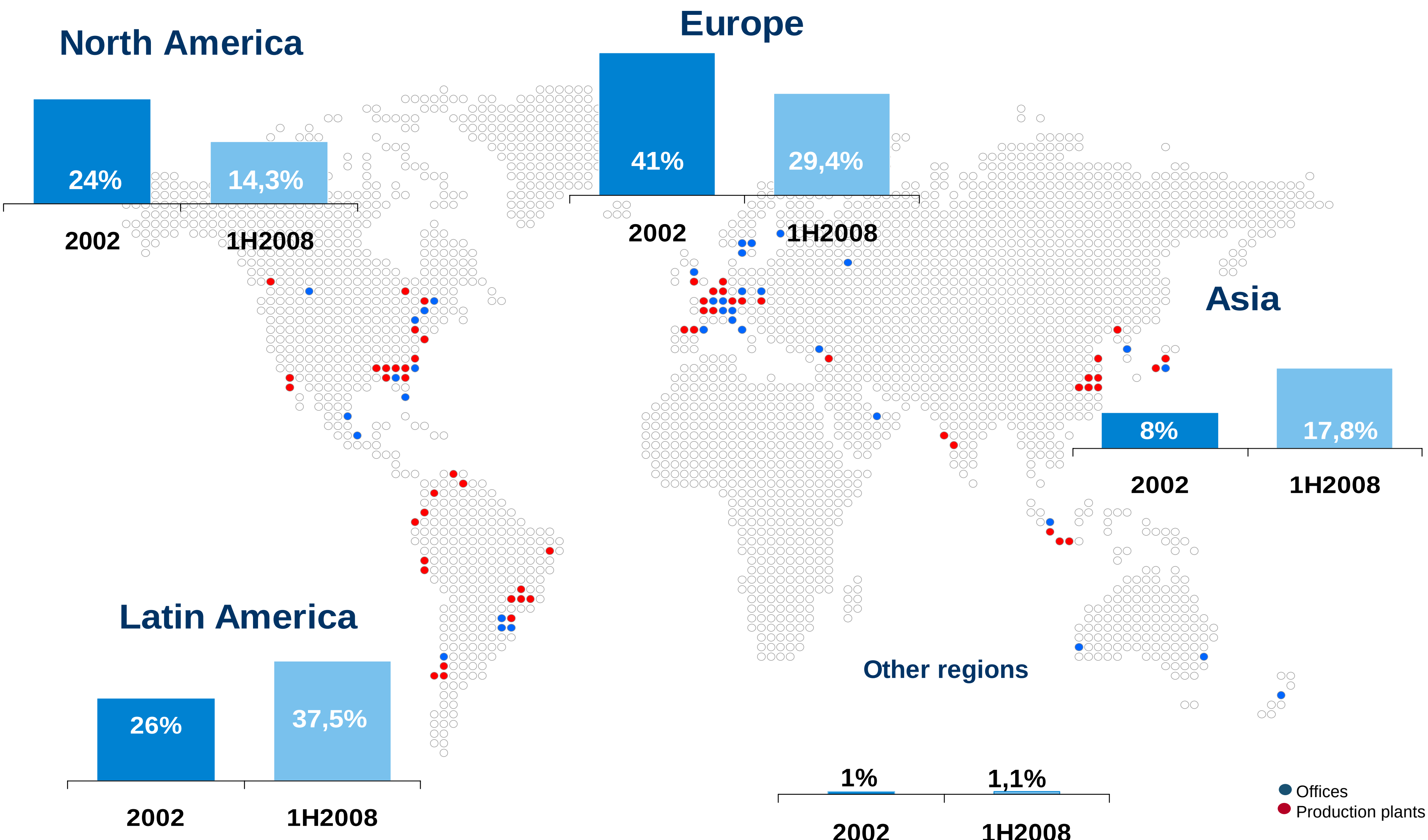
Reinforcing Bekaert's global presence



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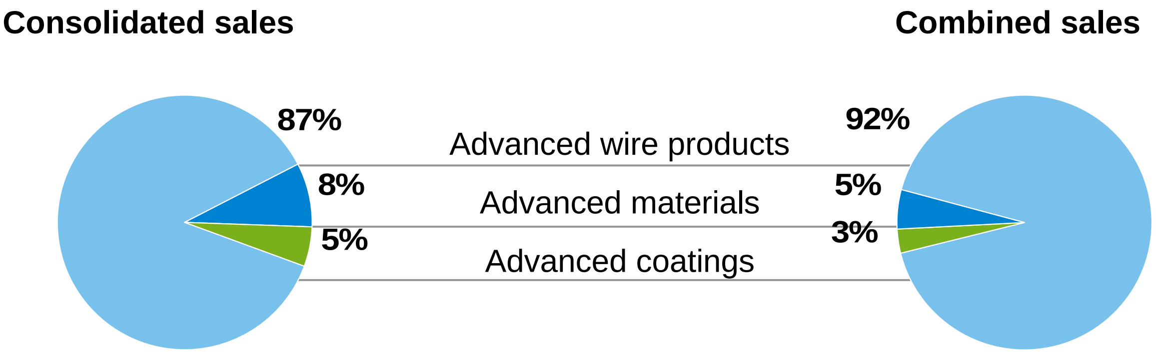
Sales by business segment

1H 2008	Consolidated sales		Combined sales	
	in millions of €	variance	in millions of €	variance
Advanced wire products	1 138	+26.8%	1 811	+20.1%
Advanced materials	101	+0.1%	101	+0.1%
Advanced coatings	61	-4.1%	61	-4.1%
Intersegment and others	3		-2	
Total	**1 303**	**+22.3%**	**1 971**	**+18.0%**



Both consolidated and combined sales increase was fully driven by advanced wire products

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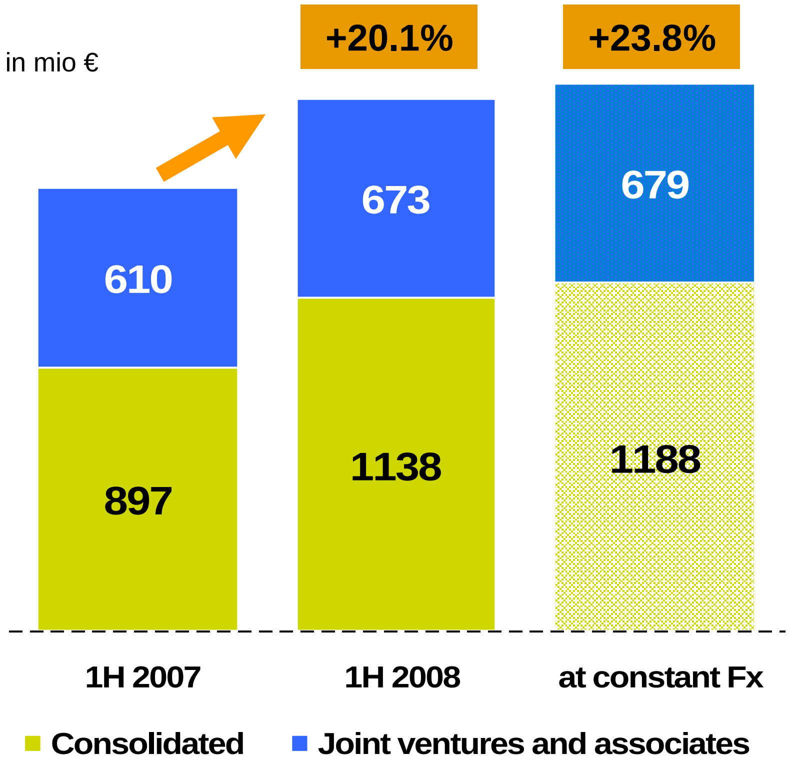
Sales by geographical area

	Consolidated sales		Combined sales	
	In mio €	variance	in mio €	variance
Europe	576	7.6%	579	6.9%
North America	267	-2.3%	282	-3.1%
Latin America	101	461.5%	738	25.8%
Asia	343	58.3%	350	57.0%
Other regions	16	-26.7%	22	-23.0%
Total	**1 303**	**22.3%**	**1 971**	**+18.0%**

⇨ Latin America and Asia now represent 55% of combined sales

Advanced wire products: sales



Combined sales	
Wire Europe	+15.7%
Wire North America	+8.5%
Wire Latin America	+24.9%
Wire Asia	+63.3%
Building Products	+18.0%
Steel Cord China	+80.5%
Steel Cord Others	-4.7%
Other advanced wire products	-21.8%

- Accelerated growth in all emerging markets
- Venezuela and Colombia are now part of consolidated sales
- Eastern Europe drives growth in wire Europe
- Strong sales in wire North America (+24%) partly offset by weaker USD

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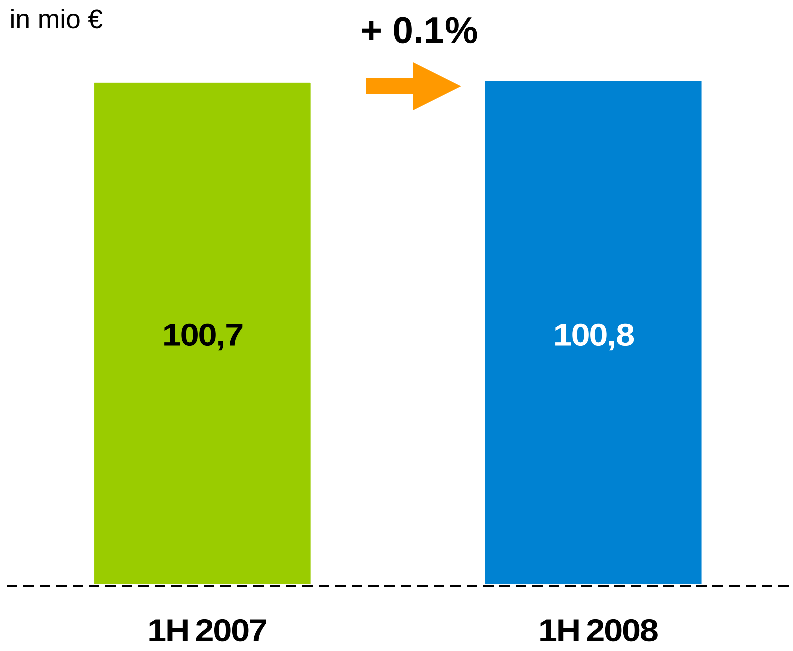
Advanced materials: sales



Stainless	-32.2%
Fiber technologies	+3.3%
Combustion technologies	+5.2%
Composites	+38.6%

- Stainless: lower sales reflect lower demand and price reduction of nickle-based wire rod
- Fiber technologies: growth in diesel particulate filters offset lower price level in the market
- Composites: strong demand in a very competitive market

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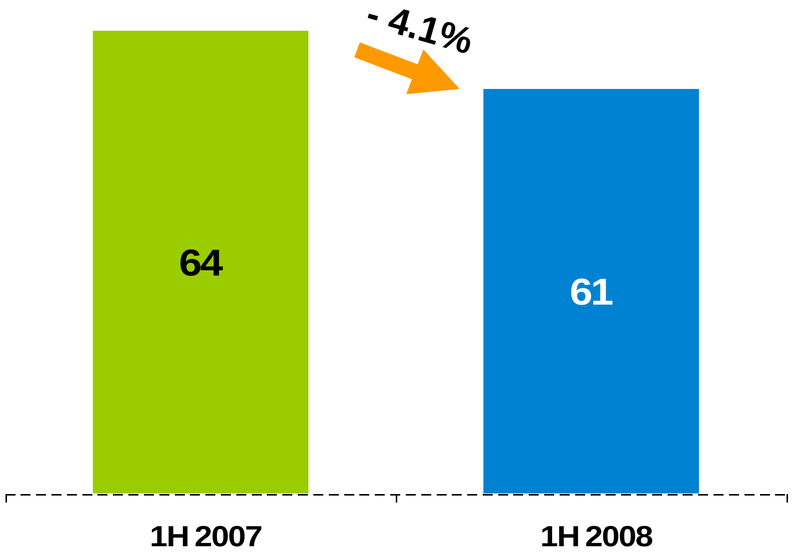
Advanced coatings: sales



Industrial coatings	-8.8%
Specialized films	-0.6%

- Industrial coating: weak market demand mainly for sputter target products
- Specialized films: strong growth (+14%), mainly in Asia and for industrial applications. This is fully offset by exchange rate movements

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Address by Bruno Humblet,
Chief Financial Officer

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19 Consolidated income statement : key figures

(in mio €)	1H 2007	1H 2008
Sales	1065.1	1303.1
Cost of sales	-851.1	-995.1
Gross profit	214.0	308.0
Gross profit margin	20.1 %	23.6%

- Gross margin increase with 3.5% points of sales reflecting:
  - Better geographical mix
  - Better product mix with more innovative, high value added products
  - Very high capacity utilization, mainly in growth markets and segments creating economies of scale
  - Ability to increase selling prices to recuperate raw material price increases

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20 Consolidated income statement : key figures

(in mio €)	1H 2007	1H 2008
Gross profit	214.0	308.0
Selling expenses	-48.9	-58.7
Administrative expenses	-47.3	-53.3
R&D expenses	-30.6	-32.9
Others	3.0	-0.3
Operating result (EBIT) before non-recurring items	90.3	162.9

- Increase in S&A:
  - Including new geographies (Venezuela, Colombia)
  - Increased staffing to support growth

  S&A as % of sales decreases from 9.0% to 8.6%

  R&D expenses increase to support broad range of product developments in all regions

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21 Consolidated income statement: key figures

(in mio €)	1H 2007	1H 2008
Operating result (EBIT) before non-recurring items	90.3	162.9
EBIT margin on sales before non-recurring items	8.5%	12.5%
Non-recurring items	-3.8	-17.5
Operating result (EBIT)	86.5	145.3
EBIT margin on sales	8.1%	11.2%
EBITDA	144.9	225.2
EBITDA margin on sales	13.6%	17.3%

- Non-recurring includes:
  - Adjustment of production footprint in Belgium
  - Partial impairment of goodwill from Solaronics
  - Reassessment of potential environmental liabilities

Record EBIT margin of 11.2% reflecting increase in gross margin

Significant EBITDA increase supporting organic growth strategy

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Segment reporting: advanced wire products

(in mio €)	1H 2007	1H 2008
Consolidated sales	897	1 138
Operating result (EBIT) before non-recurring items	108	183
Operating result (EBIT)	105	169
Depreciation and amortization	50	66
EBITDA	155	235
EBIT margin on sales	11.7%	14.9%
EBITDA margin on sales	17.2%	20.7%

- 26.7% sales growth mainly driven by China
- EBIT increase reflects volume growth combined with geographical and product mix improvement
- EBITDA for the business above 20% of sales

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Segment reporting: advanced materials

(in mio €)	1H 2007	1H 2008
Sales	101	101
Operating result (EBIT) before non-recurring items	10	7
Operating result (EBIT)	10	4
Depreciation and amortization	4	9
EBITDA	14	13
EBIT margin on sales	9.7%	3.7%
EBITDA margin on sales	13.5%	12.5%

- Lower demand for stainless steel products and lower prices for nickel based wire rod are offset by increased demand for diesel particulate filters
- EBIT decrease reflects the partly impairment of goodwill on Solaronics

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Segment reporting: advanced coatings

(in mio €)	1H 2007	1H 2008
Sales	64	61
Operating result (EBIT) before non-recurring items	-1	4
Operating result (EBIT)	-1	4
Depreciation and amortization	5	5
EBITDA	4	9
EBIT margin on sales	-1.1%	7.2%
EBITDA margin on sales	6.9%	14.7%

- Lower sales mainly reflect weak demand for targets and growth in window film is fully offset by stronger euro
- Improved profitability due to improved operational excellence and better product mix

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Consolidated income statement: key figures

(in mio €)	1H 2007	1H 2008
Operating result (EBIT)	86.5	145.3
Interest income/expense	-16.4	-17.1
Other financial result	0.1	-5.2
Result from continuing operations before taxes	70.2	123.0
Income taxes	-15.0	-25.5
Result from continuing operations (consolidated companies)	55.3	97.5

- Interest expenses remain stable as reflecting good mix between fixed and floating rates
- Other financials mainly reflect difference between free market and official exchange rates in Venezuela
- Income tax rate of 21% include benefits from tax incentives in emerging markets

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26 Consolidated income statement: key figures

(in mio €)	1H 2007	1H 2008
Result from consolidated companies	55.3	97.5
Share in the results of JV's and associates	23.4	35.7
Result for the period	78.7	133.2
Minority interests	-5.8	-7.1
Results for the Group	72.9	126.1

- Results from JV's even after taking out Venezuela and Colombia reflecting
  - strong market demand
  - pricing to recuperate cost increases
  - positive product mix
- Result for the Group increases with 73%

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Cash flow: key figures

(in mio €)	1H 2007	1H 2008
Gross cash from operations	132.1	210.8
Net cash from operations	76.0	44.2
Cash from investment activities	-48.3	-62.8
Cash from operational financing activities	-167.8	-82.1

- Working capital increase of € 148 million in line with business growth
- Capital investment € 94 million
- Dividends from Joint Ventures: € 28 million
- Share buy back: € 16 million

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Working capital: key figures

(in mio €)	1H 2007	1H 2008
Inventories	422.7	473.6
Accounts receivable	424.4	550.4
Accounts payable	-343.2	-372.3
Working capital	503.9	651.7

- Working capital increase in line with sales growth
- Average working capital on sales of 22.0%, compared to 22.4%

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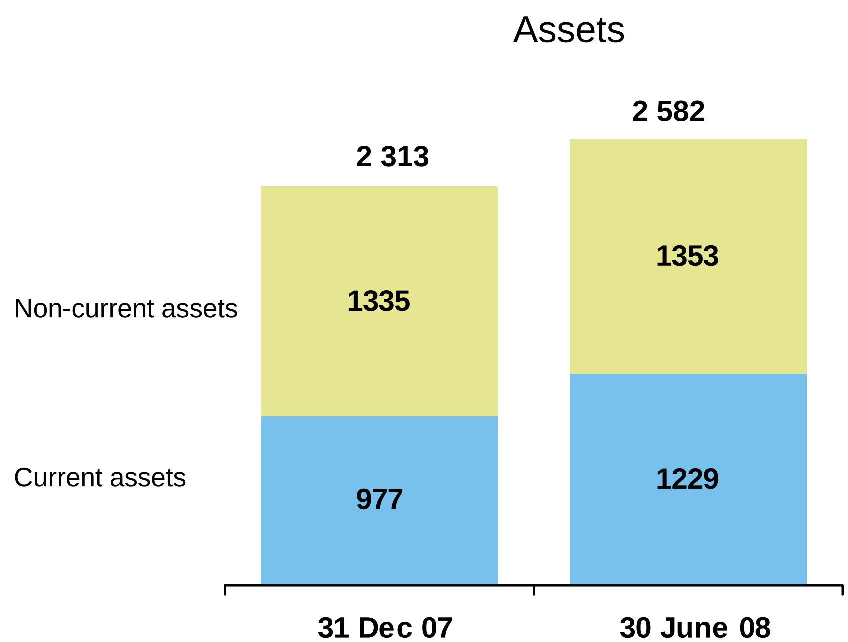
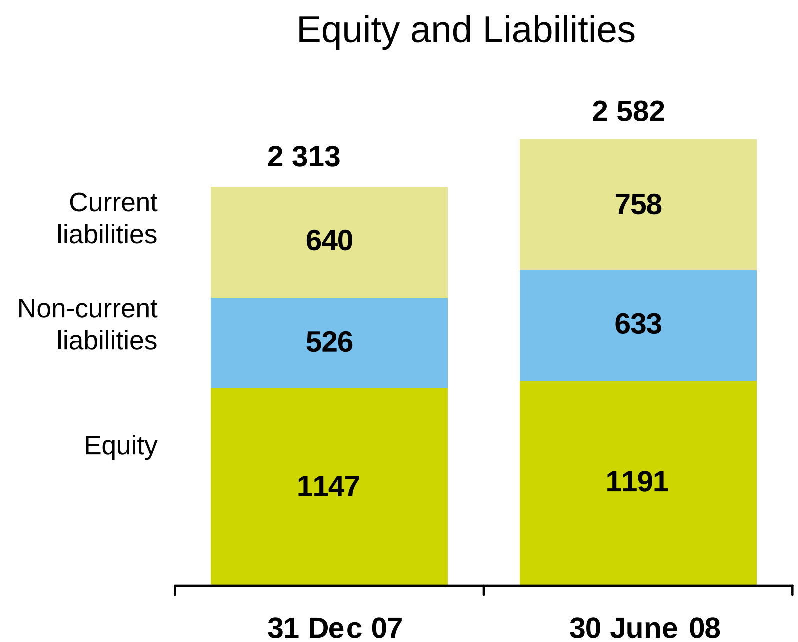
Consolidated balance sheet: key figures





- Increase in current assets mainly due to inventory and receivables
- Increased liabilities driven by higher debt and more trade payables

Balance sheet: key figures

(in mio €)	1H 2007	1H 2008
Net financial debt	493	534
Gearing (net debt to equity)	47 %	45%

- Net debt increased as higher cash from operations is more than offset by increase in working capital and accelerated capital investments
- Gearing remains close to target of 50%

31 Ratios: key figures

(in mio €)	1H 2007	1H 2008
EBITDA on sales	13.6%	17.3%
EBIT margin on sales before non-recurring items	8.5%	12.5%
EBIT on sales	8.1%	11.2%
Sales on capital employed (asset rotation)	1.5	1.6
Return on capital employed	12.0%	18.0%
Return on equity	14.6%	22.8%

- Strong ratio's for the first half
- First half ratios traditionally better than full year
- Higher return on capital employed in spite of accelerated capital spending

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Key figures per share

In €	1H 2007	1H 2008
Share price at 30 June	108.85	98.05
Number of existing shares at 30 June	20 400 000	19 670 000
Book value	56.21	60.55
Result for the period attributable to the Group	3.61	6.40
Weighted average number of shares	20 202 311	19 692 333
Cash flow attributable to the Group	6.50	10.46

- Earnings per share for the period increased with 77%
- Cash flow attributable to the group : +61% per share

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- **Key challenges & Outlook**

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34 Key challenges

- Impact on global market demand due to additional price increases to offset further raw material price increases
- Alignment of global footprint to constantly changing market demand
- Capacity expansion to capture growth in a competitive market environment
- Invest in innovation to stay ahead of competition
- Align organizational set-up with growth objectives

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Outlook

- Maintain solid top line growth for the balance of the year
- Raw material prices further increased in Q3, more uncertainty for the next quarters
- Mature market conditions are expected to remain challenging reflecting low demand and significant cost increases
- Further accelerate investments for organic growth to support demand in emerging markets but watch out for Chinese economic policies
- Continue the drive for global operational excellence and innovation

Financial calendar

Third quarter trading update 2008	07	November	2008
Fourth quarter trading update 2008	20	February	2009
2008 results	13	March	2009
2008 annual report available on internet	17	April	2009
First quarter trading update 2009	13	May	2009
General meeting of shareholders	13	May	2009
Dividend payable (coupon nr. 10)	20	May	2009
2009 half year results	31	July	2009

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We like to keep on listening to you.
Any questions? Please do not hesitate to contact us:

Jacques Anckaert
Investor Relations

President Kennedypark 18
BE-8500 Kortrijk
T +32 56 23 05 72
F +32 56 22 85 57
investor.relations@bekaert.com
www.bekaert.com

Katelijn Bohez
Corporate Communication

President Kennedypark 18
BE-8500 Kortrijk
T +32 56 23 05 71
F +32 56 23 05 48
press@bekaert.com
www.bekaert.com

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