

Press release

regulated information

1 August 2008

Press

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Half year results 2008

Bekaert strategy drives results

China, Brazil and innovation overcome difficult conditions in traditional markets

The Bekaert strategy, with focus on innovation, emerging markets and fast growing new industries, delivers excellent results. Top line growth reflects raw material linked price increases, an improved product mix and strong organic volume growth.

The first half of 2008 was characterized by **major price rises** in raw materials and energy across all continents. The size of the price increases forced Bekaert to substantially raise its selling prices at a time when overall market conditions in the Western world were not favorable, mainly in the traditional automotive and construction sectors. Tight wire rod supply conditions kept inventory levels down and forced the company to pass on price increases without delay.

Broad geographical coverage with **strong focus on emerging markets** offered Bekaert more resilience to economic downturn in mature markets than in previous economic cycles. As part of its strategy, Bekaert does not hesitate to invest in capacity to meet the continued growing demand in emerging countries like China and Brazil. The organic volume rise in such countries is more than offsetting the economic slowdown in mature markets, where Bekaert is being forced to streamline its operations.

Last but not least, the power of its **innovation** strategy and the **extensive product and technology portfolio** have allowed Bekaert to significantly improve its product mix, taking maximum advantage of growth sectors like offshore, energy, mining, and clean technology.

The combination of these three elements: strong organic growth in emerging markets, an innovation based product mix, and overall price increases forced on Bekaert mainly by the higher raw material prices, resulted in vigorous growth.

Highlights

- Consolidated sales of €1 303 million (+22%)
- Combined sales of €1 971 million (+18%)
- EBITDA of €225 million
- 17.3% EBITDA margin on sales, compared with 13.6%
- 12.5% EBIT margin on sales before non-recurring items, compared with 8.5%
- 11.2% EBIT margin on sales, compared with 8.1%
- Earnings per share: €6.40 compared with €3.61

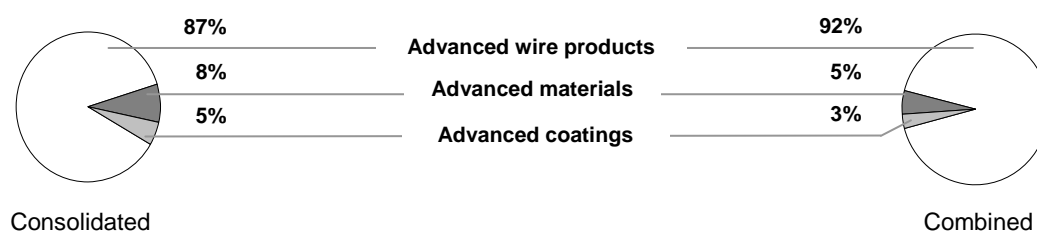
Sales

In the first half of 2008, Bekaert achieved consolidated sales of € 1.3 billion and combined sales of € 1.97 billion, an increase of 22.3% and 18.0% respectively.^{1 2}

The consolidated sales increase was 20.0% from organic growth and 7.6% from the net movement in acquisitions and divestments in Vicson (Venezuela) and in Proalco (Colombia), while fluctuations in several exchange rates tempered the growth by 5.3%.

Consolidated and combined sales by business segment

1 H 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 sales and others	3	-	-2	-
Total	1 303	+22.3%	1 971	+18.0%

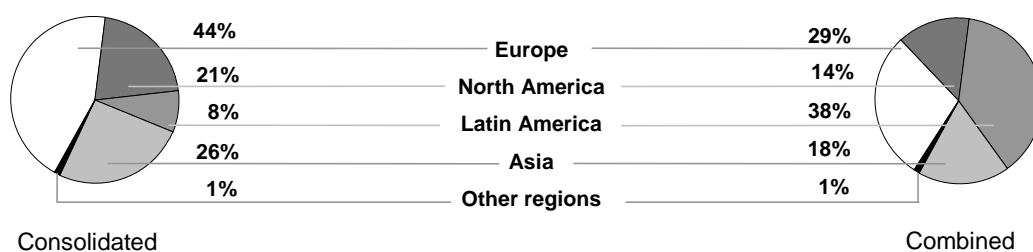


¹ Combined sales are sales generated by consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

² All comparisons are made relative to the figures of the first half of 2007.

Consolidated and combined sales by geographical area

1 H 2008	Consolidated sales		Combined sales	
	In millions of €	variance	in millions of €	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%



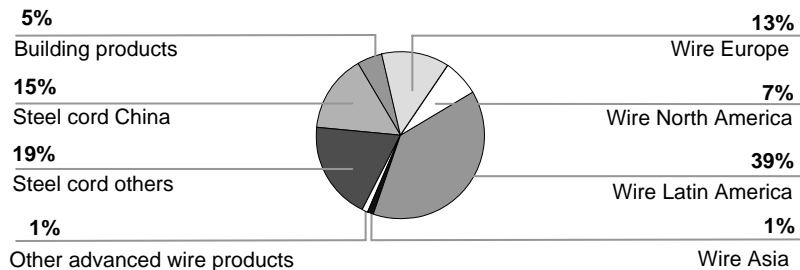
Advanced wire products

Key figures (in millions of €)	1 H 2007	1 H 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%
Combined sales	1 508	1 811
Share in result of the joint ventures	23	36

Combined sales growth by activity platform

Wire Europe	+15.7%	Building products	+18.0%
Wire North America	+8.5%	Steel cord China	+80.5%
Wire Latin America	+24.9%	Steel cord others	-4.7%
Wire Asia	+63.3%	Other advanced wire products	-21.8%

Share in combined sales by activity platform



Bekaert **advanced wire products** posted strong sales growth (+20%) and excellent results. This performance is attributable to the combination of accelerated growth in emerging markets, now representing the majority of this segment's sales, and the impact of product portfolio renewal driven by innovation. Passing through higher raw material and energy prices increased turnover additionally. Bekaert faced, however, difficult conditions in traditional markets.

- Accelerated growth in emerging markets

Steel cord China (+80%), wire Asia (+63%) and wire Latin America (+25%) now add up to 55% of the revenues of the business segment advanced wire products, versus 48% in the same period of last year. This is to a large extent the result of the completion of major capital investment programs in these regions. Some examples: within the **steel cord China** activity platform, the company's target to build up the local annual tire cord capacity to 300 000 metric tons by the end of 2008 has been achieved today. The newly started production activity in Karawang, Indonesia, contributed significantly to the strong sales increase of **wire Asia**.

In **wire Latin America**, all subsidiaries and joint ventures turned in excellent performances. Joint venture operations in Chile recorded better sales than in the previous reporting periods, while those in Brazil continued to show sustained growth and remained the largest contributors to the combined turnover of this activity platform.

Within the **wire Europe** activity platform (up more than 15%), the plants in Slovakia and the Czech Republic kept on developing successfully, with sharp volume and revenue increases.

Building products sales were up significantly in all markets, notably including regions enjoying an infrastructure boom such as the Middle East and Asia.

- Accelerated growth through innovation

Major investments in R&D and the company's broad and constantly renewing product portfolio have allowed Bekaert to significantly improve profitability, taking maximum advantage of growth sectors such as submarine and energy transmission, green energy (mainly solar), mining, telecommunication, and the oil and gas industry. Within the segment of Bekaert advanced wire products, the related portfolio includes cable armoring wires, flat and profiled wire for flexible pipes, hoisting cables and cords, sawing wire, and tire cord for off the road heavy equipment. Accelerated investments in Bekaert's related production capacity – even more when built up in emerging countries – created strong leverage on results.

- Difficult economic conditions in traditional markets

Compared with a weak first half of 2007, **wire North America's** robust sales increase (+24%) was negatively impacted by exchange rate movements, limiting sales growth to 8.5%. Sales were down almost 22% in the textile sector-related **other advanced wire products**. In all Western European and North American entities of the activity platform **steel cord others**, weak market conditions led to a decline in volumes, while currency movements additionally affected the figures. Consequently, the results in these traditional markets remained under pressure.

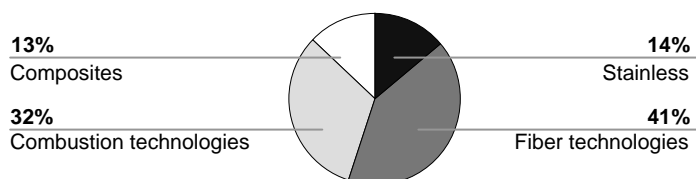
Advanced materials

Key figures (in millions of €)	1 H 2007	1 H 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%

Combined sales growth by activity platform

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

Share in combined sales by activity platform



In the first half of 2008 sales of **advanced materials** were stable in the aggregate, but showed fluctuations per individual activity platform.

Compared with a strong first half in 2007, sales of stainless were down due to a volume decline and reduced nickel-based wire rod prices. The activity decrease in some Belgian fiber technologies plants was more than offset by a further dynamic expansion of the diesel particulate filter media supplied by the Suzhou plant in China. Sales growth of combustion technologies can be attributed to the project-related paper and coating drying systems. Bekaert achieved higher capacity utilization in composites, but the market remained extremely competitive.

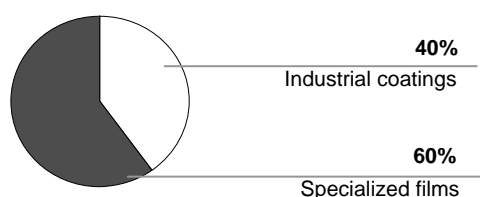
Advanced coatings

Key figures (in millions of €)	1 H 2007	1 H 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%

Combined sales by activity platform

Industrial coatings	-8.8%	Specialized films	-0.6%
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Share in combined sales by activity platform



In the first half of 2008 sales of **advanced coatings** were down 4% due to difficult market conditions in industrial coatings, especially in sputter technologies. Specialized films performed strongly (+14%), reflecting firm growth in Asia and expanding industrial applications, but all growth was canceled out by exchange rate movements.

Other activities

Bekaert continued to invest heavily in research and development for a total of almost €33 million in the first half of 2008 (+7.5%). The engineering department, which is the main supplier of proprietary machinery for the company's investment programs, operated at a high activity level.

Profitability

Bekaert posted an operating result (EBIT) before non-recurring income and expenses of € 163 million. This equates to an EBIT margin on sales before non-recurring income and expenses of 12.5%, compared with 8.5% for the same period of 2007. Including non-recurring items, EBIT was € 145 million, representing a margin on sales of 11.2% compared with 8.1%. EBITDA amounted to € 225 million, a record-high figure.

Non-recurring items include provisions with respect to the intended restructuring of the Belgian operations footprint, environmental liabilities, and the partial goodwill impairment of Solaronics.

Taxation on profit amounted to €25.5 million, compared with €15 million.

The share in the results of joint ventures and associated companies amounted to €35.7 million. Notwithstanding the transfer of Vicson and Proalco to the consolidated perimeter, this represented a growth rate of 53% versus the same period in 2007.

The result for the period was €133 million, compared with €78.6 million. After minority interests (€7 million as against €6 million in the first half of 2007), the result for the period attributable to the Group was €126 million, up 73%.

Balance sheet

The balance sheet is strong. As at 30 June 2008, equity represented 46% of total assets. Net debt amounted to €534 million and the gearing ratio was 45%.

Cash flow statement

Cash from operating activities amounted to €44 million and reflected the increased need for working capital in view of the sales growth. The increased purchase of property, plant and equipment was in line with the company's investment program.

Cash flow attributable to the Group amounted to €206 million versus €131 million in the same period of last year.

To further optimize the company's balance structure, Bekaert repurchased 161 000 shares for an amount of €13.6 million (average price per share of €84.52) and canceled them in March 2008. In addition, 22 800 shares were purchased within the framework of a company stock option plan for a total of €2.4 million (average price per share of €105.08).

NV Bekaert SA (statutory accounts)

The entity's sales amounted to €322 million, compared with €315 million in the first semester of 2007, an increase of 2.4%. The profit for the period was close to €24 million, compared with €72 million in the same period of last year. Product mix effects and increased energy and labor costs, along with provisions for environmental liabilities and restructuring plans explained the profit decline.

Investment Update

- In the first quarter of 2008, Bekaert issued a five-year €100 million bond loan at 5.3%.
- Bekaert announced on 18 January 2008 an investment of a new steel cord plant in the Lipetsk Special Economic Zone in Russia.
- Bekaert announced on 4 June 2008 the intention to sell its diamond-like carbon coating activities to Sulzer AG. The closing of the intended transaction is subject to regulatory approvals.

- On 26 June 2008 Bekaert announced the intended restructuring of the Belgian steel cord activities.
- Bekaert and Ansteel (China) announced a strategic partnership (26 May 2008) and the decision to set up a joint venture for building a steel cord plant in Chongqing (6 June 2008). On 16 July 2008, the partners signed the joint venture contract and a wire rod supply contract.
- As communicated on 18 February 2008, NV Bekaert SA and Hacı Ömer Sabancı Holding A.S. agreed on the acquisition by Bekaert of the remaining 50% of the shares in Beksa Celik Kord Sanayi ve Ticaret A.S (Turkey). On 24 July 2008, NV Bekaert SA acquired 100% of the shares and founder certificates of the entity for € 40.3 million. The company was renamed Bekaert Izmit Celik Kord Sanayi ve Ticaret A.S.

Outlook

Notwithstanding a continuing difficult economic environment in the mature Western markets, Bekaert expects, thanks to its strategic positioning in the emerging markets, to maintain solid top line growth for the balance of the year.

Management will pay particular attention to the sharply rising wire rod prices as it becomes difficult to predict what the impact would be on the demand of final customers, as further increases will have to be passed on.

The company will continue its drive for global operational excellence and innovation. Additional investments are planned in the course of 2008 in order to provide maximum support to the global customer base and to ensure sustainable profitable growth. The total capital expenditure is estimated to reach €250 million in 2008. Amongst other projects, Bekaert will further increase its tire cord capacity in China to 325 000 tons.

Financial calendar

Third quarter trading update 2008	7	November	2008
Fourth quarter trading update 2008	20	February	2009
2008 results	13	March	2009
2008 annual report available on the 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

These unaudited and condensed consolidated interim financial statements have been prepared using accounting policies consistent with IFRSs as adopted by the European Union and in accordance with IAS 34 – *Interim Financial Reporting*. The consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as in the 31 December 2007 annual consolidated financial statements.

Profile

Bekaert (www.bekaert.com) seeks sustainable profitable growth based on its two core competences: advanced metal transformation and advanced materials and coatings. Bekaert aims to consolidate its position as both market and technological leader around the world. With its broad range of high technological products, systems and services, Bekaert offers high added value for its customers. Bekaert (Euronext Brussels: BEKB) is a European based company, headquartered in Belgium, employing over 22 000 people. Bekaert, present in 120 countries, generates annual combined sales of more than €3.4 billion.

Annex 1: Press release 1 August 2008

Consolidated income statement

(in thousands of €)

	1H 07*	1H 08
CONTINUING OPERATIONS		
Sales	1 065 105	1 303 112
Cost of sales	-851 093	-995 065
Gross profit	214 012	308 047
Selling expenses	-48 858	-58 662
Administrative expenses	-47 255	-53 315
Research and development expenses	-30 562	-32 879
Other operating revenues	8 409	6 980
Other operating expenses	-5 422	-7 300
Operating result (EBIT) before non-recurring items	90 324	162 871
Non-recurring items	-3 777	-17 554
Operating result (EBIT)	86 547	145 317
Interest income	891	2 426
Interest expense	-17 282	-19 566
Other financial income and expenses	80	-5 227
Result from continuing operations before taxes	70 236	122 950
Income taxes	-14 978	-25 511
Result from continuing operations (consolidated companies)	55 258	97 439
Share in the results of joint ventures and associates	23 401	35 742
Result from continuing operations	78 659	133 181
DISCONTINUED OPERATIONS		
Result from discontinued operations	-	-
RESULT FOR THE PERIOD		
Attributable to :		
- the Group	72 877	126 046
- minority interests	5 782	7 135

*the restatement relates to the election for the IAS 19 option to recognize actuarial gains and losses on defined-benefit plans directly in equity. This change in accounting policy was introduced in the year-end financial statements of 2007.

Annex 2 : Press release 1 August 2008

Consolidated statement of comprehensive income

(in thousands of €)	1H 07	1H 08
Result for the period	78 659	133 181
Other comprehensive income		
Exchange differences	14 743	5 196
Cash flow hedges	-546	-1 538
Available-for-sale investments	6 159	-11 319
Actuarial gains and losses (-) on defined benefit plans	-	-8 559
Share of other comprehensive income or joint ventures and associates	1 072	18
Other	-449	9
Deferred taxes relating to other comprehensive income	47	4 116
Other comprehensive income for the period, net of tax	21 026	-12 077
Total comprehensive income for the period	99 685	121 104
Attributable to		
the Group	93 888	113 869
minority interests	5 797	7 235

Annex 3 : Press release 1 August 2008

Consolidated balance sheet

(in thousands of €)	31 Dec. 2007	30 June 2008
Non-current assets	1 335 478	1 353 337
Intangible assets	51 887	46 644
Goodwill	70 118	62 626
Property, plant and equipment	917 617	938 251
Investments accounted for using the equity method	215 560	225 957
Other non-current assets	74 851	72 536
Deferred tax assets	5 445	7 323
Current assets	977 079	1 228 903
Inventories	385 443	473 584
Trade receivables	437 743	550 401
Other receivables	52 694	43 362
Short-term deposits	15 179	10 177
Cash and cash equivalents	58 063	115 242
Other current assets	20 395	14 728
Assets classified as held for sale	7 562	21 409
TOTAL ASSETS	2 312 557	2 582 240
Equity	1 146 586	1 190 990
Share capital	173 663	173 663
Retained earnings	995 481	1 056 233
Other reserves	-70 990	-87 321
Equity attributable to the Group	1 098 154	1 142 575
Minority interests	48 432	48 415
Non-current liabilities	525 507	633 288
Employee benefit obligations	120 796	113 620
Provisions	25 151	28 715
Interest-bearing debt	322 495	431 095
Other non-current liabilities	2 055	1 117
Deferred tax liabilities	55 010	58 741
Current liabilities	640 464	757 962
Interest-bearing debt	252 953	289 501
Trade payables	231 745	271 743
Employee benefit obligations	83 381	90 747
Provisions	12 434	18 500
Income taxes payable	12 642	21 279
Other current liabilities	44 434	58 890
Liabilities associated with assets classified as held for sale	2 875	7 302
TOTAL EQUITY AND LIABILITIES	2 312 557	2 582 240

Annex 4 : Press release 1 August 2008

Consolidated statement of changes in equity

(in thousands of €)	1H 07	1H 08
Opening balance	1 108 978	1 146 586
Total comprehensive income for the period	99 685	121 104
Creation of new shares	-	-
Acquisitions of own shares	-106 953	-16 019
Dividends to shareholders of NV Bekaert SA	-49 590	-54 289
Dividends to minority interests	-5 124	-7 796
Other	-2 128	1 404
Closing balance	1 044 868	1 190 990

Annex 5 : Press release 1 August 2008

Consolidated cash flow statement

(in thousands of €)	1H 07	1H 08
Operating result (EBIT)	86 547	145 317
Non-cash and investing items included in operating result	53 870	72 701
Income taxes paid	-8 323	-7 182
Gross cash from operating activities	132 094	210 836
Change in operating working capital	-52 103	-171 674
Other operating cash flows	-3 958	5 032
Cash from operating activities	76 033	44 194
New business combinations	-2 539	-869
Proceeds from disposals of investments	4 284	452
Dividends received	27 003	28 512
Purchase of intangible assets	-4 109	-1 977
Purchase of property, plant and equipment	-73 492	-94 190
Other investing cash flows	602	5 233
Cash from investing activities	-48 251	-62 839
Interest received	891	2 426
Interest paid	-18 176	-20 059
Gross dividend paid	-43 589	-48 471
Other financing cash flows	52 930	142 625
Cash from financing activities	-7 944	76 521
Net increase or decrease (-) in cash and cash equivalents	19 838	57 876
Cash and cash equivalents at the beginning of the period	52 139	58 063
Effect of exchange rate fluctuations	-131	-697
Cash and cash equivalents at the end of the period	71 846	115 242

Annex 6 : Press release 1 August 2008

Additional key figures

(in € per share)	1H 07*	1H 08
Number of existing shares at 30 June	20 400 000	19 670 000
Book value	56.21	60.55
Share price at 30 June	108.85	98.05
Weighted average number of shares		
Basic	20 202 311	19 692 333
Diluted	20 346 526	19 853 743
Result for the period attributable to the Group		
Basic	3.61	6.40
Diluted	3.58	6.35
Cash flow attributable to the Group		
Basic	6.50	10.46
Diluted	6.45	10.37

(in thousands of €)

Cash flow attributable to the Group (continuing operations)	131 220	205 961
EBITDA	144 890	225 232
Depreciation and amortization	58 343	79 915
Capital employed	1 477 848	1 699 185
Operating working capital	503 908	651 664
Net debt	492 980	534 149
EBIT on sales before non-recurring items	8.5%	12.5%
EBIT on sales	8.1%	11.2%
EBITDA on sales	13.6%	17.3%
Equity on total assets	45.2%	46.1%
Gearing (net debt on equity)*	47.2%	44.8%
Average working capital on sales	22.4%	22.0%

NV Bekaert SA – Statutory Profit and Loss Statement (in thousands of €)

Sales	314 583	322 236
Operating result	26 994	3 396
Financial result	46 760	17 549
Profit from ordinary activities	73 754	20 945
Extraordinary results	190	2 257
Profit before income taxes	73 944	23 202
Income taxes	-2 012	419
Result for the period	71 932	23 621

*the restatement relates to the election for the IAS 19 option to recognize actuarial gains and losses on defined-benefit plans directly in equity. This change in accounting policy was introduced in the year-end financial statements of 2007.