BEKAERT
better together

Press release
Regulated information

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Half year results 2009

Bekaert: Asia counters global slowdown

- strong performance in Asia Pacific
- low demand in mature markets
- € 40 million margin impact from decreasing steel prices
- 7.2% EBIT margin on sales before non-recurring items

Bekaert maintains solid performance in emerging markets…

In the first half of 2009, Bekaert achieved organic sales in emerging markets comparable to the very strong first half of 2008, while acquisitions and favorable currency movements boosted consolidated revenues there by more than 30%.

Bekaert was ideally positioned to capitalize on the rebound of **China**'s economy following the Chinese New year and was ready to seize opportunities immediately. Favorable currency movements also contributed to the 15% top-line growth in Asia Pacific.

While organic sales remained relatively stable, Bekaert almost doubled its consolidated revenue in **Latin America**, driven by the integration of Ideal Alambrec (Ecuador) and Prodac (Peru) within the consolidation perimeter. Bekaert remains poised for an expected upturn of Latin American economies.

… while experiencing volume and price pressure in mature markets

Persistent weak demand in **mature markets** led to a decline in most activities in EMEA and North America, especially in the automotive and construction markets. Sales as well as profits decreased as a result of a major drop in volume. Bekaert introduced further cost-saving measures and drove up volumes of some basic products to increase capacity utilization.

The **overall price decreases** in steel-based raw materials witnessed since the end of 2008 affected both Bekaert's revenues and profits. In the first half of 2009, the related margin impact amounted to € 40 million.

Bekaert continues to report a strong balance sheet

Bekaert was able to reduce working capital and restructure and lower net debt, so that even in difficult times, a strong balance sheet has been maintained.

Financial statements first half 2009

Key figures (in millions of €)	1H 2008	1H 2009
Consolidated sales	1 303	1 200
Operating result (EBIT) before non-recurring items	163	86
EBIT margin on sales before non-recurring items	12.5%	7.2%
Non-recurring items	-18	-7
Operating result (EBIT)	145	79
EBIT margin on sales	11.2%	6.6%
Depreciation, amortization and impairment losses	80	66
EBITDA	225	145
EBITDA margin on sales	17.3%	12.1%
Combined sales	1 971	1 615

Sales

Compared with an exceptional first half of 2008, Bekaert's consolidated sales were only down 7.9%, with major differences between regions. Weak market demand, notably in the mature markets, drove an organic sales decline of 20.6%. This was partly compensated by the integration of Prodac (Peru) and Ideal Alambrec (Ecuador) in Latin America, which added 5.8%, and the positive effect of currency movements, which contributed 6.9%.[1]

Combined sales[2] decreased 18.1% in comparison with the first half of last year. This was a result of lower market demand reflected in an organic decline of 20.7%, which was slightly tempered by favorable exchange-rate differences of 2.6%.

Market developments per sector

Bekaert is active in a very wide range of sectors. The largest markets for Bekaert's products are the automotive, construction and energy sectors. In the **automotive** sector, sales are largely driven by the replacement market which is less sensitive to economic downturns than the original equipment market. Bekaert's automotive-related sales figures nevertheless dropped significantly within mature markets due to heavy destocking throughout the value chain. The economic crisis also affected sales in the **construction** sector. Bekaert continued to perform well on a global basis across many different applications in the **energy**-related markets, including petroleum extraction, solar and other renewable energy and energy transportation.

Consolidated and combined sales by segment[3]

First half 2009 consolidated sales in millions of €

	1H 2008	1H 2009	Variance	Share
EMEA	612	410	-33%	34%
North America	289	263	-9%	22%
Latin America	84	160	+90%	13%
Asia Pacific	318	367	+15%	31%
Total	**1 303**	**1 200**	**-8%**	**100%**

1 All comparisons are made relative to the figures for the first half of 2008, which have been readjusted according to the new segment reporting. The figures in this press release are provisional and unaudited.
2 Combined sales are sales of consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.
3 The new segment reporting implemented by Bekaert as from January 2009 implies segmentation by geographical market. More details can be found on www.bekaert.com-investors-datacenter.

First half 2009 combined sales in millions of €

	1H 2008	1H 2009	Variance	Share
EMEA	608	407	-33%	25%
North America	287	259	-10%	16%
Latin America	751	579	-23%	36%
Asia Pacific	325	369	+13%	23%
Total	**1 971**	**1 615**	**-18%**	**100%**

Segment reports

EMEA

Key figures (in millions of €)	**1H 2008**	**1H 2009**
Consolidated sales	612	410
Operating result (EBIT) before non-recurring items	53	-21
EBIT margin on sales before non-recurring items	8.6%	-5.0%
Non-recurring items	-17	-6
Operating result (EBIT)	36	-27
EBIT margin on sales	5.8%	-6.5%
Depreciation, amortization and impairment losses	39	27
EBITDA	75	0
EBITDA margin on sales	12.3%	0.0%

Low economic activity and stock depletion by customers resulted in a 30% drop in sales volumes across most EMEA activity platforms. The negative operating result mainly reflects the impact of declining raw material prices on profit margins. From the second quarter onwards, Bekaert entered the market with additional volumes of some basic products, to secure and drive up capacity utilization.

NORTH AMERICA

Key figures (in millions of €)	**1H 2008**	**1H 2009**
Consolidated sales	289	263
Operating result (EBIT) before non-recurring items	21	-5
EBIT margin on sales before non-recurring items	7.3%	-1.7%
Non-recurring items	1	0
Operating result (EBIT)	22	-5
EBIT margin on sales	7.6%	-1.8%
Depreciation, amortization and impairment losses	8	9
EBITDA	30	4
EBITDA margin on sales	10.4%	1.5%

In North America, nominal sales decreased by almost 20% as a result of a weaker product mix and declining volumes corresponding to low economic activity. This impact was felt particularly strongly in platforms that serve the automotive and construction markets. On a currency-adjusted basis, the revenue decline was limited to 9%. Comparable actions as in EMEA were taken from the second quarter onwards to increase capacity utilization.

LATIN AMERICA

Key figures (in millions of €)	1H 2008	1H 2009
Consolidated sales	84	160
Operating result (EBIT) before non-recurring items	11	9
EBIT margin on sales before non-recurring items	12.9%	5.3%
Non-recurring items	0	-1
Operating result (EBIT)	11	8
EBIT margin on sales	12.6%	4.7%
Depreciation, amortization and impairment losses	2	4
EBITDA	13	12
EBITDA margin on sales	14.9%	7.8%
Combined sales	751	579

Latin America's consolidated sales growth was the result of the integration of Ideal Alambrec (Ecuador) and Prodac (Peru). Also in this region, volume decline and wire rod price fluctuations impacted the profit margins. After a severe slowdown in the first quarter of 2009 and the significant negative currency impact of the Brazilian real, Bekaert's joint ventures in Brazil saw a gradual recovery in demand from the second quarter onwards.

ASIA PACIFIC

Key figures (in millions of €)	1H 2008	1H 2009
Consolidated sales	318	367
Operating result (EBIT) before non-recurring items	107	128
EBIT margin on sales before non-recurring items	33.5%	34.9%
Non-recurring items	0	0
Operating result (EBIT)	107	128
EBIT margin on sales	33.5%	34.9%
Depreciation, amortization and impairment losses	31	29
EBITDA	137	157
EBITDA margin on sales	43.2%	42.9%

Bekaert China's platforms started off slowly in the first months of the year. During those months, Bekaert offered extensive training in different components of Bekaert's Operational Excellence programs to its temporarily redundant employees. Consequently, Bekaert was ideally positioned to capitalize on the upturn as the company did not lay off its personnel during the economic standstill that occurred around the turn of the year. Bekaert achieved record volumes and sales from April onwards, operating at very high capacity utilization levels. Sales were further boosted by a favorable product mix and positive exchange-rate movements. The entities in India and Indonesia recorded moderate growth.

OTHER ACTIVITIES

Bekaert further increased its investments in research and development, totaling € 35 million in the first half of 2009 (up 6.7% versus the same period of last year). These R&D expenses applied to the activities of the international technology centers in Deerlijk (Belgium) and Jiangyin (China). The Engineering department, which is the company's main supplier of proprietary machinery, adjusted to the changed market circumstances and the subsequent investment planning.

FINANCIAL REVIEW

Financial results

Bekaert achieved an operating result (EBIT) before non-recurring items of € 85.8 million. This equates to an EBIT margin on sales before non-recurring items of 7.2%. Including non-recurring items, EBIT was € 78.7 million, representing an EBIT margin on sales of 6.6%. EBITDA amounted to € 145 million, representing an EBITDA margin on sales of 12.1%.

Bekaert implemented stringent cost saving measures, both at the level of its manufacturing organization as well as in selling and administrative expenses. While expenses increased firstly as a result of the integration of Ideal Alambrec and Prodac (selling and administrative expenses: increase of € 6 million) and secondly due to currency fluctuations (impact of € 3.8 million), the company managed to keep total costs under control. Research and development expenses grew by 6.7% in line with Bekaert's continuous innovation strategy.

The increase in interest expenses (up € 9.7 million) was mainly due to increased interest rates and a higher year-on-year net debt position incurred to finance major capital expenditures. Taxation on profit amounted to € 13.3 million.

The transfer of Ideal Alambrec and Prodac to the consolidated perimeter and lower profits in the Brazilian and Chilean activities reduced the share in the results of joint ventures and associated companies to € 17.4 million.

The result for the period thus reached € 52.4 million. After third-party minority interests (€ 8.2 million), the result for the period attributable to the Group was € 44.2 million.

Strong balance sheet

As at 30 June 2009, shareholders’ equity represented 43.2% of total assets. Net debt (€ 621.8 million) was brought back below the level of year-end 2008, mainly as a result of a reduction of the working capital, which was partly offset by the integration of Ideal Alambrec and Prodac. The gearing ratio (net debt to equity) was 50.7%.

Cash flow statement

Cash from operating activities amounted to € 226.3 million and reflected the major efforts to reduce working capital. As per 30 June 2009, operating working capital amounted to € 610.8 million. The purchase of property, plant and equipment (€ 86.2 million) was in line with the company's investment program.

Cash flow attributable to the Group amounted to € 110.4 million.

NV Bekaert SA (statutory accounts)

The Belgium-based parent entity’s sales amounted to € 176.7 million. Operating loss for the period was € 45.6 million. Stringent cost-control measures could not compensate for the margin loss caused by extreme low activity levels and declining wire rod prices. Net loss amounted to € 37.8 million.

Investment update

Bekaert issued two bonds on 17 March 2009, which were fully subscribed for the total maximum amount of € 300 million at the date of the issue. The three-year and five-year bonds were each subscribed for an amount of € 150 million. The bond issue fits in with a debt-restructuring plan that aims to provide a better balance between short- and long-term debts.

OUTLOOK

In line with earlier guidance market visibility remains limited, especially in the mature markets.

At present, raw material price indices point towards stabilization, meaning no further negative margin impact is expected in the coming months. Obviously, the substantially lower raw material prices year-on-year will have a corresponding impact on Bekaert's sales for the second half of 2009.

Notwithstanding the economic circumstances, Bekaert is confident that its broad geographical coverage with a strong presence in emerging markets, as well as its growing portfolio of product innovations and strong balance sheet, will continue to be of strategic importance.

Financial calendar

Third quarter trading update 2009	13	November	2009
2009 results	26	February	2010
2009 annual report available on the internet	31	March	2010
First quarter trading update 2010	12	May	2010
General Meeting of Shareholders	12	May	2010
Dividend payable (coupon nr. 11)	19	May	2010
2010 half year results	30	July	2010

These unaudited and condensed consolidated interim financial statements have been prepared using accounting policies consistent with IFRSs as adopted by the European Union including IAS 34 – *Interim Financial Reporting*. With the exception of IFRS 8 – *Operating Segments*, which superseded IAS 14 – *Segment Reporting* as from 1 January 2009, the consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as in the 31 December 2008 annual consolidated financial statements. The initial accounting for the new business combinations was determined provisionally.

Statement from the responsible persons

The undersigned persons state that, to the best of their knowledge:

- the condensed financial statements of NV Bekaert SA and its subsidiaries as of 30 June 2009 have been prepared in accordance with the International Financial Reporting Standards, and give a true and fair view of the assets and liabilities, financial position and results of the whole of the companies included in the consolidation; and
- the interim management report gives a fair overview of the information required to be included therein.

Bruno Humblet
Chief Financial Officer

Bert De Graeve
Chief Executive Officer

Profile

Bekaert (www.bekaert.com) is a global technological leader in its two core competences: advanced metal transformation and advanced materials and coatings, and a market leader in drawn wire products and applications. Bekaert (Euronext Brussels: BEKB) is a global company with headquarters in Belgium, employing 23 000 people worldwide. Serving customers in 120 countries, Bekaert pursues sustainable profitable growth in all its activities and generates annual combined sales of € 4 billion.

Annex 1: Press release 31 July 2009

Consolidated income statement

(in thousands of €)	1H 08	1H 09
CONTINUING OPERATIONS		
Sales	1 303 112	1 199 920
Cost of sales	-995 065	-972 954
Gross profit	**308 047**	**226 966**
Selling expenses	-58 662	-53 040
Administrative expenses	-53 315	-56 586
Research and development expenses	-32 879	-35 067
Other operating revenues	6 980	8 515
Other operating expenses	-7 300	-4 941
Operating result (EBIT) before non-recurring items	**162 871**	**85 847**
Non-recurring items	-17 554	-7 130
Operating result (EBIT)	**145 317**	**78 717**
Interest income	2 426	2 175
Interest expense	-19 566	-29 304
Other financial income and expenses	-5 227	-3 386
Result from continuing operations before taxes	**122 950**	**48 202**
Income taxes	-25 511	-13 266
Result from continuing operations (consolidated companies)	**97 439**	**34 936**
Share in the results of joint ventures and associates	35 742	17 442
Result from continuing operations	**133 181**	**52 378**
DISCONTINUED OPERATIONS		
Result from discontinued operations	**-**	**-**
RESULT FOR THE PERIOD	**133 181**	**52 378**
Attributable to :		
- the Group	126 046	44 195
- minority interests	7 135	8 183

Annex 2: Press release 31 July 2009

Consolidated statement of comprehensive income

(in thousands of €)	1H 08	1H 09
Result for the period	**133 181**	**52 378**
Other comprehensive income		
Exchange differences	5 196	3 911
Cash flow hedges	-1 538	5 381
Remeasurement of net assets held prior to acquiring control	-	4 881
Available-for-sale investments	-11 319	6 153
Actuarial gains and losses (-) on defined benefit plans	-8 559	1 891
Share of other comprehensive income or joint ventures and associates	18	426
Other	9	301
Deferred taxes relating to other comprehensive income	4 116	-1 559
Other comprehensive income for the period, net of tax	**-12 077**	**21 385**
Total comprehensive income for the period	**121 104**	**73 763**
Attributable to		
the Group	113 869	67 305
minority interests	7 235	6 458

Annex 3: Press release 31 July 2009

Consolidated balance sheet

(in thousands of €)	31 Dec. 2008	30 June 2009
Non-current assets	**1 408 708**	**1 500 280**
Intangible assets	52 332	52 617
Goodwill	59 133	58 846
Property, plant and equipment	1 070 667	1 137 038
Investments accounted for using the equity method	199 869	206 088
Other non-current assets	17 960	29 407
Deferred tax assets	8 747	16 284
Current assets	**1 258 456**	**1 336 116**
Inventories	510 541	393 405
Trade receivables	483 176	491 170
Other receivables	52 982	50 197
Short-term deposits	13 560	163 253
Cash and cash equivalents	104 761	132 894
Other current assets	72 300	85 719
Assets classified as held for sale	21 136	19 478
TOTAL ASSETS	**2 667 164**	**2 836 396**
Equity	**1 172 332**	**1 225 239**
Share capital	174 668	174 668
Retained earnings	1 098 816	1 090 943
Other reserves	-142 902	-118 960
Equity attributable to the Group	**1 130 582**	**1 146 651**
Minority interests	**41 750**	**78 588**
Non-current liabilities	**513 684**	**795 743**
Employee benefit obligations	143 375	153 542
Provisions	32 237	32 478
Interest-bearing debt	288 099	560 107
Other non-current liabilities	10 663	4 618
Deferred tax liabilities	39 310	44 998
Current liabilities	**981 148**	**815 414**
Interest-bearing debt	503 128	415 579
Trade payables	253 824	190 438
Employee benefit obligations	117 566	104 538
Provisions	30 271	17 258
Income taxes payable	18 150	21 164
Other current liabilities	53 502	62 106
Liabilities associated with assets classified as held for sale	4 707	4 331
TOTAL EQUITY AND LIABILITIES	**2 667 164**	**2 836 396**

Annex 4: Press release 31 July 2009

Consolidated statement of changes in equity

(in thousands of €)	1H 08	1H 09
Opening balance	**1 146 586**	**1 172 332**
Total comprehensive income for the period	121 104	73 764
Gross increase or decrease in minority interests	544	34 742
Share-based payment plans	860	788
Acquisitions of own shares	-16 019	-
Dividends to shareholders of NV Bekaert SA	-54 289	-55 240
Dividends to minority interests	-7 796	-1 147
Closing balance	**1 190 990**	**1 225 239**

Annex 5: Press release 31 July 2009

Consolidated cash flow statement

(in thousands of €)	**1H 08**	**1H 09**
Operating result (EBIT)	145 317	78 717
Non-cash and investing items included in operating result	72 701	40 964
Income taxes paid	-7 182	-14 527
Gross cash from operating activities	**210 836**	**105 154**
Change in operating working capital	-171 674	95 236
Other operating cash flows	5 032	25 926
Cash from operating activities	**44 194**	**226 316**
New business combinations	-869	-2 117
Proceeds from disposals of investments	452	-
Dividends received	28 512	19 229
Purchase of intangible assets	-1 977	-4 024
Purchase of property, plant and equipment	-94 190	-86 206
Other investing cash flows	5 233	430
Cash from investing activities	**-62 839**	**-72 688**
Interest received	2 426	2 175
Interest paid	-20 059	-30 036
Gross dividend paid	-48 471	-56 288
Other financing cash flows	142 625	-39 547
Cash from financing activities	**76 521**	**-123 696**
Net increase or decrease (-) in cash and cash equivalents	**57 876**	**29 932**
Cash and cash equivalents at the beginning of the period	**58 063**	**104 761**
Effect of exchange rate fluctuations	-697	-1 799
Cash and cash equivalents at the end of the period	**115 242**	**132 894**

Annex 6: Press release 31 July 2009

Additional key figures

(in € per share)	1H 08	1H 09
Number of existing shares at 30 June	19 670 000	19 783 625
Book value	60.55	61.93
Share price at 30 June	98.05	73.21
Weighted average number of shares		
Basic	19 692 333	19 728 625
Diluted	19 853 743	19 748 214
Result for the period attributable to the Group		
Basic	6.40	2.24
Diluted	6.35	2.24
Cash flow attributable to the Group		
Basic	10.46	5.60
Diluted	10.37	5.59

(in thousands of €)		
Cash flow attributable to the Group (continuing operations)	205 961	110 413
EBITDA	225 232	144 935
Depreciation, amortization and impairment losses	79 915	66 218
Capital employed	1 699 185	1 859 307
Operating working capital	651 664	610 806
Net debt	534 149	621 790
EBIT on sales before non-recurring items	12.5%	7.2%
EBIT on sales	11.2%	6.6%
EBITDA on sales	17.3%	12.1%
Equity on total assets	46.1%	43.2%
Gearing (net debt on equity)	44.8%	50.7%
Average working capital on sales	22.0%	26.3%

NV Bekaert SA – Statutory Profit and Loss Statement (in thousands of €)		
Sales	322 236	176 665
Operating result	3 396	-45 631
Financial result	17 549	11 211
Profit from ordinary activities	20 945	-34 420
Extraordinary results	2 257	-3 762
Profit before income taxes	23 202	-38 182
Income taxes	419	385
Result for the period	23 621	-37 797