

Press release

Regulated information

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Annual results 2009

Press

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Bekaert reports sustained profitability and 5% dividend increase

Highlights¹

EBITDA margin on sales of 15.8% compared with 15.5%

EBIT of €232 million compared with €210 million (+10%)

EBIT margin on sales of 9.5% compared with 7.9%

Net debt reduction of 37% to €395 million

Gearing of 28.8%

EPS: €7.69 compared with €8.83

Consolidated sales of €2.44 billion and combined sales of €3.34 billion

Dividend increase of 5% to €2.94 compared with €2.80

Bekaert's solid strategy proves also effective in a difficult economic environment

Bekaert accelerated the efforts to enhance its global operational excellence and innovation strategy, close to its customers. Continued growth in emerging markets and fast growing industries contributed to sustained profitability in 2009.

Notwithstanding a difficult economic environment, Bekaert succeeded in raising EBIT and EBITDA margins to record levels.

Fast and effective implementation of inventory restriction and cost saving measures led to a substantial reduction of working capital and net debt, so that Bekaert's strong balance sheet was even further improved.

¹ All comparisons are made relative to the financial year 2008.

Financial statements 2009

Key figures (in millions of €)	2008	2009	1H 2009	2H 2009
Consolidated sales	2 662	2 437	1 200	1 237
Operating result before non-recurring items (REBIT)	294	257	86	171
REBIT margin on sales	11.1%	10.5%	7.2%	13.8%
Non-recurring items	-84	-25	-7	-18
Operating result (EBIT)	210	232	79	153
EBIT margin on sales	7.9%	9.5%	6.6%	12.4%
Depreciation, amortization and impairment losses	202	153	66	87
EBITDA	412	386	145	241
EBITDA margin on sales	15.5%	15.8%	12.1%	19.4%
Combined sales	4 010	3 343	1 615	1 728

Sales

Compared with the exceptional year 2008, Bekaert's consolidated sales were down a limited 8.5%, with major differences among regions. Weak market demand, primarily during the first half of 2009, and lower raw material prices year-on-year drove an organic sales decline of 16.9%. This was partly compensated by the integration of Prodac (Peru) and Ideal Alambrec (Ecuador) in Latin America, which added 5.9%, and a minor positive effect of currency movements, which contributed 2.5%.²

Combined sales³ decreased 16.6% in comparison with 2008. Lower market demand resulted in an organic decline of 17.5%, while the effect of currency movements was almost neutralized (+0.9%).

Consolidated sales by segment⁴

in millions of €

	2008	2009	Variance	Share
EMEA	1 168	827	-29%	34%
North America	605	474	-22%	20%
Latin America	176	327	+85%	13%
Asia Pacific	713	809	+14%	33%
Total	2 662	2 437	-8.5%	100%

Regional differences in the 2009 quarter-on-quarter progress:

Quarterly sales 2009	1 st Q	2 nd Q	3 rd Q	4 th Q
EMEA	210	200	198	220
North America	142	122	106	104
Latin America	81	79	87	80
Asia Pacific	159	207	228	215
Total	592	608	619	618

² All comparisons are made relative to the financial year 2008, of which the figures were readjusted according to the new segment reporting.

³ Combined sales are sales of consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

⁴ The 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.

Combined sales by segment⁵

in millions of €

	2008	2009	Variance	Share
EMEA	1 157	823	-29%	25%
North America	600	469	-22%	14%
Latin America	1 525	1 237	-19%	37%
Asia Pacific	728	814	+12%	24%
Total	4 010	3 343	-16.6%	100%

Regional differences in the 2009 quarter-on-quarter progress:

Quarterly sales 2009	1 st Q	2 nd Q	3 rd Q	4 th Q
EMEA	209	198	197	219
North America	139	120	105	104
Latin America	280	299	326	331
Asia Pacific	160	209	229	216
Total	788	826	857	871

Segment reports

EMEA

Key figures (in millions of €)	2008	2009	1H 2009	2H 2009
Consolidated sales	1 168	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%
Depreciation, amortization and impairment losses	104	66	27	39
EBITDA	95	47	0	47
EBITDA margin on sales	8.2%	5.7%	0.0%	11.2%

The first half of 2009 was characterized by an overall drop in demand, especially in automotive and construction markets. The negative operating result also reflected the impact of declining raw material prices on the profit margins.

Bekaert actively countered the negative margin impact from lower sales through a detailed action plan which took effect in the second half of the year: Bekaert applied stringent working capital and cost control throughout all activity platforms and drove up volumes of basic products in order to increase capacity utilization. After a long period of steep decline, raw material prices stabilized and market demand picked up slightly in a number of sectors. The combination of these elements led to positive margins in the second half of 2009.

⁵ The 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.

NORTH AMERICA

Key figures (in millions of €)	2008	2009	1H 2009	2H 2009
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%
Depreciation, amortization and impairment losses	19	21	9	12
EBITDA	44	13	4	9
EBITDA margin on sales	7.2%	2.7%	1.5%	4.3%

In North America, sales dropped by more than 20% as a result of raw material price decreases and declining volumes in line with low economic activity. The impact was particularly strong in platforms that serve the automotive and construction markets. Actions taken to increase capacity utilization could not offset the impact of continued weak market demand.

LATIN AMERICA

Key figures (in millions of €)	2008	2009	1H 2009	2H 2009
Consolidated sales	176	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%
Depreciation, amortization and impairment losses	5	10	4	6
EBITDA	21	36	12	24
EBITDA margin on sales	11.8%	11.1%	7.8%	14.3%
Combined sales	1 525	1 237	579	657

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 in the first half of the year.

Recovery in demand improved the segment's profitability in the second half of 2009.

After a severe slowdown in the first quarter of 2009, Bekaert's joint ventures in Brazil saw a gradual recovery in demand from the second quarter onward.

ASIA PACIFIC

Key figures (in millions of €)	2008	2009	1H 2009	2H 2009
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%
Depreciation, amortization and impairment losses	74	62	29	33
EBITDA	319	349	157	192
EBITDA margin on sales	44.7%	43.2%	42.9%	43.4%

Bekaert China's platforms started off slowly in the first months of the year. However, Bekaert was ideally positioned to capitalize on the upturn, since the company did not lay off personnel during the economic standstill that occurred around the turn of the year. In full support of its customers, Bekaert achieved record volumes and sales from April onward, operating at very high capacity utilization levels at the lowest possible cost. The high demand was sustained throughout the year.

The entities in India and Indonesia have remained resilient throughout the crisis.

OTHER ACTIVITIES

Bekaert further maintained its high investments in research and development, totaling €63 million in 2009 (3% of sales). These R&D expenses applied to the activities of the international technology centers in Deerlijk (Belgium) and Jiangyin (China). Investments in venture capital were temporarily put on hold.

FINANCIAL REVIEW

5% dividend increase

In light of Bekaert's robust performance in 2009 and confidence in its future, the Board of Directors will propose that the General Meeting of Shareholders on 12 May 2010 approve the distribution of a gross dividend of €2.940 per share, compared with €2.800 last year. If this proposal is accepted, the net dividend per share will amount to €2.205 and the net dividend on shares with VVPR strip, entitling the holder to reduced withholding tax of 15%, will be €2.499. The dividend will be payable as from 19 May 2010.

Strong financial results

Bekaert achieved a record operating result (EBIT) of €232 million, compared with €210 million for the financial year 2008 (+10%). This equates to an EBIT margin on sales of 9.5%. The operating result before non-recurring items (REBIT) amounted to €257 million, representing a margin of 10.5%. Non-recurring expenses related to restructuring programs announced in 2008 (€11 million), as well as to asset impairments and other realignment programs (€14 million).

EBITDA amounted to €386 million, representing a record EBITDA margin on sales of 15.8%.

Bekaert implemented stringent cost saving measures, both at the level of its manufacturing organization as well as in selling and administrative expenses. While selling and administrative expenses increased firstly as a result of the integration of Ideal Alambrec and Prodac (adding €13 million), Bekaert managed to lower these expenses at the total consolidated level by 8.3%. Research and development expenses remained high (€63 million), in accordance with Bekaert's continuous innovation strategy.

The increase in interest expenses was mainly due to increased average debt and interest rates and the integration of Prodac and Ideal Alambrec. Taxation on profit amounted to €34 million compared with €25 million in 2008. The overall effective tax rate thereby increased from 15.8% to 20.4%.

The transfer of Ideal Alambrec and Prodac to the consolidated perimeter and lower profits in the Brazilian and Chilean activities reduced our share in the results of joint ventures and associated companies to €38 million (2008: €56 million).

The result for the period thus reached €170 million. After third-party minority interests (€19 million), the result for the period attributable to the Group was €152 million.

Healthy balance sheet

As at 31 December 2009, shareholders' equity represented 48.5% of total assets. Net debt was brought down by 37% to €395 million, mainly as a result of the strong reduction of working capital. The gearing ratio (net debt to equity) was 28.8% compared with 53.5% as at 31 December 2008.

Cash flow statement

Cash from operating activities amounted to €497 million (2008: €222 million). Operating working capital decreased by €196 million due to the substantial reduction of inventory. Cash flow attributable to investing activities amounted to €127 million: €158 million related to expenditure from investments in, amongst others, Asia Pacific, Slovakia, Russia and Belgium, while dividends received from joint ventures represented a positive cash flow of €41 million.

NV Bekaert SA (statutory accounts)

The Belgium-based entity's sales amounted to €349 million, down 42.6% compared with 2008 due to weak market demand and decreased raw material prices. The operating result was €60 million negative, compared with the slightly positive result of €1 million last year. Higher dividends received and the absence of major provisions for restructuring and impairments (as opposed to 2008) explain the improvement in the result for the period: €39 million compared with a negative €59 million in 2008.

Other information

On 1 February 2010 Bekaert announced the acquisition of two Bridgestone tire cord plants (in Sardinia, Italy and in Huizhou, China) and a multi-year supply agreement. The transaction, with an enterprise value of approximately €70 million, includes all of the personnel and assets of the two manufacturing sites and is expected to complete in the second quarter of 2010.

Several expansion projects came into effect to support the growth in the emerging markets. Capital expenditure amounted to €158 million in 2009 and is expected to increase in 2010. Capacity increases in China, India and Russia, and the planned integration of the Bridgestone tire cord plants will raise Bekaert's total tire cord capacity from 625 000 tons at present (of which 350 000 in China) to an estimated 700 000 tons by the end of 2010 (of which 400 000 in China).

OUTLOOK

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.

Notwithstanding uncertainties in monetary policies and exchange rate developments in Asia and in Latin America, Bekaert remains confident of the opportunities in emerging markets and will meet continued strong demand with additional investments in Asia and in other growth markets.

As for the signs of recovery in mature markets, Bekaert will continue to follow a prudent approach while remaining poised for an upturn in the respective segments.

The actions taken by Bekaert on a company-wide scale to mitigate the impact of the crisis are expected to deliver a structural advantage also in the future.

Financial calendar

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 ex-date	14	May	2010
Dividend payable (coupon nr. 11)	19	May	2010
2010 half year results	30	July	2010
Third quarter trading update 2010	10	November	2010

The statutory auditor has confirmed that his audit procedures, which have been substantially completed, have revealed no material adjustments that would have to be made to the accounting information included in this press release. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union and the same accounting policies and methods of computation as in the December 31, 2008 annual consolidated financial statements were used.

Statement from the responsible persons

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

- the consolidated financial statements of NV Bekaert SA and its subsidiaries as of 31 December 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 annual report on the consolidated financial statements gives a fair overview of the development and the results of the business and of the position of the whole of the companies included in the consolidation, as well as a description of the principal risks and uncertainties faced by them.

On behalf of the Board of Directors:

Bert De Graeve
Chief Executive Officer

Baron Buysse
Chairman of the Board of Directors

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 €3.3 billion.

Annex 1: Press release 26 February 2010

Consolidated income statement

(in thousands of €)	2008	2009
Sales	2 662 377	2 437 328
Cost of sales	-2 060 619	-1 903 161
Gross profit	601 758	534 167
Selling expenses	-121 815	-105 401
Administrative expenses	-113 648	-110 621
Research and development expenses	-68 534	-63 430
Other operating revenues	10 831	15 442
Other operating expenses	-14 365	-13 392
Operating result before non-recurring items (REBIT)	294 227	256 765
Non-recurring items	-83 758	-24 574
Operating result (EBIT)	210 469	232 191
Interest income	4 947	6 253
Interest expense	-46 360	-62 933
Other financial income and expenses	-7 829	-8 944
Result before taxes	161 227	166 567
Income taxes	-25 533	-33 902
Result after taxes (consolidated companies)	135 694	132 665
Share in the results of joint ventures and associates	56 109	37 773
RESULT FOR THE PERIOD	191 803	170 438
Attributable to		
the Group	174 075	151 792
minority interests	17 728	18 646

Annex 2: Press release 26 February 2010

Consolidated statement of comprehensive income

(in thousands of €)	2008	2009
Result for the period	191 803	170 438
Other comprehensive income		
Exchange differences	4 383	7 251
Cash flow hedges	-3 853	5 909
Remeasurement of net assets held prior to acquiring control	-	7 952
Available-for-sale investments	-15 523	15 055
Actuarial gains and losses (-) on defined benefit plans	-52 032	10 031
Share of other comprehensive income or joint ventures and associates	-95	-1
Other	-4	-1
Deferred taxes relating to other comprehensive income	9 445	1 794
Other comprehensive income for the period, net of tax	-57 679	47 990
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	134 124	218 428
Attributable to		
the Group	113 109	202 275
minority interests	21 015	16 153

Annex 3: Press release 26 February 2010

Consolidated balance sheet

(in thousands of €)	2008	2009
Non-current assets	1 408 708	1 535 524
Intangible assets	52 332	50 709
Goodwill	59 133	54 302
Property, plant and equipment	1 070 667	1 127 714
Investments in joint ventures and associates	199 869	218 559
Other non-current assets	17 960	40 609
Deferred tax assets	8 747	43 631
Current assets	1 258 456	1 293 989
Inventories	510 541	358 413
Trade receivables	483 176	479 630
Other receivables	52 982	49 289
Short-term deposits	13 560	154 636
Cash and cash equivalents	104 761	121 171
Other current assets	72 300	121 924
Assets classified as held for sale	21 136	8 926
TOTAL ASSETS	2 667 164	2 829 513
Equity	1 172 332	1 373 581
Share capital	174 668	175 118
Share premium	16 868	19 404
Retained earnings	1 098 816	1 168 913
Other Group reserves	-159 770	-78 599
Equity attributable to the Group	1 130 582	1 284 836
Minority interests	41 750	88 745
Non-current liabilities	513 684	820 976
Employee benefit obligations	143 375	135 623
Provisions	32 237	29 383
Interest-bearing debt	288 099	598 146
Other non-current liabilities	10 663	5 085
Deferred tax liabilities	39 310	52 739
Current liabilities	981 148	634 956
Interest-bearing debt	503 128	151 360
Trade payables	253 824	247 131
Employee benefit obligations	117 566	98 393
Provisions	30 271	8 683
Income taxes payable	18 150	39 402
Other current liabilities	53 502	87 721
Liabilities associated with assets classified as held for sale	4 707	2 266
TOTAL EQUITY AND LIABILITIES	2 667 164	2 829 513

Annex 4: Press release 26 February 2010

Consolidated statement of changes in equity

(in thousands of €)	2008	2009
Opening balance	1 146 586	1 172 332
Total comprehensive income for the period	134 124	218 428
Capital contribution by minority interests	6 672	5 646
Effect of acquisitions and disposals	-40 303	26 155
Creation of new shares	5 363	2 986
Treasury shares transactions	-19 749	1 760
Dividends to shareholders of NV Bekaert SA	-54 289	-55 240
Dividends to minority interests	-7 796	-46
Other	1 724	1 560
Closing balance	1 172 332	1 373 581

Annex 5: Press release 26 February 2010

Consolidated cash flow statement

(in thousands of €)	2008	2009
Operating result (EBIT)	210 469	232 191
Non-cash and investing items included in operating result	227 889	108 941
Income taxes paid	-27 505	-31 141
Gross cash flows from operating activities	410 853	309 991
Change in operating working capital	-162 363	195 642
Other operating cash flows	-26 279	-8 233
Cash flows from operating activities	222 211	497 400
New business combinations	-	-3 299
Other portfolio investments	-44 177	-63
Proceeds from disposals of investments	668	-525
Dividends received	46 066	41 070
Purchase of intangible assets	-12 391	-8 136
Purchase of property, plant and equipment	-238 622	-158 396
Other investing cash flows	5 292	2 362
Cash flows from investing activities	-243 164	-126 987
Interest received	4 947	4 872
Interest paid	-36 495	-44 069
Gross dividend paid	-62 156	-50 625
Proceeds from non-current interest-bearing debt	149 711	397 984
Repayment of non-current interest-bearing debt	-25 274	-159 747
Cash flows from current interest-bearing debt	40 245	-284 532
Treasury shares transactions	-19 749	1 760
Other financing cash flows	15 672	-206 240
Cash flows from financing activities	66 901	-340 597
Net increase or decrease (-) in cash and cash equivalents	45 948	29 816
Cash and cash equivalents at the beginning of the period	58 063	104 761
Effect of exchange rate fluctuations	750	-13 406
Cash and cash equivalents at the end of the period	104 761	121 171

Annex 6: Press release 26 February 2010

Additional key figures

(in € per share)	2008	2009
Number of existing shares at 31 December	19 783 625	19 834 469
Book value	59.26	69.25
Share price at 31 December	48.32	108.50
Weighted average number of shares		
Basic	19 718 641	19 740 206
Diluted	19 796 210	19 785 310
Result for the period attributable to the Group		
Basic	8.83	7.69
Diluted	8.79	7.67
Basic before non-recurring items	13.08	8.92
Cash flow attributable to the Group		
Basic	19.06	15.46
Diluted	18.98	15.42

(in thousands of €)		
Cash flow attributable to the Group	375 764	305 139
EBITDA	412 158	385 538
Depreciation and amortization	201 689	153 347
Capital employed	1 835 436	1 751 981
Operating working capital	653 304	519 256
Net debt	627 467	395 364
REBIT on sales	11.1%	10.5%
EBIT on sales	7.9%	9.5%
EBITDA on sales	15.5%	15.8%
Equity on total assets	44.0%	48.5%
Gearing (net debt on equity)	53.5%	28.8%
Net debt on EBITDA	1.5	1.0

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

Sales	607 999	349 154
Operating result	625	-59 815
Financial result	36 589	109 724
Profit from ordinary activities	37 214	49 909
Extraordinary results	-100 307	-13 410
Profit before income taxes	-63 093	36 499
Income taxes	4 507	2 866
Result for the period	-58 586	39 365