

Press release

Regulated information

30 July 2010

Half year results 2010

Press

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Bekaert delivers record performance in volatile markets

The Bekaert strategy, with focus on innovation, emerging markets and fast growing industries, is delivering excellent results. Bekaert's performance in the first half year reflects strong volume growth in all regions, enhanced global operational excellence, and the effects of an innovation driven product mix.

Highlights¹

Consolidated sales of € 1.5 billion (+28%) and combined sales of € 2.1 billion (+31%)

EBIT of € 243 million compared with € 79 million

EBIT margin on sales of 15.9% compared with 6.6%

EBITDA margin on sales of 22.7% compared with 12.1%

EPS: € 9.15 compared with € 2.24

Confident of Bekaert's robust performance over the medium term (three years):

1. the Company believes it can raise the medium-term EBIT margin target to $\geq 10\%$
2. the Board will propose the pay-out of an intermediate dividend of € 2 per share²
3. the Board will propose a three-for-one share split²

Key Figures

in millions of €	1H 2009	1H 2010
Consolidated sales	1 200	1 535
Operating result before non-recurring items (REBIT)	86	262
REBIT margin on sales	7.2%	17.1%
Non-recurring items	-7	-19
Operating result (EBIT)	79	243
EBIT margin on sales	6.6%	15.9%
Depreciation, amortization and impairment losses	66	106
EBITDA	145	349
EBITDA margin on sales	12.1%	22.7%
Combined sales	1 615	2 113

¹ All comparisons are made relative to the figures for the first half of 2009. The figures in this press release are provisional and unaudited.

² Subject to approval. See Outlook at page 7.

Sales

In the first half of 2010, Bekaert achieved consolidated sales of € 1.5 billion and combined sales of € 2.1 billion, an increase of 27.9% and 30.8% respectively.^{3 4}

Strong volumes drove an organic consolidated sales growth of 29.2%. The acquisition of the two former Bridgestone steel cord plants, effective 1 April 2010, contributed 1.3%, while currency movements, particularly in Venezuela, had a negative effect of 2.6%.

Combined sales⁴ increased by 30.8% in comparison with the first half of last year. The currency effect turned positive (+3.9%) at the combined sales level due to the strong Brazilian Real.

Market developments per sector

Bekaert is active in many sectors. The largest markets for Bekaert's products are the automotive, construction, and energy sectors. In the **automotive** sector, sales demand developed positively in all markets, a trend which Bekaert expects to continue for the remainder of the year. **Construction** markets remained under pressure, particularly in EMEA. The sector of **energy and utilities** continued to perform well on a global level across many different applications, especially as regards alternative energy solutions.

Consolidated and combined sales by segment

First half consolidated sales in millions of €

Consolidated sales	1H 2009	1H 2010	Variance	Share
EMEA	410	526	+28%	34%
North America	263	313	+19%	20%
Latin America	160	144	-10%	10%
Asia Pacific	367	552	+51%	36%
Total	1 200	1 535	+28%	100%

2010 quarter-on-quarter progress per segment in millions of €

Consolidated sales	1 st Q	2 nd Q	Q2:Q1
EMEA	244	282	+15%
North America	141	172	+22%
Latin America	67	77	+15%
Asia Pacific	242	310	+28%
Total	694	841	+21%

³ All comparisons are made relative to the figures for the first half of 2009. The figures in this press release are provisional and unaudited.

⁴ Combined sales are sales of consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

First half combined sales in millions of €

Combined sales	1H 2009	1H 2010	Variance	Share
EMEA	407	523	+29%	25%
North America	259	310	+19%	15%
Latin America	579	727	+26%	34%
Asia Pacific	369	553	+50%	26%
Total	1 615	2 113	+31%	100%

2010 quarter-on-quarter progress per segment in millions of €

Combined sales	1 st Q	2 nd Q	Q2:Q1
EMEA	243	280	+15%
North America	139	171	+22%
Latin America	329	398	+21%
Asia Pacific	242	311	+29%
Total	953	1 160	+22%

Segment reports

EMEA

Key figures (in millions of €)	1H 2009	1H 2010
Consolidated sales	410	526
Operating result before non-recurring items (REBIT)	-21	54
REBIT margin on sales	-5.0%	10.2%
Non-recurring items	-6	-2
Operating result (EBIT)	-27	52
EBIT margin on sales	-6.5%	9.8%
Depreciation, amortization and impairment losses	27	30
EBITDA	0	81
EBITDA margin on sales	0.0%	15.5%

Sustained recovery in EMEA markets resulted in higher sales across all activity platforms with the exception of building products. Both in Western and in Central Europe, Bekaert's manufacturing platforms operated at high capacity utilization levels driven by increased demand.

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 markets such as the green energy sector.

The EMEA profit increase also reflected the result of the company's timely implemented restructuring measures in Belgium and the price evolution of steel-based raw materials, since declining raw material prices strongly affected the segment's revenues and profits in the first half of 2009.

As of 1 April 2010, Bekaert successfully integrated the Sardinian steel cord plant acquired from Bridgestone into its EMEA manufacturing platform.

NORTH AMERICA

Key figures (in millions of €)	1H 2009	1H 2010
Consolidated sales	263	313
Operating result before non-recurring items (REBIT)	-5	21
REBIT margin on sales	-1.7%	6.7%
Non-recurring items	0	-1
Operating result (EBIT)	-5	20
EBIT margin on sales	-1.8%	6.5%
Depreciation, amortization and impairment losses	9	9
EBITDA	4	29
EBITDA margin on sales	1.5%	9.3%

In North America, market demand in the automotive sector picked up strongly, while the industrial and agricultural applications continued to perform well. Profitability gradually improved as a result of better capacity utilization driven by higher volumes.

LATIN AMERICA

Key figures (in millions of €)	1H 2009	1H 2010
Consolidated sales	160	144
Operating result before non-recurring items (REBIT)	9	14
REBIT margin on sales	5.3%	9.5%
Non-recurring items	-1	-12
Operating result (EBIT)	8	1
EBIT margin on sales	4.7%	0.9%
Depreciation, amortization and impairment losses	4	19
EBITDA	12	20
EBITDA margin on sales	7.8%	13.9%
Combined sales	579	727

In Latin America, consolidated sales were heavily affected by supply restrictions and the use of the parallel exchange rate of the Bolivar⁵ in Venezuela. The resulting foreign exchange effect, included in the top line sales figure, amounted to €52 million. Due to the uncertain economic environment in Venezuela, Bekaert also booked an impairment loss of €12 million on the Vicson assets.

Other subsidiaries in Latin America delivered robust sales growth and results, in particular Bekaert's operations in Ecuador and Peru.

Combined revenues were up 26% in Latin America due to increased market demand and the strong currencies in Brazil and Chile.

⁵ Bekaert concluded that the parallel market rate should be used to convert *bolivares fuertes* as from 31 December 2009, in accordance with IAS 21 'The Effect of Changes in Foreign Exchange Rates'. For more information, see the Bekaert annual report 2009, chapter 3.2 'Critical judgments in applying the entity's accounting policies' of the Financial Review.

ASIA PACIFIC

Key figures (in millions of €)	1H 2009	1H 2010
Consolidated sales	367	552
Operating result before non-recurring items (REBIT)	128	206
REBIT margin on sales	34.9%	37.4%
Non-recurring items	0	-3
Operating result (EBIT)	128	203
EBIT margin on sales	34.9%	36.8%
Depreciation, amortization and impairment losses	29	48
EBITDA	157	252
EBITDA margin on sales	42.9%	45.6%

Compared to the first half of 2009, the 50% sales growth in Asia Pacific reflects a solid demand driven by strong industrial development across the region. This applies to most product groups and respective markets, with the automotive and energy related sectors as fast developing markets. The high utilization and increased capacities contributed to the profit growth.

Other Information

Bekaert's investments in research and development amounted to almost € 40 million in the first half of 2010 (up 13%). The engineering department, which is the main supplier of proprietary machinery for the company's investment programs, operated at a high activity level.

Bekaert sold its diamond-like carbon coating activities to Sulzer (Switzerland). The deal was closed on 1 July 2010 and covers the move of 6 production plants (in EMEA and North America) and 150 employees to Sulzer. The business platform generated € 12.5 million sales in 2009.

In the first half of 2010 Bekaert bought back 150 000 shares at an average price of € 137.07. The total number of shares booked as treasury shares now amounts to 179 900.

Following the transaction closing at the end of the first quarter, the Sardinian (Italy) and Huizhou (China) plants of Bridgestone have been integrated within the Bekaert Group and are included in Bekaert's consolidated figures as from 1 April 2010.

Net debt increased to € 582 million (year-end 2009: € 395 million), mainly due to an increase of working capital as a result of higher sales, and the acquisition of the two former Bridgestone steel cord plants.

Financial Review

Excellent results

Bekaert achieved an operating result before non-recurring items (REBIT) of €262.0 million. This equates to a REBIT margin on sales of 17.1%. Non-recurring expenses amounted to €18.6 million and mainly related to a partial impairment of the Vicson plant assets in Venezuela (€12.3 million). Including non-recurring items, EBIT was €243.5 million, representing an EBIT margin on sales of 15.9%. EBITDA amounted to €349.1 million, representing an EBITDA margin on sales of 22.7%.

Selling and administrative expenses increased as a result of the business growth and a prudent bad debt provision policy, but decreased to a lower ratio on sales (8.6% compared with 9.1% for the same period of 2009). Research and development expenses grew by 13.1% in line with Bekaert's continuous innovation strategy.

Net interest expenses amounted to €23.5 million (versus €27.1 million) as a result of a lower average net debt position. Other financial income and expenses turned positive (€7.9 million versus €-3.4 million), partly due to a one-time realized foreign exchange gain in Venezuela⁶.

Taxation on profit amounted to €51.3 million.

The share in the result of joint ventures and associated companies increased to €18.8 million.

The result for the period thus reached €195.3 million. After non-controlling interests (€14.3 million), the result for the period attributable to the Group was €181.0 million.

Strong balance sheet

As at 30 June 2010, shareholders' equity represented 49.1% of total assets. Net debt (€582.1 million) increased versus the closing balance of 2009 but was lower than on 30 June 2009. The gearing ratio (net debt to equity) was 34.9%.

Cash flow statement

Cash from operating activities amounted to €75.0 million. As per 30 June 2010, operating working capital increased to €838.9 million. The purchase of property, plant and equipment amounted to €76.0 million and reflected further investments, mainly in emerging markets.

NV Bekaert SA (statutory accounts)

The Belgium-based parent entity's sales amounted to €226.9 million. The operating profit of €9.6 million reflected higher volumes and an improved product mix. Negative currency movements resulted in a financial loss of €9.8 million. NV Bekaert SA consequently achieved a breakeven result for the period (€-0.2 million).

⁶ Bekaert concluded that the parallel market rate should be used to convert *bolivares fuertes* as from 31 December 2009, in accordance with IAS 21 'The Effect of Changes in Foreign Exchange Rates'. For more information, see the Bekaert annual report 2009, chapter 3.2 'Critical judgments in applying the entity's accounting policies' of the Financial Review.

OUTLOOK

Notwithstanding the company's strong performance in the first half of the year and its firm belief in the strength of its strategy, Bekaert remains prudent for the second half of 2010 as the volatility of markets, exchange rates, and raw materials prices continue to create uncertainty in the months ahead.

Bekaert's strategy with its focus on innovation, operational excellence, and growth in emerging markets, is expected to further deliver structural advantages over the medium term. Therefore, Bekaert will accelerate its investments in R&D and in manufacturing capacity.

Confident of Bekaert's robust performance over the medium term (three years):

1. the Company believes it can raise the **target EBIT margin to $\geq 10\%$** for the next three years, provided there will be no exceptional circumstances in the markets in which we operate.
2. the Board of Directors will propose the pay-out of an **intermediate dividend**.*
Based on the current results, an intermediate dividend of **€ 2 per share** will be proposed.
3. the Board of Directors will propose a **three-for-one share split****.

*Intermediate dividend

This proposal is in line with the company's dividend policy and is subject to approval by a Special General Meeting of Shareholders. If approved, the intermediate dividend would become payable on 15 October 2010.

**Three-for-one share split

A share split is subject to approval by an Extraordinary General Meeting of Shareholders and would come into effect on 10 November 2010.

Communication

All details and modalities regarding the above proposals will be announced and published in due time. More information on the Bekaert share and its trading performance can be found on www.bekaert.com in the section INVESTORS.

Financial calendar

Third quarter trading update 2010	10	November	2010
2010 results	25	February	2011
2010 annual report available on the internet	31	March	2011
First quarter trading update 2011	11	May	2011
General Meeting of Shareholders	11	May	2011
Dividend ex-date	13	May	2011
Dividend payable	18	May	2011
2011 half year results	29	July	2011

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 main exception of IFRS 3 (Revised 2008)– Business combinations, which became effective from 1 January 2010, the consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as in the 31 December 2009 annual consolidated financial statements. For an overview of the other IFRS standards, amendments and interpretations that have become effective in 2010, please refer to the Statement of Compliance (section 2.1) of the financial review in the 2009 Annual Report at <http://annualreport.bekaert.com>. For further information on the Bridgestone business combination concluded on 31 March 2010, please refer to the 'Effect of business combinations' document available on www.bekaert.com in the section Investors/Financials. The initial accounting for the new business combination 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 2010 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 over 25 000 people worldwide. Serving customers in 120 countries, Bekaert pursues sustainable profitable growth in all its activities and generated €3.3 billion combined sales in 2009.

Annex 1: Press release 30 July 2010

Consolidated income statement

(in thousands of €)	1H 09	1H 10
Sales	1 199 920	1 534 846
Cost of sales	-972 954	-1 100 439
Gross profit	226 966	434 407
Selling expenses	-53 040	-69 618
Administrative expenses	-56 586	-63 038
Research and development expenses	-35 067	-39 644
Other operating revenues	8 515	8 204
Other operating expenses	-4 941	-8 282
Operating result before non-recurring items (REBIT)	85 847	262 029
Non-recurring items	-7 130	-18 556
Operating result (EBIT)	78 717	243 473
Interest income	2 175	3 999
Interest expense	-29 304	-27 504
Other financial income and expenses	-3 386	7 915
Result before taxes	48 202	227 883
Income taxes	-13 266	-51 324
Result after taxes (consolidated companies)	34 936	176 559
Share in the results of joint ventures and associates	17 442	18 788
RESULT FOR THE PERIOD	52 378	195 347
Attributable to		
the Group	44 195	181 008
non-controlling interests	8 183	14 339

Annex 2: Press release 30 July 2010

Reconciliation of segment reporting

Key Figures per Segment

(in millions of €)	EMEA	N-AM	L-AM	APAC	OTHER	1H 2010
Consolidated sales	526	313	144	552	-	1 535
Operating result before non-recurring items	54	21	14	206	-33	262
REBIT margin on sales	10.2%	6.7%	9.5%	37.4%	-	17.1%
Non-recurring items	-2	-1	-12	-3	-	-19
Operating result (EBIT)	52	20	1	203	-33	243
EBIT margin on sales	9.8%	6.5%	0.9%	36.8%	-	15.9%
Depreciation, amortization, impairment losses	30	9	19	48	-	106
EBITDA	81	29	20	252	-33	349
EBITDA margin on sales	15.5%	9.3%	13.9%	45.6%	-	22.7%

The reconciliation column "other" mainly reflects the impact of corporate services, engineering, and technology activities of the group.

Annex 3: Press release 30 July 2010

Consolidated statement of comprehensive income

(in thousands of €)	1H 09	1H 10
Result for the period	52 378	195 347
Other comprehensive income		
Exchange differences	3 911	196 698
Cash flow hedges	5 381	-815
Remeasurement of net assets held prior to acquiring control	4 881	-
Available-for-sale investments	6 153	-1 858
Actuarial gains and losses (-) on defined benefit plans	1 891	-18 055
Share of other comprehensive income of joint ventures and associates	426	-15
Other	301	-
Deferred taxes relating to other comprehensive income	-1 559	-2 129
Other comprehensive income for the period, net of tax	21 385	173 826
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	73 763	369 173
Attributable to		
the Group	67 305	337 891
non-controlling interests	6 458	31 282

Annex 4: Press release 30 July 2010

Consolidated balance sheet

(in thousands of €)	31 Dec 2009	30 June 2010
Non-current assets	1 535 524	1 761 411
Intangible assets	50 709	70 744
Goodwill	54 302	62 016
Property, plant and equipment	1 127 714	1 289 683
Investments in joint ventures and associates	218 559	252 050
Other non-current assets	40 609	30 132
Deferred tax assets	43 631	56 786
Current assets	1 293 989	1 634 778
Inventories	358 413	490 362
Trade receivables	479 630	729 471
Other receivables	49 289	55 181
Short-term deposits	154 636	3 871
Cash and cash equivalents	121 171	196 236
Other current assets	121 924	138 714
Assets classified as held for sale	8 926	20 943
TOTAL ASSETS	2 829 513	3 396 189
Equity	1 373 581	1 666 221
Share capital	175 118	175 118
Share premium	19 404	19 404
Retained earnings	1 168 913	1 316 864
Other Group reserves	-78 599	34 014
Equity attributable to the Group	1 284 836	1 545 400
Non-controlling interests	88 745	120 821
Non-current liabilities	820 976	875 944
Employee benefit obligations	135 623	160 674
Provisions	29 383	29 640
Interest-bearing debt	598 146	604 305
Other non-current liabilities	5 085	15 861
Deferred tax liabilities	52 739	65 464
Current liabilities	634 956	854 024
Interest-bearing debt	151 360	236 102
Trade payables	247 131	314 795
Employee benefit obligations	98 393	112 576
Provisions	8 683	9 819
Income taxes payable	39 402	56 399
Other current liabilities	87 721	118 439
Liabilities associated with assets classified as held for sale	2 266	5 894
TOTAL EQUITY AND LIABILITIES	2 829 513	3 396 189

Annex 5: Press release 30 July 2010

Consolidated statement of changes in equity

(in thousands of €)	1H 09	1H 10
Opening balance	1 172 332	1 373 581
Total comprehensive income for the period	73 764	369 173
Capital contribution by non-controlling interests	5 616	1 263
Effect of acquisitions and disposals	29 126	-610
Creation of new shares	-	-
Treasury shares transactions	-	-20 580
Dividends to shareholders of NV Bekaert SA	-55 240	-58 225
Dividends to minority interests	-1 147	-
Other	788	1 619
Closing balance	1 225 239	1 666 221

Annex 6: Press release 30 July 2010

Consolidated cash flow statement

(in thousands of €)	1H 09	1H 10
Operating result (EBIT)	78 717	243 473
Non-cash and investing items included in operating result	40 964	101 144
Income taxes paid	-14 527	-32 808
Gross cash flows from operating activities	105 154	311 809
Change in operating working capital	95 236	-232 420
Other operating cash flows	25 926	-4 437
Cash flows from operating activities	226 316	74 952
New business combinations	-2 117	-29 650
Other portfolio investments	-	-
Proceeds from disposals of investments	-	1 335
Dividends received	19 229	12 177
Purchase of intangible assets	-4 024	-6 692
Purchase of property, plant and equipment	-86 206	-76 023
Other investing cash flows	430	4 038
Cash flows from investing activities	-72 688	-94 815
Interest received	2 175	4 235
Interest paid	-30 036	-40 459
Gross dividend paid	-56 288	-56 747
Proceeds from non-current interest-bearing debt	399 562	9 260
Repayment of non-current interest-bearing debt	-106 744	-64 889
Cash flows from current interest-bearing debt	-178 625	75 273
Treasury shares transactions	-	-20 580
Other financing cash flows	-153 740	169 878
Cash flows from financing activities	-123 696	75 971
Net increase or decrease (-) in cash and cash equivalents	29 932	56 108
Cash and cash equivalents at the beginning of the period	104 761	121 171
Effect of exchange rate fluctuations	-1 799	18 957
Cash and cash equivalents at the end of the period	132 894	196 236

Annex 7: Press release 30 July 2010

Additional key figures

(in € per share)	1H 09	1H 10
Number of existing shares at 30 June	19 783 625	19 834 469
Book value	61.93	84.01
Share price at 30 June	73.21	137.35
Weighted average number of shares		
Basic	19 728 625	19 787 484
Diluted	19 748 214	19 942 906
Result for the period attributable to the Group		
Basic	2.24	9.15
Diluted	2.24	9.08
Cash flow attributable to the Group		
Basic	5.60	14.49
Diluted	5.59	14.37

(in thousands of €)		
Cash flow attributable to the Group	110 413	286 677
EBITDA	144 935	349 142
Depreciation, amortization and impairment losses	66 218	105 669
Capital employed	1 859 307	2 261 345
Operating working capital	610 806	838 902
Net debt	621 790	582 149
REBIT on sales	7.2%	17.1%
EBIT on sales	6.6%	15.9%
EBITDA on sales	12.1%	22.7%
Equity on total assets	43.2%	49.1%
Gearing (net debt on equity)	50.7%	34.9%
Net debt on EBITDA	2.15	0.83

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

Sales	176 665	226 900
Operating result	-45 631	9 580
Financial result	11 211	-9 790
Profit from ordinary activities	-34 420	-210
Extraordinary results	-3 762	-438
Profit before income taxes	-38 182	-648
Income taxes	385	445
Result for the period	-37 797	-203