

Press release

Regulated information

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Half year results 2011

Press

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Bekaert delivers solid results in the first half of 2011

Bekaert achieved solid financial results in the first half of 2011, in line with previous communication. The company delivered a sales growth of 16% and a continued strong cash generation (EBITDA of €342 million, representing an EBITDA margin of 19.2%). The average EBIT margin of 13.0% reflects strong business performance in all regions. Based on the financial performance of the first half of 2011, the Board of Directors has decided to distribute a gross interim dividend of €0.67.

Highlights¹

- Consolidated sales of €1.8 billion (+16%) and combined sales of €2.4 billion (+14%)
- Gross profit of €448 million compared with €434 million
- EBIT of €232 million compared with €243 million
- EBITDA of €342 million compared with €349 million
- EPS: €2.45 compared with €3.05²
- Interim dividend of €0.67

As reported before, Bekaert anticipated a demand impact as a result of measures for more controlled growth in China, which led to an overall weaker economic activity in the country. Also the expected volatility in the solar energy sector due to changed fiscal stimulus policies in the European end-markets materialized, resulting in a significant reduction in demand. Moreover, in both the energy-related and automotive sectors, the company faced increased competitive capacities in China and large inventories throughout the supply chain. Bekaert took appropriate measures to defend its market position in China, including price adjustments. The combined impact of all abovementioned events came into effect in the second quarter of 2011.

Outside China, Bekaert also performed strongly in volatile financial and economic circumstances in the first half of 2011.

Outlook

Due to uncertain global financial and economic conditions, Bekaert remains cautious on the outlook for the short to medium term. In response to growing competition, mainly in China, the company's measures to defend its market position will be continued. Early signs of slight demand pick-up indicate that the solar market downturn might have bottomed out.

In the longer term, Bekaert remains assured that its broad geographical coverage, its diversified product portfolio and its strong innovation focus will continue to be of strategic importance. Confident of continued business opportunities and supported by a healthy cash generation, the company sustains substantial investment budgets.

¹ All comparisons are made relative to the figures for the first half of 2010. The figures in this press release are provisional and unaudited.

² Share based data are stock-split adjusted to enable comparison.

Key Figures

in millions of €	1H 2010	1H 2011
Consolidated sales	1 535	1 780
Operating result before non-recurring items (REBIT)	262	242
REBIT margin on sales	17.1%	13.6%
Non-recurring items	-19	-10
Operating result (EBIT)	243	232
EBIT margin on sales	15.9%	13.0%
Depreciation, amortization and impairment losses	106	110
EBITDA	349	342
EBITDA margin on sales	22.7%	19.2%
Combined sales	2 113	2 412

Sales

In the first half of 2011, Bekaert achieved consolidated sales of €1.78 billion and combined sales of €2.41 billion, an increase of 15.9% and 14.2% respectively.^{3 4}

The consolidated sales increase was 18.4% from organic growth. The net impact of acquisitions and divestments (-0.4%) and fluctuations in several exchange rates (-2.1%) had an adverse effect on the sales growth. Combined sales⁴ increased by 15.0% organically. The currency effect was almost neutral (-0.5%).

Consolidated and combined sales by segment

First half consolidated sales in millions of €

Consolidated sales	1H 2010	1H 2011	Variance	Share
EMEA	526	614	+17%	34%
North America	313	354	+13%	20%
Latin America	144	173	+20%	10%
Asia Pacific	552	639	+16%	36%
Total	1 535	1 780	+16%	100%

First half combined sales in millions of €

Combined sales	1H 2010	1H 2011	Variance	Share
EMEA	523	608	+16%	25%
North America	310	349	+13%	14%
Latin America	727	814	+12%	34%
Asia Pacific	553	641	+16%	27%
Total	2 113	2 412	+14%	100%

³ All comparisons are made relative to the figures for the first half of 2010. 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.

Segment reports

EMEA

Key figures (in millions of €)	1H 2010	1H 2011
Consolidated sales	526	614
Operating result before non-recurring items (REBIT)	54	54
REBIT margin on sales	10.2%	8.9%
Non-recurring items	-2	-9
Operating result (EBIT)	52	46
EBIT margin on sales	9.8%	7.5%
Depreciation, amortization and impairment losses	30	28
EBITDA	81	74
EBITDA margin on sales	15.5%	12.1%

Bekaert's activity platforms performed well in most EMEA markets, with automotive sales recording strong growth in comparison to the first half of 2010.

Ongoing initiatives for upscaling industrial technologies, the usual start-up costs associated with manufacturing expansions (in Belgium, Slovakia and Russia), and provisions for environmental liabilities, tempered the profitability ratios.

NORTH AMERICA

Key figures (in millions of €)	1H 2010	1H 2011
Consolidated sales	313	354
Operating result before non-recurring items (REBIT)	21	28
REBIT margin on sales	6.7%	7.8%
Non-recurring items	-1	-1
Operating result (EBIT)	20	27
EBIT margin on sales	6.5%	7.6%
Depreciation, amortization and impairment losses	9	7
EBITDA	29	34
EBITDA margin on sales	9.3%	9.7%

Sustained high demand in most markets led to increased sales and solid profitability in North America. Bekaert's specialty films activities, as well as most wire and cord products for the automotive and energy-related markets performed well.

Bekaert North America's organic sales growth (+21%) was negatively impacted by unfavorable exchange rate movements (-6%) and the disposal of diamond-like carbon coating and composites activities in the US (-2%).

LATIN AMERICA

Key figures (in millions of €)	1H 2010	1H 2011
Consolidated sales	144	173
Operating result before non-recurring items (REBIT)	14	16
REBIT margin on sales	9.5%	9.3%
Non-recurring items	-12	0
Operating result (EBIT)	1	16
EBIT margin on sales	0.9%	9.3%
Depreciation, amortization and impairment losses	19	6
EBITDA	20	22
EBITDA margin on sales	13.9%	12.6%
Combined sales	727	814

The Bekaert subsidiaries in Latin America delivered strong results and robust sales growth, particularly in Venezuela. Overall currency movements had an adverse effect of -4.6%.

Combined revenues were up 12% in Latin America. Sales of the Brazilian joint ventures were tempered by the downward adjusted selling prices to compensate for the effect of the strong Real. Also the market conditions in Chile endured higher competition from imports.

ASIA PACIFIC

Key figures (in millions of €)	1H 2010	1H 2011
Consolidated sales	552	639
Operating result before non-recurring items (REBIT)	206	185
REBIT margin on sales	37.4%	29.0%
Non-recurring items	-3	-1
Operating result (EBIT)	203	185
EBIT margin on sales	36.8%	28.9%
Depreciation, amortization and impairment losses	48	71
EBITDA	252	256
EBITDA margin on sales	45.6%	40.0%

Sales increased by 16% in Asia Pacific, with strong growth in India and Indonesia. Government measures for more controlled growth in China and a downturn in the solar energy sector started to affect top line sales during the second quarter. Bekaert also faced increased competitive capacities and adjusted its prices to defend its market position.

Transport markets in China suffered from overcapacity, a reduced impact of previous stimulus packages and limited access to credit and to financial resources in general. Bekaert felt the impact in the course of the 2nd quarter with lower demand for truck tire cord and longer outstanding receivables. Changed fiscal stimulus policies in European end-markets resulted in a significant demand reduction in the solar energy markets.

While Bekaert has never incurred a credit loss in China in the past, the company raised, in line with its prudent valuation rules, the bad debt reserve by €21 million. Notwithstanding the abovementioned impact on its China business, Bekaert realized a continued strong cash generation in the region.

Other Information

Bekaert's investments in research and development amounted to €46.4 million in the first half of 2011 (up 16.9%). The engineering department, which is the main supplier of proprietary machinery for the company's investment programs, operated at a high activity level.

Several investment projects are in the course of implementation and include expansions of both finished product activities and of half product capacities. This mainly refers to Bekaert's ongoing investments in Russia, Slovakia, Belgium and throughout Asia. Bekaert spent €129.7 million on investments in property, plant and equipment in the first half of 2011. Investments at a similar level are under implementation for the second half of the year.

On 18 July 2011, Bekaert announced the take-over agreement with Hankuk Steel Wire Co. Ltd (South Korea) for the acquisition of the Qingdao Hansun steel wire plant in Qingdao (Shandong Province, China). The acquisition aims at strengthening Bekaert's position in the Chinese Wire market and represents an enterprise value of approximately CNY 270 million. The deal is expected to close in the course of the 3rd quarter of 2011.

Net debt increased to €815.9 million (year-end 2010: €521.9 million), mainly due to an increase of working capital and a substantial capital investment program.

Financial Review

Interim dividend

Based on the financial performance of the first half of 2011, the Board of Directors has decided to distribute a gross interim dividend of €0.67. The dividend will become payable as from 17 October 2011.

Financial results

Bekaert achieved an operating result before non-recurring items (REBIT) of €242.3 million. This equates to a REBIT margin on sales of 13.6%. Non-recurring expenses amounted to €10.5 million and mainly related to provisions for environmental liabilities. Including non-recurring items, EBIT was €231.8 million, representing an EBIT margin on sales of 13.0%. EBITDA amounted to €342.4 million, representing an EBITDA margin on sales of 19.2%.

Selling and administrative expenses increased in support of the business development and due to a prudent bad debt provision policy. Research and development expenses grew by 16.9% in line with Bekaert's continuous innovation strategy.

Net interest expenses amounted to €31.5 million (versus €23.5 million) as a result of a higher average debt position.

Taxation on profit amounted to €53.5 million (tax rate of 27%), versus €51.3 million in the same period of last year.

The share in the result of joint ventures and associated companies decreased from €18.8 million to €14.1 million, reflecting the highly competitive environment in Brazil and Chile due to the strong local currencies.

The result for the period thus reached €157.7 million. After non-controlling interests (€13.4 million), the result for the period attributable to the Group was €144.3 million.

Balance sheet

As at 30 June 2011, shareholders' equity represented 45.7% of total assets. Net debt (€815.9 million) increased versus the closing balance of 2010. The gearing ratio (net debt to equity) was 47.4%.

Cash flow statement

Cash from operating activities amounted to €-60.8 million. As per 30 June 2011, operating working capital increased to €1.1 billion. The purchase of property, plant and equipment amounted to €129.7 million and reflected further investments, mainly in emerging markets.

NV Bekaert SA (statutory accounts)

The Belgium-based parent entity's sales amounted to €297.7 million. The operating profit was €6.5 million. The financial result amounted to €83.2 million. NV Bekaert SA consequently achieved a result for the period of €90.0 million (from breakeven in the same period last year).

Financial calendar

2011 half year results	29	July	2011
The CEO and CFO of Bekaert will present the results to the investment community at 02:00 p.m. CET. This conference can be accessed live upon registration via the Bekaert website in listen-only mode.			
Dividend ex-date (interim dividend)	12	October	2011
Interim dividend payable	17	October	2011
Third quarter trading update 2011	10	November	2011
2011 results	24	February	2012
2011 annual report available on the internet	29	March	2012
First quarter trading update 2012	9	May	2012
General Meeting of Shareholders	9	May	2012
Dividend ex-date	11	May	2012
Dividend payable	16	May	2012
2012 half year results	27	July	2012

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. The consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as in the 31 December 2010 annual consolidated financial statements. For an overview of the IFRS standards, amendments and interpretations that have become effective in 2011, please refer to the Statement of Compliance (section 2.1) of the financial review in the [2010 Annual Report](#).

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 2011 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 28 000 people worldwide. Serving customers in 120 countries, Bekaert pursues sustainable profitable growth in all its activities and generated €4.5 billion combined sales in 2010.

Annex 1: Press release 29 July 2011

Consolidated income statement

(in thousands of €)	1H 2010	1H 2011
Sales	1 534 846	1 779 643
Cost of sales	-1 100 439	-1 331 364
Gross profit	434 407	448 279
Selling expenses	-69 618	-88 377
Administrative expenses	-63 038	-68 769
Research and development expenses	-39 644	-46 361
Other operating revenues	8 204	5 567
Other operating expenses	-8 282	-7 990
Operating result before non-recurring items (REBIT)	262 029	242 349
Non-recurring items	-18 556	-10 516
Operating result (EBIT)	243 473	231 833
Interest income	3 999	3 509
Interest expense	-27 504	-35 048
Other financial income and expenses	7 915	-3 209
Result before taxes	227 883	197 085
Income taxes	-51 324	-53 521
Result after taxes (consolidated companies)	176 559	143 564
Share in the results of joint ventures and associates	18 788	14 146
RESULT FOR THE PERIOD	195 347	157 710
Attributable to		
the Group	181 008	144 321
non-controlling interests	14 339	13 389

Annex 2: Press release 29 July 2011

Reconciliation of segment reporting

Key figures per segment

(in millions of €)	EMEA	N-AM	L-AM	APAC	OTHER	1H 2011
Consolidated sales	614	354	173	639	-	1 780
Operating result before non-recurring items	54	28	16	185	-41	242
REBIT margin on sales	9%	8%	9%	29%		14%
Non-recurring items	-9	-1	-	-1	-	-10
Operating result (EBIT)	46	27	16	185	-42	232
EBIT margin on sales	7%	8%	9%	29%		13%
Depreciation, amortization, impairment losses	28	7	6	71	-2	110
EBITDA	74	34	22	256	-44	342
EBITDA margin on sales	12%	10%	13%	40%		19%

The reconciliation column “other” reflects the impact of corporate services, engineering, and technology activities of the group, as well as intragroup eliminations.

Annex 3: Press release 29 July 2011

Quarter-on-quarter sales 2011

2011 quarter-on-quarter consolidated sales per segment in millions of €

Consolidated sales	1st Q	2nd Q	Q2:Q1
EMEA	307	308	=
North America	176	178	+1%
Latin America	82	90	+10%
Asia Pacific	353	286	-19%
Total	918	862	-6%

2011 quarter-on-quarter combined sales per segment in millions of €

Combined sales	1st Q	2nd Q	Q2:Q1
EMEA	305	303	-1%
North America	174	175	+1%
Latin America	401	413	+3%
Asia Pacific	353	288	-18%
Total	1 233	1 179	-4%

Annex 4: Press release 29 July 2011

Consolidated statement of comprehensive income

(in thousands of €)	1H 2010	1H 2011
Result for the period	195 347	157 710
Other comprehensive income		
Exchange differences	218 024	-66 668
Net investment hedges (exchange differences effect)	-21 326	-
Cash flow hedges	-815	-1 058
Available-for-sale investments	-1 858	-8 161
Actuarial gains and losses (-) on defined benefit plans	-18 055	3 303
Share of other comprehensive income of joint ventures and associates	-15	7
Deferred taxes relating to other comprehensive income	-2 129	278
Other comprehensive income for the period, net of tax	173 826	-72 299
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	369 173	85 411
Attributable to		
the Group	337 891	76 645
non-controlling interests	31 282	8 766

Annex 5: Press release 29 July 2011

Consolidated balance sheet

(in thousands of €)	31-Dec-10	30-Jun-11
Non-current assets	1 765 873	1 747 162
Intangible assets	73 051	68 268
Goodwill	58 097	54 607
Property, plant and equipment	1 295 115	1 282 200
Investments in joint ventures and associates	243 795	243 764
Other non-current assets	32 128	28 258
Deferred tax assets	63 687	70 065
Current assets	1 907 264	2 021 616
Inventories	507 650	636 901
Trade receivables	774 308	872 303
Other receivables	63 942	72 254
Short-term deposits	104 699	55 794
Cash and cash equivalents	338 238	259 570
Other current assets	118 427	124 794
Assets classified as held for sale	-	-
Total	3 673 137	3 768 778
Equity	1 696 627	1 723 192
Share capital	176 242	176 242
Share premium	27 582	27 582
Retained earnings	1 463 838	1 549 214
Other Group reserves	-56 995	-122 951
Equity attributable to the Group	1 610 667	1 630 087
Non-controlling interests	85 960	93 105
Non-current liabilities	936 879	744 902
Employee benefit obligations	150 893	134 663
Provisions	34 335	44 292
Interest-bearing debt	700 488	514 222
Other non-current liabilities	9 452	7 729
Deferred tax liabilities	41 711	43 996
Current liabilities	1 039 631	1 300 684
Interest-bearing debt	320 315	656 576
Trade payables	341 664	345 275
Employee benefit obligations	128 231	121 218
Provisions	15 257	12 154
Income taxes payable	94 666	73 900
Other current liabilities	139 498	91 561
Liabilities associated with assets classified as held for sale	-	-
Total	3 673 137	3 768 778

Annex 6: Press release 29 July 2011

Consolidated statement of changes in equity

(in thousands of €)	1H 2010	1H 2011
Opening balance	1 373 581	1 696 627
Total comprehensive income for the period	369 173	85 411
Capital contribution by non-controlling interests	1 263	677
Effect of acquisitions and disposals	-610	-161
Creation of new shares	-	-
Treasury shares transactions	-20 580	-
Dividends to shareholders of NV Bekaert SA	-58 225	-58 921
Dividends to non-controlling interests	-	-2 161
Other	1 619	1 720
Closing balance	1 666 221	1 723 192

Annex 7: Press release 29 July 2011

Consolidated cash flow statement

(in thousands of €)	1H 2010	1H 2011
Operating result (EBIT)	243 473	231 833
Non-cash and investing items included in operating result	101 144	109 388
Income taxes paid	-32 808	-79 279
Gross cash flows from operating activities	311 809	261 942
Change in operating working capital	-232 420	-306 822
Other operating cash flows	-4 437	-15 970
Cash flows from operating activities	74 952	-60 850
New business combinations	-29 650	-
Other portfolio investments	-	-
Proceeds from disposals of investments	1 335	-
Dividends received	12 177	4 179
Purchase of intangible assets	-6 692	-4 187
Purchase of property, plant and equipment	-76 023	-129 694
Other investing cash flows	4 038	1 423
Cash flows from investing activities	-94 815	-128 279
Interest received	4 235	2 162
Interest paid	-40 459	-42 952
Gross dividend paid	-56 747	-72 066
Proceeds from non-current interest-bearing debt	9 260	11 128
Repayment of non-current interest-bearing debt	-64 889	-10 720
Cash flows from current interest-bearing debt	75 273	173 631
Treasury shares transactions	-20 580	-
Other financing cash flows	169 878	63 632
Cash flows from financing activities	75 971	124 815
Net increase or decrease (-) in cash and cash equivalents	56 108	-64 314
Cash and cash equivalents at the beginning of the period	121 171	338 238
Effect of exchange rate fluctuations	18 957	-14 354
Cash and cash equivalents at the end of the period	196 236	259 570

Annex 8: Press release 29 July 2011

Additional key figures

(in € per share)	1H 2010	1H 2011
Number of existing shares at 30 June	59 503 407	59 884 973
Book value	28.00	28.78
Share price at 30 June	45.78	52.50
Weighted average number of shares		
Basic	59 362 452	58 921 406
Diluted	59 828 718	59 441 768
Result for the period attributable to the Group		
Basic	3.05	2.45
Diluted	3.03	2.43
Cash flow attributable to the Group		
Basic	4.83	4.33
Diluted	4.79	4.29
(in thousands of € - ratios)		
Cash flow attributable to the Group	286 677	254 915
EBITDA	349 142	342 427
Depreciation and amortization and impairment losses	105 669	110 594
Capital employed	2 261 345	2 487 495
Operating working capital	838 902	1 082 420
Net debt	582 149	815 927
REBIT on sales	17.1%	13.6%
EBIT on sales	15.9%	13.0%
EBITDA on sales	22.7%	19.2%
Equity on total assets	49.1%	45.7%
Gearing (net debt on equity)	34.9%	47.4%
Net debt on EBITDA	0.83	1.19
NV Bekaert SA - Statutory Profit and Loss Statement		
(in thousands of €)		
Sales	226 900	297 671
Operating result	9 580	6 537
Financial result	-9 790	83 220
Profit from ordinary activities	-210	89 757
Extraordinary results	-438	-352
Profit before income taxes	-648	89 405
Income taxes	445	548
Result for the period	-203	89 953