BEKAERT
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Press release
Regulated information

27 July 2012

Press
Katelijn Bohez
T +32 56 23 05 71

Investor Relations
Jérôme Lebecque
T +32 56 23 05 72

www.bekaert.com
www.bekaert.mobi

Bekaert: half year results 2012

Bekaert achieved € 1.8 billion consolidated sales and € 2.3 billion combined sales in the first half of 2012.

Consolidated sales were stable (+0.2%) in comparison with the same period of 2011. The organic sales decline (-12.4%) was compensated by the net impact of acquisitions and divestments (+7.9%) and positive currency effects (+4.7%).

At the combined[1] level, sales were down 6.5% in comparison with the first half of 2011. The organic sales decline (-8.0%) and the net effect of acquisitions and divestments (-1.6%) were partly tempered by favorable exchange rate movements (+3.1%).

The Group's reduced profitability reflects a weaker product mix as a result of the drastic demand and price evolution in the sawing wire market and a highly competitive environment due to a global demand slowdown.

Bekaert has implemented strong measures in response to the solar market collapse. The impact of the restructuring and impairment costs is reflected in the non-recurring items of the income statement.

Highlights[2]

- **Consolidated sales of € 1.8 billion (+0.2%) and combined sales of € 2.3 billion (-6.5%)**
- **Gross profit of € 268 million compared with € 448 million**
- **REBIT of € 85 million compared with € 242 million**
- **€ 81 million non-recurring items, composed of € 114 million costs and € 33 million gains**
- **EBIT of € 4 million compared with € 232 million**
- **EBITDA of € 161 million compared with € 342 million**
- **EPS: € -1.33 compared with € 2.45**

Outlook

Despite lower domestic demand in most regions and a business activity slowdown of export-driven Asian customers, Bekaert achieved stable volumes in the first half of 2012.

Declining confidence and high uncertainty in a context of persistent turbulence in the global financial systems, tight financing for our customer base, and a lack of consistent indicators of global economic recovery have created a downward trend and impose a cautious outlook for the coming months.

This environment reinforces the need for the ongoing cost reductions that are pursued at a global scale with a view to restoring the Group's desired profitability by 2014. Bekaert confirms its determination to remain a market and technological leader and to take all measures needed to secure its unchanged strategic ambitions of sustainable profitable growth.

[1] Combined sales are sales of consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.
[2] All comparisons are made relative to the figures for the first half of 2011. The figures in this press release are provisional and unaudited.

Key Figures

in millions of €	1H 2011	1H 2012
Consolidated sales	1 780	1 783
Operating result before non-recurring items (REBIT)	242	85
REBIT margin on sales	13.6%	4.8%
Non-recurring items	-10	-81
Operating result (EBIT)	232	4
EBIT margin on sales	13.0%	0.2%
Depreciation, amortization and impairment losses	110	157
EBITDA	342	161
EBITDA margin on sales	19.2%	9.0%
Combined sales	2 412	2 255

Consolidated and combined sales by segment

First half consolidated sales in millions of €

Consolidated sales	1H 2011	1H 2012	Variance	Share
EMEA	614	557	-9%	31%
North America	354	351	-1%	20%
Latin America	173	397	+129%	22%
Asia Pacific	639	478	-25%	27%
Total	**1 780**	**1 783**	**+0.2%**	**100%**

First half combined sales in millions of €

Combined sales	1H 2011	1H 2012	Variance	Share
EMEA	608	555	-9%	25%
North America	349	351	+1%	16%
Latin America	814	843	+4%	37%
Asia Pacific	641	506	-21%	22%
Total	**2 412**	**2 255**	**-6.5%**	**100%**

Market developments

Bekaert is active in many sectors. The largest markets for Bekaert's products are the automotive, energy, and construction sectors. In the **automotive** sector, sales demand slowed down from the second quarter onwards, particularly in Europe. While solar energy markets remain down at a global level, other **energy**-related sectors continued to perform well across different applications. **Construction** markets performed better than in the first half of 2011. Overall, Bekaert noted solid, stable volumes in the first half of the year, with negative product mix effects due to the evolutions in solar markets and the slowdown in automotive and other industrial markets.

Segment reports

EMEA

Key figures (in millions of €)	1H 2011	1H 2012
Consolidated sales	614	557
Operating result before non-recurring items (REBIT)	54	36
REBIT margin on sales	8.9%	6.4%
Non-recurring items	-9	-49
Operating result (EBIT)	46	-14
EBIT margin on sales	7.5%	-2.4%
Depreciation, amortization and impairment losses	28	48
EBITDA	74	34
EBITDA margin on sales	12.1%	6.2%

The 9% sales decrease was due to both the heavily impacted sawing wire business and a slowdown in automotive markets from the second quarter of 2012 onwards.

Contrary to the same period last year, the price evolution of steel-based raw materials did not add to the segment's revenues and profit in the first half of 2012.

The non-recurring items[3] reflect the costs and provisions for the restructuring plans and asset impairments in the European manufacturing platforms (€ -60 million) and the positive impact of the gains on the sale of the industrial coatings activities and of land, both in Belgium (€ +10 million).

NORTH AMERICA

Key figures (in millions of €)	1H 2011	1H 2012
Consolidated sales	354	351
Operating result before non-recurring items (REBIT)	28	21
REBIT margin on sales	7.8%	6.1%
Non-recurring items	-1	-14
Operating result (EBIT)	27	8
EBIT margin on sales	7.6%	2.2%
Depreciation, amortization and impairment losses	7	18
EBITDA	34	26
EBITDA margin on sales	9.7%	7.3%

The market demand in automotive and other industrial sectors was affected by a continued difficult economic environment in the US.

The addition of the Canadian ropes activities[4] into consolidated sales and favorable exchange rate movements compensated for the impact of the divested specialty films and industrial coatings activities in North America.

The non-recurring items mainly reflect goodwill and asset impairments in the wire plant in Canada.

[3] Note: the impact of the restructuring measures and asset impairments in the Belgian R&D and Engineering activities is not included in the EMEA segment report. Cf page 6 and annex 2 for a complete overview of non-recurring items.

[4] Bekaert increased its shareholding in the partnership entities in Chile, Peru and Canada (press release of 13 March 2012). This led to a majority stake and the integration of the respective platforms into Bekaert's consolidated statements.

LATIN AMERICA

Key figures (in millions of €)	1H 2011	1H 2012
Consolidated sales	173	397
Operating result before non-recurring items (REBIT)	16	29
REBIT margin on sales	9.3%	7.2%
Non-recurring items	0	+19
Operating result (EBIT)	16	47
EBIT margin on sales	9.3%	11.9%
Depreciation, amortization and impairment losses	6	10
EBITDA	22	57
EBITDA margin on sales	12.6%	14.5%
Combined sales	814	843

Consolidated sales were up 129% in Latin America due to the consolidation of the entities within the Chilean partnership in which Bekaert now holds a majority stake (€ +178 million revenue addition in the first half of 2012), favorable currency effects, and an overall solid performance.

The non-recurring items include a gain on the Chilean consolidation transaction.

Combined sales increased by 4% in Latin America. The weaker Brazilian Real tempered the segment's top-line growth at the combined level, while the Brazilian joint ventures delivered solid sales performance.

ASIA PACIFIC

Key figures (in millions of €)	1H 2011	1H 2012
Consolidated sales	639	478
Operating result before non-recurring items (REBIT)	185	35
REBIT margin on sales	29.0%	7.4%
Non-recurring items	-1	-18
Operating result (EBIT)	185	18
EBIT margin on sales	28.9%	3.7%
Depreciation, amortization and impairment losses	71	83
EBITDA	256	101
EBITDA margin on sales	40.0%	21.1%
Combined sales	641	506

Sales and results were substantially lower as a result of the solar business collapse, which materially impacted the sawing wire activities in China. The other activity platforms recorded higher sales volumes in the first half of the year, but operate in an increasingly competitive environment as a result of a weakening domestic demand as well as reduced export activity for our Asian customers.

Bekaert started initiatives to rightsize its sawing wire manufacturing footprint in China at the end of last year. In 2012, the company continued implementing measures and booked non-recurring items for the respective restructuring costs and asset impairments.

Combined sales include consolidated sales and the revenues of the joint venture activities in Xinyu, China.

Other Information

In response to longer term overall instability and to the drastic changes in the global solar energy market, Bekaert announced on 2 February 2012 a major realignment program, consisting of the plan to rightsize its global sawing wire operations as well as measures aimed at substantially improving the cost structure of the Group with a view to restoring Bekaert's long-term profitability by 2014. Status of the announced measures:

- the restructuring plan in Belgium has been implemented in its entirety. This plan led to a reduction of 609 jobs in the Belgian sawing wire and stainless manufacturing entities, as well as in the technology and engineering activities.
- Comparable actions were taken in China, with a reduction of 1 250 jobs since December 2011.
- In order to secure its unchanged strategic ambitions of sustainable profitable growth, the Group is, in addition, conducting a detailed study to identify measures to reduce its global cost structure by € 100 million annually in the forthcoming years. This study is in process on a global scale. Implementation has started, mainly in China, and the full impact on results is expected by 2014. The related non-recurring costs will be booked as soon as defined in 2012 or in the first half of 2013.

On 9 May 2012, Bekaert and Southern Steel Berhad (SSB), a leading Malaysian Steel Group, signed an agreement to establish a joint venture, 55% owned by Bekaert and 45% by SSB. SSB will contribute its interests in Southern Wire Industries Malaysia Sdn Bhd (SWI) and Southern Speciality Wire Sdn Bhd (SSW) into the joint venture, while Bekaert will bring in the galvanized wire activity platform which today is part of PT Bekaert Indonesia. The transaction, with an enterprise value of USD 63 million, is subject to customary closing conditions and is expected to be completed in the third quarter of 2012.

On 28 May 2012, Bekaert and Xinsteel broke ground for a new production plant in Xinyu, Jiangxi Province, China. The new plant, called Bekaert (Xinyu) New Materials Co., Ltd., will be located in Jiangxi Xinyu High-Tech Industrial Park Development Zone and will cover 75 000 m². It will house the spring wire manufacturing platform which is now located in two separate factories.

Bekaert sold its small-scale Clean Enclosed Burner activities to Flare Industries LLC on 5 July 2012. Flare Industries LLC is a leader in combustion and pollution control technology and is based in Austin, Texas, US. The transaction value was € 2 million.

Net debt remained stable in comparison with the level at year-end 2011, despite the unfavorable effects on debt of acquisitions and divestments (€ 10 million), the impact of the 2011 dividend which became payable on 16 May 2012 (€ 30 million) and currency movements (€ 20 million).

Financial Review

Financial results

Bekaert achieved an operating result before non-recurring items (REBIT) of € 85.1 million. This equates to a REBIT margin on sales of 4.8%. Non-recurring expenses amounted to € 80.9 million and mainly related to restructuring costs and asset impairments. Including non-recurring items, EBIT was € 4.2 million. EBITDA amounted to € 160.8 million, representing an EBITDA margin on sales of 9.0%.

Selling and administrative expenses decreased by 7.3%. Contrary to the first half of last year, no material provisions for bad debt were added. Research and development expenses decreased by 16% to € 38.9 million and reflect the reduction of budgets for the sawing wire activities.

Net interest expenses amounted to € 41.0 million (versus € 31.5 million) as a result of the higher average gross debt.

Taxation on profit amounted to € 27.5 million versus € 53.5 million in the same period last year. The significant income tax was due to the taxes paid in profit generating entities and the fact that no deferred tax asset can be set up in loss making entities for the non-recurring costs related to the restructuring.

The share in the result of joint ventures and associated companies decreased from € 14.1 million to € 6.0 million, mainly reflecting the integration of the entities belonging to the Chilean partnership into the consolidated perimeter.

The result for the period was € -70.2 million. After non-controlling interests (€ 8.4 million), the result for the period attributable to the Group was € -78.6 million.

Non-recurring impact

The non-recurring items amounted to € -80.9 million and were the result of restructuring measures, asset impairments, and one-off valuation elements as a result of acquisitions and divestments. In summary, the following non-recurring elements were taken up:

Non-recurring costs: € -114 million:

- Restructuring costs and provisions and asset impairments in the Belgian manufacturing, R&D and Engineering activities: € -73 million;
- Restructuring costs and provisions and asset impairments in sawing wire activities outside Belgium: € -18 million;
- Other non-recurring costs: € -23 million.

Non-recurring gains: € +33 million:

- Gain on the consolidation transaction of the entities within the Chilean partnership: € 18 million;
- Gain on the sale of the industrial coatings platform (Belgium, China, US): € 12 million;
- Gain on the sale of property in Belgium and the US: € 3 million.

Balance sheet

As at 30 June 2012, shareholders' equity represented 43.4% of total assets. Net debt (€ 865.7 million) remained stable versus the closing balance of 2011. The gearing ratio (net debt to equity) was 49.2%.

Cash flow statement

Cash from operating activities amounted to € 165.9 million (versus € -60.9 million in the same period last year), mainly as a result of a reduction of operating working capital by € 41.4 million (versus a cash-out due to increased working capital in the same period last year: € -306.8 million). The purchase of property, plant and equipment amounted to € 58.4 million versus € 129.7 million in the first half of 2011.

The bond repayment of April 2012 (€ 150 million) was a major driver in the cash flows from finance activities.

NV Bekaert SA (statutory accounts)

The Belgium-based parent entity's sales amounted to € 217.5 million, 27% down from the first half year of 2011. The operating result was € -74.7 million. The financial result amounted to € 6.5 million. NV Bekaert SA achieved a result for the period of € -70.8 million (versus € +90.0 million for the first half of 2011).

Financial calendar

2012 half year results	27	July	2012

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.

Third quarter trading update 2012	14	November	2012
2012 results	27	February	2013
2012 annual report available on the internet	29	March	2013
First quarter trading update 2013	8	May	2013
General Meeting of Shareholders	8	May	2013

Notes

- 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. As from 2012, Bekaert presents gains and losses on disposal of a business as a non-recurring item included in 'operating result (EBIT)' instead of gains and losses on disposal of investments included in 'other financial income and expenses'. Bekaert is convinced that this presentation enhances the transparency of its sustainable performance.
- With the exception of the change in presentation relating to business disposals, the consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as in the 31 December 2011 annual consolidated financial statements. For an overview of the IFRS standards, amendments and interpretations that have become effective in 2012, we refer to the Statement of Compliance (section 2.1) of the financial review in the 2011 Annual Report (http://annualreport.bekaert.com/en/Financial%20Review.aspx).
- For further information on the business combination relating to the step acquisition of the former joint ventures in Chile, Peru and Canada, we refer to the 'Effect of business combinations' document available in annex 9. The initial accounting for the new business combination was determined provisionally.
- There are no material post-balance sheet events to report.
- There are no contingent liabilities to report.
- Transactions between the Company and its subsidiaries, which are related parties, have been eliminated in the consolidation. There have been no material transactions with other related parties.

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 2012 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

Disclaimer

This press release may contain forward-looking statements. Such statements reflect the current views of management regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Bekaert is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release in light of new information, future events or otherwise. Bekaert disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other press release issued by Bekaert.

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 27 000 people worldwide. Serving customers in 120 countries, Bekaert pursues sustainable profitable growth in all its activities and generated € 4.6 billion combined sales in 2011.

Annex 1: Press release 27 July 2012

Consolidated income statement

(in thousands of €)	1H 2011	1H 2012
Sales	1 779 643	1 782 543
Cost of sales	-1 331 364	-1 514 871
Gross profit	**448 279**	**267 672**
Selling expenses	-88 377	-75 770
Administrative expenses	-68 769	-69 876
Research and development expenses	-46 361	-38 904
Other operating revenues	5 567	7 229
Other operating expenses	-7 990	-5 280
Operating result before non-recurring items (REBIT)	**242 349**	**85 071**
Non-recurring items	-10 516	-80 917
Operating result (EBIT)	**231 833**	**4 154**
Interest income	3 509	4 861
Interest expense	-35 048	-45 903
Other financial income and expenses	-3 209	-11 762
Result before taxes	**197 085**	**-48 650**
Income taxes	-53 521	-27 493
Result after taxes (consolidated companies)	**143 564**	**-76 143**
Share in the results of joint ventures and associates	14 146	5 990
RESULT FOR THE PERIOD	**157 710**	**-70 153**
Attributable to		
the Group	144 321	-78 568
non-controlling interests	13 389	8 415
EARNINGS PER SHARE (in € per share)		
Result for the period attributable to the Group		
Basic	2.45	-1.33
Diluted	2.43	-1.33

Annex 2: Press release 27 July 2012

Reconciliation of segment reporting

Key figures per segment

(in millions of €)	EMEA	N-AM	L-AM	APAC	OTHER	1H 2012
Consolidated sales	557	351	397	478		1 783
Operating result before non-recurring items	36	21	29	35	-36	85
REBIT margin on sales	6%	6%	7%	7%		5%
Non-recurring items	-49	-14	+19	-18	-19	-81
Operating result (EBIT)	-14	8	47	18	-55	4
EBIT margin on sales	-2%	2%	12%	4%		0.2%
Depreciation, amortization, impairment losses	48	18	10	83	-2	157
EBITDA	34	26	57	101	-57	161
EBITDA margin on sales	6%	7%	14%	21%		9%

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

Non-recurring items “other” reflect the impact of the restructuring and asset impairments in the R&D and Engineering activities mainly.

Annex 3: Press release 27 July 2012

Quarter-on-quarter sales 2012

2012 quarter-on-quarter consolidated sales per segment in millions of €

Consolidated sales	1st Q	2nd Q	Q2:Q1
EMEA	290	267	-8%
North America	176	175	-1%
Latin America	197	200	2%
Asia Pacific	232	246	6%
Total	**895**	**888**	**-1%**

2012 quarter-on-quarter combined sales per segment in millions of €

Combined sales	1st Q	2nd Q	Q2:Q1
EMEA	289	266	-8%
North America	176	175	-1%
Latin America	423	420	-1%
Asia Pacific	247	259	5%
Total	**1 135**	**1 120**	**-1%**

Annex 4: Press release 27 July 2012

Consolidated statement of comprehensive income

(in thousands of €)	1H 2011	1H 2012
Result for the period	**157 710**	**-70 153**
Other comprehensive income		
Exchange differences	-66 668	11 325
Cash flow hedges	-1 058	786
Available-for-sale investments	-8 161	7 634
Actuarial gains and losses (-) on defined benefit plans	3 303	-18 303
Share of other comprehensive income of joint ventures and associates	7	-
Deferred taxes relating to other comprehensive income	278	4 007
Other comprehensive income for the period, net of tax	**-72 299**	**5 449**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**85 411**	**-64 704**
Attributable to		
the Group	76 645	-79 589
non-controlling interests	8 766	14 885

Annex 5: Press release 27 July 2012

Consolidated balance sheet

(in thousands of €)	31-Dec-11	30-Jun-12
Non-current assets	**1 900 018**	**1 911 740**
Intangible assets	82 640	78 442
Goodwill	20 908	16 403
Property, plant and equipment	1 433 601	1 506 059
Investments in joint ventures and associates	258 260	178 067
Other non-current assets	20 878	46 393
Deferred tax assets	83 731	86 376
Current assets	**2 269 087**	**2 143 395**
Inventories	577 935	657 846
Bills of exchange received	241 392	160 117
Trade receivables	586 937	710 769
Other receivables	88 319	95 753
Short-term deposits	382 607	28 683
Cash and cash equivalents	293 856	417 950
Other current assets	62 549	71 327
Assets classified as held for sale	35 492	950
Total	**4 169 105**	**4 055 135**

Equity	**1 766 422**	**1 761 433**
Share capital	176 512	176 512
Share premium	29 858	29 858
Retained earnings	1 557 419	1 443 378
Other Group reserves	-69 901	-62 726
Equity attributable to the Group	**1 693 888**	**1 587 022**
Non-controlling interests	**72 534**	**174 411**
Non-current liabilities	**1 137 969**	**1 110 669**
Employee benefit obligations	161 256	210 165
Provisions	32 002	38 532
Interest-bearing debt	907 573	814 252
Other non-current liabilities	10 422	9 955
Deferred tax liabilities	26 716	37 765
Current liabilities	**1 264 714**	**1 183 033**
Interest-bearing debt	648 485	537 438
Trade payables	290 635	324 141
Employee benefit obligations	107 978	134 486
Provisions	13 241	11 346
Income taxes payable	75 680	72 461
Other current liabilities	116 023	102 667
Liabilities associated with assets classified as held for sale	12 672	494
Total	**4 169 105**	**4 055 135**

Annex 6: Press release 27 July 2012

Consolidated statement of changes in equity

(in thousands of €)	1H 2011	1H 2012
Opening balance	**1 696 627**	**1 766 422**
Total comprehensive income for the period	85 411	-64 704
Capital contribution by non-controlling interests	677	7 815
Effect of acquisitions and disposals	-161	86 753
Creation of new shares	-	-
Treasury shares transactions	-	-
Dividends to shareholders of NV Bekaert SA	-58 921	-29 518
Dividends to non-controlling interests	-2 161	-7 398
Other	1 720	2 063
Closing balance	**1 723 192**	**1 761 433**

Annex 7: Press release 27 July 2012

Consolidated cash flow statement

(in thousands of €)	1H 2011	1H 2012
Operating result (EBIT)	231 833	4 154
Non-cash and investing items included in operating result	109 388	157 884
Income taxes paid	-79 279	-36 780
Gross cash flows from operating activities	**261 942**	**125 258**
Change in operating working capital	-306 822	41 389
Other operating cash flows	-15 970	-792
Cash flows from operating activities	**-60 850**	**165 855**
New business combinations	-	2 436
Other portfolio investments	-	-31
Proceeds from disposals of investments	-	21 078
Dividends received	4 179	346
Purchase of intangible assets	-4 187	-1 585
Purchase of property, plant and equipment	-129 694	-58 364
Other investing cash flows	1 423	6 369
Cash flows from investing activities	**-128 279**	**-29 751**
Interest received	2 162	6 000
Interest paid	-42 952	-49 555
Gross dividend paid	-72 066	-38 855
Proceeds from non-current interest-bearing debt	11 128	11 879
Repayment of non-current interest-bearing debt	-10 720	-214 019
Cash flows from current interest-bearing debt	173 631	-65 771
Treasury shares transactions	-	-
Other financing cash flows	63 632	323 407
Cash flows from financing activities	**124 815**	**-26 914**
Net increase or decrease (-) in cash and cash equivalents	**-64 314**	**109 190**
Cash and cash equivalents at the beginning of the period	**338 238**	**293 856**
Effect of exchange rate fluctuations	-14 354	14 904
Cash and cash equivalents at the end of the period	**259 570**	**417 950**

Annex 8: Press release 27 July 2012

Additional key figures

(in € per share)	1H 2011	1H 2012
Number of existing shares at 30 June	59 884 973	59 976 198
Book value	28.78	29.37
Share price at 30 June	52.50	19.51
Weighted average number of shares		
Basic	58 921 406	59 036 498
Diluted	59 441 768	59 130 932
Result for the period attributable to the Group		
Basic	2.45	-1.33
Diluted	2.43	-1.33
Cash flow attributable to the Group		
Basic	4.33	1.46
Diluted	4.29	1.45

(in thousands of € - ratios)		
Cash flow attributable to the Group	254 915	85 965
EBITDA	342 427	160 781
Depreciation and amortization and impairment losses	110 594	156 627
Capital employed	2 487 495	2 718 229
Operating working capital	1 082 420	1 117 325
Net debt*	811 503	865 753
REBIT on sales	13.6%	4.8%
EBIT on sales	13.0%	0.2%
EBITDA on sales	19.2%	9.0%
Equity on total assets	45.7%	43.4%
Gearing (net debt on equity)	47.1%	49.2%
Net debt on EBITDA	1.18	2.69

NV Bekaert SA - Statutory Profit and Loss Statement		
(in thousands of €)		
Sales	297 671	217 513
Operating result	6 537	-74 678
Financial result	83 220	6 534
Profit from ordinary activities	89 757	-68 144
Extraordinary results	-352	3 244
Profit before income taxes	89 405	-71 388
Income taxes	548	573
Result for the period	89 953	-70 815

* new definition: including non current financial receivables

Annex 9: Press release 27 July 2012

Effect of new business combinations

On 22 December 2011, Bekaert announced the signing of an agreement with its Chilean partners to restructure the shareholding of their joint venture operations in Chile, Peru and Canada. The deal was finalized on 13 March 2012, but came into effect as from 1 January 2012. As a consequence, Bekaert becomes the principal shareholder (52%) in the Inchalam Group and acquires control in all of the following entities:

- Industrias Chilenas de Alambre – Inchalam SA in Talcahuano, Chile;
- Acma Inversiones SA in Talcahuano, Chile
- Transportes Puelche Ltda in Talcahuano, Chile;
- Industrias Acmanet Ltda in Talcahuano, Chile;
- Prodalam SA in Santiago, Chile;
- Acma SA in Santiago, Chile;
- Acmanet SA in Santiago, Chile;
- Productos de Acero SA – Prodinsa in Santiago, Chile;
- Prodinsa Ingeniería y Proyectos SA in Santiago, Chile;
- Wire Rope Industries Ltd in Pointe-Claire, Canada ;
- Procables SA in Callao, Peru;
- Impala SA in Panama, Panama.

By this strategic transaction, Bekaert intends to strengthen its position in the wire business in Chile and the ropes business in Chile, Peru and Canada. Bekaert announced that it will further pursue the business strategy and approach in place and capitalize on synergies and future growth in the countries and businesses concerned. The deal also involves Productos de Acero Cassadó SA (Prodac) in Callao, Peru, a subsidiary of the Bekaert Group. Prior to the deal, Bekaert owned 32% in Prodac via a Spanish holding, Bekaert Ideal SL, and 20% via the Inchalam Group. In this transaction, Bekaert contributed its 32% interests in Prodac through Bekaert Ideal SL to the Inchalam group in exchange of 2% additional interests in the latter. The fair value of the interests in Prodac given up was determined at US$ 7.0 million (€ 5.5 million), using a discounted cash flow approach. Consequently, Bekaert received new shares in Inchalam SA and Prodalam SA for an aggregate nominal value of US$ 7.0 million (€ 5.5 million).
In accordance with IFRS 3 (revised 2008), when a business combination is achieved in stages, also known as a step acquisition, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, and any resulting gain or loss is recognized in profit or loss. In this case, the fair value of the Group's previously held 50% interest in the Inchalam Group was extrapolated from the US$ 7.0 million purchase consideration of the 2% interest acquired, after deducting a control premium valued at US$ 2.3 million. This extrapolation established the fair value at € 92.0 million. The carrying amount of the Group's interest in the Inchalam Group at the acquisition date amounted to € 77.5 million. This resulted in a gain on step acquisition of € 14.5 million, which is presented in 'non-recurring items' in the income statement.

In accordance with IFRS 3, any amounts arising from interests in the acquiree prior to the acquisition date that have been recognized in the Group's other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if the interests were disposed of. This resulted in an additional gain of € 7.3 million from a reclassification of cumulative translation adjustments, which is also presented in 'non-recurring items' in the income statement.
Goodwill is measured as the difference between:

(i) The sum of the following elements:
  a. Consideration transferred;
  b. Amount of any non-controlling interests in the acquiree;
  c. Fair value of the Group's previously held equity interest in the acquiree; and

(ii) The net balance of the fair value of the identifiable assets acquired and the liabilities assumed.

Since the purchase consideration consisted of the Prodac shares, its cost is equivalent to the non-controlling interest disposed.

The initial accounting for the business combination resulted in a slightly negative goodwill (€ -0.8 million) which was recognized as a gain in 'non-recurring items' of the income statement.

The table below presents the net assets acquired by balance sheet caption, showing the effect of fair value adjustments applied in accordance with IFRS 3 Business Combinations and the goodwill calculation. It also clarifies the amount shown in the consolidated cash flow statement as 'new business combinations'.

Total in thousands of €	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
Intangible assets	833	-	833
Property, plant and equipment	74 834	44 072	118 906
Other non-current assets	1 481	-	1 481
Deferred tax assets	1 962	2 176	4 138
Inventories	88 245	293	88 538
Trade receivables	74 238	-281	73 957
Advances paid	247	-	247
Financial receivables	4 872	-	4 872
Other receivables	8 136	-	8 136
Short-term deposits	160	-	160
Cash and cash equivalents	2 436	-	2 436
Other current assets	887	-	887
Non-current employee benefit obligations	-4 117	-3 965	-8 082
Provisions	-	-1 049	-1 049
Non-current financial liabilities	-2 856	-	-2 856
Deferred tax liabilities	-5 460	-10 587	-16 047
Current financial liabilities	-50 829	-	-50 829
Trade payables	-36 685	-	-36 685
Advances received	-232	-	-232
Current employee benefit obligations	-6 063	-	-6 063
Current provisions	-798	-	-798
Income taxes payable	-1 272	-	-1 272
Other current liabilities	-1 296	-131	-1 427
Total net assets acquired in a business combination	**148 723**	**30 528**	**179 251**
Equity method investment held prior to business combination	-77 515	-14 452	-91 967
Non-controlling interests arising on the acquirees	-81 043		-81 043
Non-controlling interests disposed	-5 470		-5 470
Goodwill	-771		-771
Consideration paid			**-**
Cash acquired			-2 436
New business combinations			**-2 436**

The positive fair value adjustments on property, plant and equipment mainly relate to the land and buildings held by Inchalam, Prodalam and Wire Rope Industries. The fair value adjustments on inventories consist of two elements which almost outweighed each other: (1) Remeasurement at sales value less costs to complete less costs to sell and (2) Write-downs of slow moving and obsolete inventories to net realizable value. The first element is a one-time remeasurement required by IFRS 3 Business Combinations, which is generally reversed soon afterwards to the extent that the inventory goods are subsequently sold. Because the effect of this reversal generally is that no profit is made on the sales of these inventory goods, it has been presented in ‘non-recurring items’ in the income statement (€ -4.3 million). The second element results from an analysis which will be updated at each balance sheet date and is not expected to be reversed soon. Therefore, any changes to the accumulated write-downs will be recognized in recurring EBIT (REBIT). The initial accounting of the above transaction was determined provisionally. The effect on consolidated sales and on the result for the period is shown below:

Total in thousands of €	Date of acquisition	Net sales for the period	Result for the period
Inchalam Group	1 January 2012	207 158	24 530

The result for the period includes € 18.2 million non-recurring items relating to the business combination accounting.