

Press release

Regulated information

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Third quarter trading update 2012

Press

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Bekaert reports stable sales volumes in very challenging markets but is cautious on the outlook

Sales¹

Bekaert achieved consolidated sales of € 2 647 million and combined² sales of € 3 361 million in the first nine months of 2012.

Consolidated sales increased by 2.0% and reflected stable sales volumes compared with the same period last year. The net effect of acquisitions and divestments (+8.0%) and the impact of currency movements (+5.4%) were largely neutralized by an organic sales decline (-11.4%) brought on by a weaker product mix due to the solar business collapse, steel-based raw material price decreases and persistent price pressure in highly competitive markets.

At the combined level, sales were down 5.3% in comparison with the first nine months of 2011. The organic sales decline (-7.5%) and the net effect of acquisitions and divestments (-1.7%) were partly tempered by favorable exchange rate movements (+4.0%).

Consolidated and combined sales by segment

First nine months of consolidated sales in millions of €

Consolidated sales	2011	2012	Variance	Share
EMEA	907	810	-11%	31%
North America	526	517	-2%	20%
Latin America	269	608	+126%	23%
Asia Pacific	893	711	-20%	27%
Total	2 595	2 647	+2%	100%

2012 quarter-on-quarter progress per segment in millions of €

Consolidated sales	1 st Q	2 nd Q	3 rd Q	Q3 y-o-y ³
EMEA	290	267	253	-14%
North America	176	175	166	-3%
Latin America	197	200	212	+118%
Asia Pacific	232	246	234	-8%
Total	895	888	864	+6%

¹ All comparisons are made relative to the figures for the first nine months of 2011. The figures in this press release are provisional and unaudited.

² Combined sales are sales of consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

³ Q3 year-on-year sales: 3rd quarter 2012 versus 3rd quarter 2011.

First nine months of combined sales in millions of €

Combined sales	2011	2012	Variance	Share
EMEA	897	807	-10%	24%
North America	519	517	-1%	15%
Latin America	1 236	1 285	+4%	38%
Asia Pacific	897	751	-16%	22%
Total	3 550	3 361	-5%	100%

2012 quarter-on-quarter progress per segment in millions of €

Combined sales	1 st Q	2 nd Q	3 rd Q	Q3 y-o-y ⁴
EMEA	289	266	252	-13%
North America	176	175	166	-3%
Latin America	423	420	442	+5%
Asia Pacific	247	259	245	-4%
Total	1 135	1 120	1 106	-3%

Performance by segment

EMEA

The sales decrease in EMEA was due to an unfavorable product mix caused by a slowdown in automotive markets and stainless steel wire activities as well as by the heavily impacted sawing wire business related to the solar panel industry. Compared with the same period last year, the price evolution of steel-based raw materials also tempered the segment's revenues. Notwithstanding the weakened economic circumstances, Bekaert achieved stable sales volumes in the region.

North America

The market demand reflects a continued difficult economic environment in the US. The addition of the Canadian ropes activities⁵ into consolidated sales and favorable exchange rate movements offset the impact of the divested specialty films and industrial coatings activities in North America.

Latin America

Consolidated sales were up 126% in Latin America due to the consolidation of the entities within the Chilean partnership in which Bekaert now holds a majority stake⁵, favorable currency effects, and strong business performance in Peru and Venezuela.

The sales growth was tempered to 4% at the combined sales level due to weaker demand in Brazil.

Asia Pacific

Sales in Asia 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 solid sales volumes in the first nine months of the year, while operating in a highly competitive environment. The segment's revenues were also impacted by declining steel-based raw materials prices.

⁴ Q3 year-on-year sales: 3rd quarter 2012 versus 3rd quarter 2011

⁵ 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 financial statements.

Other information

The financials of Bekaert Southern Wire Pte Ltd have been included in Bekaert's consolidated statements as of 1 September 2012. As communicated on 30 August 2012, the related transaction consisted of Southern Steel Berhad contributing its interests in the Malaysian wire activities based in Shah Alam and Ipoh, and Bekaert contributing the galvanized wire platform located in Karawang, Indonesia.

Bekaert's operations in Venezuela performed well in the first nine months of the year. However, a lack of wire rod supplies has recently led to activity losses and to a temporary production shutdown in the first weeks of October 2012.

Net debt decreased to € 790 million, reflecting the Group's measures to reduce the working capital.

Bekaert has started the implementation of the measures identified during a detailed study to reduce its global cost structure by € 100 million annually in the forthcoming years. The full impact on results is expected by 2014 and should secure the Group's strategic ambitions of sustainable profitable growth.

Outlook

Persistent monetary and financial uncertainty on a global level, declining business activity in most industries, and highly competitive market conditions in all regions, impose a cautious outlook for the months to come.

In addition to the usual year-end seasonal effects on volumes in all regions, Bekaert expects sustained price pressure in Asia and a continued unfavorable product mix in EMEA. In Latin America, Bekaert anticipates volume growth in line with the GDP trend, but carefully watches the situation in Venezuela, given the currency-related uncertainties and the fact that a steady supply of raw materials cannot always be ensured.

The lack of liquidity throughout the entire value chain in the solar industry may increase the need for additional bad debt provisions. Moreover, the further deteriorating business environment in this sector may lead to additional impairments of the sawing wire activities, which would be reflected in non-recurring expenses. The total impact of raising both the bad debt provision and the non-recurring expenses is estimated at € 100 million in the second half of the year.

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.

Financial calendar

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
2013 half year results	26	July	2013
Third quarter trading update 2013	14	November	2013

Disclaimer

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Profile

Bekaert (www.bekaert.com) is a global technological and market leader in steel wire transformation and coatings. Bekaert (Euronext Brussels: BEKB) is a global company with headquarters in Belgium, employing 27 000 people worldwide. Serving customers in 120 countries, Bekaert pursues sustainable profitable growth in all its activities and generated combined sales of € 4.6 billion in 2011.