

Press release

Regulated information

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Press

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First quarter trading update 2014

Bekaert reports strong volume growth, offset by currency impact

Bekaert reports a strong start to the year with a solid volume increase¹ driven by higher demand in Europe and Asia. The organic sales growth was, however, more than offset in Bekaert's top-line due to the adverse effects of currency movements².

In the first quarter of 2014 Bekaert achieved consolidated sales of € 782 million and combined sales of € 990 million, a decrease of 2.1% and 4.4% respectively, compared with the first quarter of 2013. On a constant currency basis, Bekaert's revenues increased by more than 4%.

Consolidated sales³ increased 4.2% organically. Exchange rate effects (-5.9%) and the net effect of acquisitions and divestments (-0.4%) cancelled out the growth entirely.

Combined sales increased by 4.9% on an organic basis. A substantially weaker Brazilian real added to the negative currency impact at the combined level (-8.2%), while acquisitions and divestments had little effect (-0.3%).

Consolidated and combined sales by segment

First quarter consolidated sales in millions of €

Consolidated sales	2013	2014	Variance	Share	FX impact ⁴
EMEA	260	275	+6%	35%	-3
North America	146	139	-5%	18%	-7
Latin America	176	141	-20%	18%	-27
Asia Pacific	216	226	+5%	29%	-10
Total	799	782	-2%	100%	-47

First quarter combined sales in millions of €

Combined sales	2013	2014	Variance	Share	FX impact
EMEA	259	273	+5%	28%	-3
North America	146	139	-5%	14%	-7
Latin America	404	340	-16%	34%	-73
Asia Pacific	226	237	+5%	24%	-11
Total	1 036	990	-4%	100%	-94

¹ Volume increase of 3.3% at the consolidated sales level, compared with the first quarter of 2013.

² All comparisons are made relative to the first quarter of 2013.

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

⁴ Foreign exchange impact on first quarter sales 2014.

Sales by segment

EMEA

The upward trend in demand from automotive markets in Europe as of the second half of 2013, continued at the start of 2014. This led to robust volume growth for tire cord and other steel wire products serving the automotive sector in Europe. Bekaert's activity platforms in EMEA also recorded solid growth in other markets, such as the oil and gas sector. Total revenues for the region were up 6% over the first quarter of 2013 and rose to the highest level in two years.

North America

Continued low demand from domestic industrial markets kept Bekaert's sales volumes stable in comparison with the first quarter of 2013. The region's top-line decreased 5% as a result of unfavorable currency movements, year-on-year.

Bekaert has phased out its steel wire manufacturing activities in Surrey, Canada and stopped all production there at the end of the first quarter. The Canadian wire rope activities in Pointe-Claire, on the other hand, continued to achieve strong sales.

Latin America

As anticipated, demand in Latin America slowed down in line with the GDP trend for the region. Bekaert's activities maintained solid market shares but saw demand contract as a result of a slowdown in mining and infrastructure activities.

Revenues dropped substantially in comparison with the first quarter of 2013 as a result of the drastic depreciation of the Venezuelan bolivar since the beginning of last year, and of the translation effect of other currency movements such as the Chilean peso (-21% versus the euro, year-on-year).

The precarious situation in Venezuela will continue to affect Bekaert's operations in the country, among others by a forced shutdown of our factories since the second half of April as a result of raw material shortages.

The significant impact of currency movements on combined sales was due to the sharp devaluation of the Brazilian real (-22% year-on-year), which cancelled out the sales growth of the Brazilian joint ventures.

Asia Pacific

Bekaert's activities in Asia Pacific achieved significant organic volume growth (+8%), mainly as a result of regained market share in the Chinese tire sector, strong sales growth in the Southeast Asian and Indian automotive markets, and a demand pick-up in sawing wire.

Other industrial steel wire markets showed continued low demand, especially in Southeast Asia.

The total effect of currency movements was -4% for the region.

Other information

Net debt increased to € 640 million from € 574 million at year-end 2013, as a result of an increase in working capital, in line with seasonal effects. Net debt was € 105 million lower than at the end of the first quarter of 2013.

On 30 April 2014, Bekaert successfully closed its expansion transactions in Costa Rica and Brazil. As a result, Bekaert has taken a majority stake (73%) in a steel wire business in Costa Rica, with ArcelorMittal as partner (27%). The companies have established the same shareholding structure for the Dramix® greenfield in Costa Rica and for Bekaert's steel wire business in Ecuador. Moreover, Bekaert took full ownership in the former steel rope joint venture in Brazil, which has been renamed Bekaert Cimaf Cabos. The integration of the respective financial records in the consolidated statements of Bekaert comes into effect as of 1 May 2014.

Bekaert's recent acquisition in Texas, US, started the production of ropes for the oil sector at the end of the first quarter.

Outlook

Bekaert expects sustained solid demand in Europe and will continue to defend and grow its strong positions in China. The company does not expect major changes in North American markets and anticipates a continued slowdown in Latin America, in line with the GDP trend for the region. Currency movements are expected to cause an unfavorable translation impact also in the second quarter of 2014.

Bekaert reconfirms its determination to maintain leading market positions in various sectors and regions, in full support of its customers and all other stakeholders worldwide. With a regained financial and business power to invest in future growth, Bekaert is ready to seize the opportunities that will support the long-term strength of its core businesses.

Financial calendar

General Meeting of Shareholders	14	May	2014
Dividend ex-date	16	May	2014
Dividend payable	21	May	2014
2014 half year results	1	August	2014
Third quarter trading update 2014	14	November	2014

Disclaimer

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Profile

Bekaert (www.bekaert.com) is a world market and technology 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 € 4.1 billion in 2013.