

Press release

Regulated information

Press - Investors
Katelijn Bohez
T +32 56 23 05 71

www.bekaert.com

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First quarter trading update 2015

Bekaert reports strong sales growth driven by acquisitions and favorable currency movements

Bekaert achieved consolidated sales of € 904 million and combined sales of € 1 106 million in the first quarter of 2015, an increase¹ of 16% and 12% respectively, compared with the same period last year.

Bekaert's consolidated top line was boosted by acquisitive growth (+10%) stemming from the incorporation of the Pirelli steel cord activities and the acquisitions within the ropes business. Favorable currency movements (+10%) more than offset the 4% organic sales decline which was due to weaker business in China and the volume loss resulting from the November 2014 fire at the Rome plant in the US.

Combined sales² increased by 12%. The effects of acquisitions and currency movements accounted for +8% each. The organic sales decline (-4%) was attributable to the same elements as in the consolidated revenue while the Brazilian joint ventures made a good start to the year.

Consolidated and combined sales by segment

First quarter consolidated sales in millions of €

Consolidated sales	2014	2015	Variance	Share	FX impact ³
EMEA	275	313	+13%	34%	-1
North America	139	153	+10%	17%	+25
Latin America	141	195	+39%	22%	+16
Asia Pacific	226	243	+8%	27%	+36
Total	782	904	+16%	100%	+76

First quarter combined sales in millions of €

Combined sales	2014	2015	Variance	Share	FX impact
EMEA	273	311	+14%	28%	-1
North America	139	153	+9%	14%	+25
Latin America	340	393	+16%	36%	+17
Asia Pacific	237	249	+5%	22%	+37
Total	990	1 106	+12%	100%	+78

¹ All comparisons are made relative to the first quarter of 2014.

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

³ Foreign exchange impact on first quarter sales in 2015.

Sales by segment

EMEA

Bekaert's activities in EMEA reported strong growth as a result of the integration of the acquired steel cord plants in Italy, Romania and Turkey, as part of the deal with Pirelli.

Compared with a strong first quarter of 2014, organic sales were stable across the region. Demand from automotive and construction markets remained solid while energy-related markets signaled a slowdown in demand for industrial steel wire applications targeting the oil and gas sector.

Bekaert anticipates continued solid demand and performance in most European markets, especially those related to the automotive sector, partly driven by the quantitative easing measures implemented by the European Central Bank and by lower oil prices.

North America

Revenue increased by 10% in North America compared to the same period last year. Currency effects drove up sales by 18%. Half of this gain was offset by the organic decline due to the anticipated volume losses of bead wire following significant fire damage to the Rome plant in November 2014, the plant closure in Surrey (Canada) at the end of the first quarter of 2014, and a continued tough business climate in industrial steel wire markets.

Bekaert perceives continued price pressure in industrial markets, especially when in competition with imports. The reconstruction of the Rome plant in Georgia, US is on schedule to be commissioned by the end of the 1st half of 2015 and is expected to start contributing to the solid business in automotive markets from the second half of the year onwards.

Latin America

Bekaert's consolidated top line increased significantly in Latin America (+39% year-on-year) thanks to stable volumes and a better product-mix in organic sales (+3%), favorable exchange rate movements (+12%), and a major impact from acquisitions.

Acquisitive growth accounts for +24% of the year-on-year sales increase and includes the addition of the former Pirelli tire cord plant in Sumaré, Brazil from January 2015 onwards; the consolidation of the Bekaert Cimaf ropes plant in Brazil since the third quarter of 2014; and the wire business acquired from ArcelorMittal in Costa Rica at the end of April 2014.

Bekaert anticipates continued modest organic sales growth for its consolidated businesses in the second quarter of 2015. While the Brazilian joint ventures performed above expectations in the first quarter, Bekaert has limited visibility for the remainder of the year and anticipates an impact on demand due to the overall weakening economic conditions in the country.

Asia Pacific

Bekaert's activities recorded a sales growth of 8% in Asia Pacific. This was the result of highly positive exchange rate movements (+16% year-on-year) and of the incorporation of the sales of the former Pirelli plant in China and of the ropes business in Australia as of March 2015.

In comparison with a strong first quarter in 2014, Bekaert's activities in Asia Pacific recorded a significant organic sales decline (-11%) mainly as a result of the demand slowdown in Chinese tire markets since the last quarter of 2014 and of continued price erosion.

Bekaert strengthened its market share in the automotive markets in India and South-East Asia, and saw a confirmation of the rebound of the solar sector in China. Other industrial steel wire markets remained difficult across the region.

Bekaert anticipates continued price pressure in Chinese tire markets in the second quarter of 2015 but believes demand has bottomed out, as the company recorded a volume pick-up from March onwards. Second quarter seasonality and the full effect of Bekaert's acquisitions in China (Pirelli Yanzhou) and Australia (Arrium Newcastle) are projected to add revenue growth.

Other information

Net debt increased to €1 084 million from € 853 million at year-end 2014, mainly due to the acquisition impact of the Pirelli plant in Turkey and of the ropes business in Australia. Net debt additionally increased as a result of an organic growth of working capital driven by seasonal effects and currency movements.

On 27 March 2015, Bekaert completed the final step in the acquisition of the **Pirelli steel cord** plants by successfully closing the deal in Yanzhou, Shandong Province, China. Bekaert holds 80% of the shares of Bekaert (Jining) Steel Cord Co, Ltd while Hixih Rubber Industrial Group Co Ltd, who was Pirelli's steel cord partner in the Yanzhou entity, retains the remaining 20%. The entity's financial results have been included in the consolidated statements of Bekaert since 1 March 2015. The acquired plants in Brazil, Romania and Italy have been included in Bekaert's financials since 1 January 2015 while the Turkish plant has been added from 1 February 2015.

Bekaert and their Chilean partners - through Matco Cables SpA - have reorganized their partnership with respect to their jointly owned ropes activities via the **Bekaert Rope Group**. In this new Group, established 1 February 2015, Bekaert and Matco Cables SpA now hold 65% and 35% respectively of all ropes entities in Canada, US, Chile, Peru, Brazil and (as of 1 March 2015) Australia.

On 2 March 2015, Bekaert successfully closed the acquisition of **Arrium's wire ropes** business in Newcastle, Australia. The integration of the Australian ropes activities enables Bekaert to take a leading global market position in mining ropes and enhances the company's growth strategy in steel wire ropes in general. The Australian entity has been named Bekaert Wire Ropes Pty Ltd and is part of the Bekaert Rope Group. The financial results of Bekaert Wire Ropes Pty Ltd have been included in the consolidated statements of Bekaert as from 1 March 2015.

On 7 May 2015, Bekaert completed the transaction by which Groz-Beckert acquired Bekaert's **Carding Solutions activities**. The deal, announced on 27 February 2015, covers the carding production facilities in Belgium, India, China and the US and the global sales and services network. As part of this transaction, the companies have entered into a long-term supply agreement of Bekaert steel wire to Groz-Beckert. The financial figures of the divested carding solutions activities will be excluded from Bekaert's consolidated statements as from 1 May 2015. These activities generated about € 26 million in annual revenue.

Outlook

We expect our business activities in automotive markets to remain strong in EMEA and to improve in Asia, where volumes have picked up since March 2015. We do anticipate continued price pressure from highly competitive tire markets in China.

Continued low oil prices have lowered the extraction and investment activity level on a global basis, driving demand down for steel ropes and other industrial steel wires serving the sector. We project continued subdued demand in the coming quarter.

While some countries are suffering from lower commodity prices, we expect a continued steady improvement of our business activities in Latin America, with the exception of Brazil where business conditions are weakening as a result of the evolutions impacting the country's economy.

Bekaert projects further growth in the second quarter of 2015 when the full effect of recent acquisitions will be incorporated in the consolidated financial statements. In addition, we expect revenue growth from 2nd quarter seasonal effects, continued favorable currency movements, and a positive impact from low oil prices and from Quantitative Easing in Europe.

Financial calendar

General Meeting of Shareholders	13	May	2015
Dividend ex-date	15	May	2015
Dividend payable	19	May	2015
2015 half year results	31	July	2015
Third quarter trading update 2015	13	November	2015

Disclaimer

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Profile

Bekaert (www.bekaert.com) is a world market and technology leader in steel wire transformation and coating technologies. We pursue to be the preferred supplier for our steel wire products and solutions by continuously delivering superior value to our customers worldwide. Bekaert (Euronext Brussels: BEKB) is a global company with 30 000 employees worldwide, headquarters in Belgium and € 4 billion in annual revenue.