

Half year results 2010

30 July 2010

Bert De Graeve, Chief Executive Officer

Bruno Humblet, Chief Financial Officer

Address by Bert De Graeve, Chief Executive Officer

Introductory remark

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.
Half year results are unaudited.

All comparisons are made relative to the figures of the first half of 2009.

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

This document contains forward-looking information that involves risks and uncertainties. Readers are cautioned that forward-looking statements include known and unknown risks and are subject to significant business, economic and competitive uncertainties and contingencies. Bekaert, nor any other person, assumes any responsibility for the accuracy of these forward-looking statements. The company undertakes no obligation to publicly update any forward-looking statements.

- **Highlights**
- Business review
- Financials
- Key challenges & Outlook

Consolidated sales of € 1.5 billion (+28%) and combined sales of € 2.1 billion (+31%)

- EBIT of € 243 million compared with € 79 million
- EBIT margin on sales of 15.9% compared with 6.6%
- EBITDA margin on sales of 22.7% compared with 12.1%
- EPS : € 9.15 compared with € 2.24

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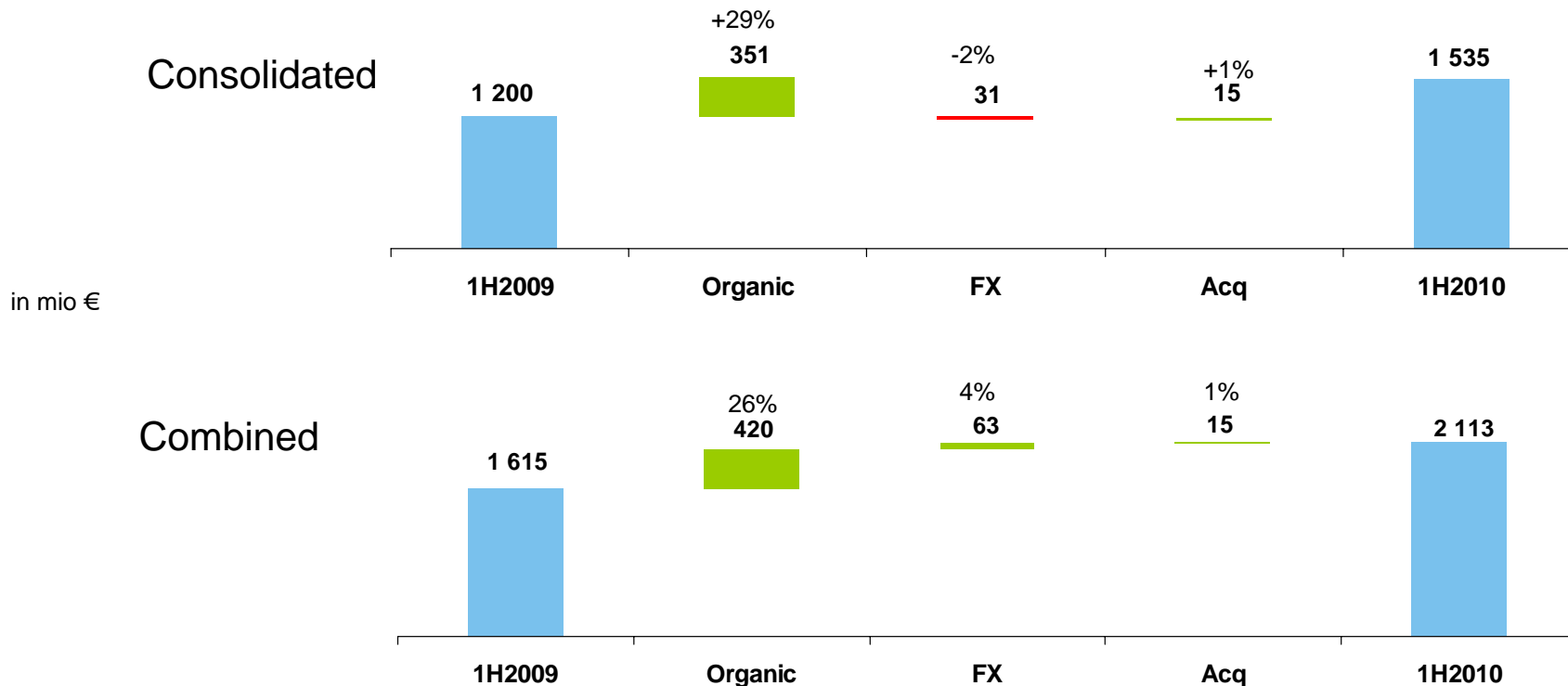
Strategy delivers record performance

Bekaert strategy with focus on innovation, emerging markets and fast growing industries combined with enhanced operational excellence, delivers excellent results

- **EMEA** saw a very strong sales increase driven by broad volume growth behind a sustained recovery of most segments
- **North America** showed solid growth driven by demand pick-up in the automotive segment while industrial applications continued to perform well
- **Latin America** benefited from a solid recovery of the overall market demand versus a low level of activity in 2009. Consolidated numbers are affected by the difficult economic situation in Venezuela
- **Asia Pacific** continues to show excellent growth reflecting the high demand driven by strong industrial development across the total region and the high utilization of the increased capacity

- Consolidated sales increase with 28% versus a weak first half in 2009
- Further increased investments in research and development (+13%) to support global growth opportunities
- 15.9% EBIT margin reflects
 - Very strong sales growth across all regions
 - Strong product mix
 - Further enhanced operational excellence
- Acquisition of 2 Bridgestone plants
- Bekaert further strengthened its balance sheet

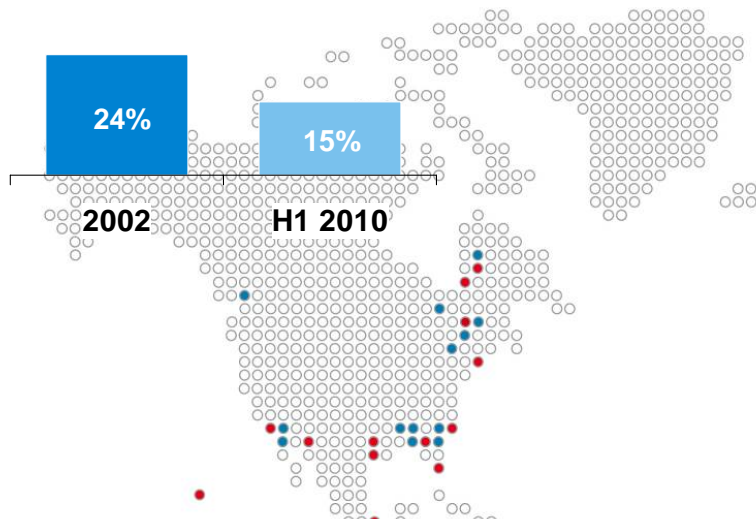
Sales



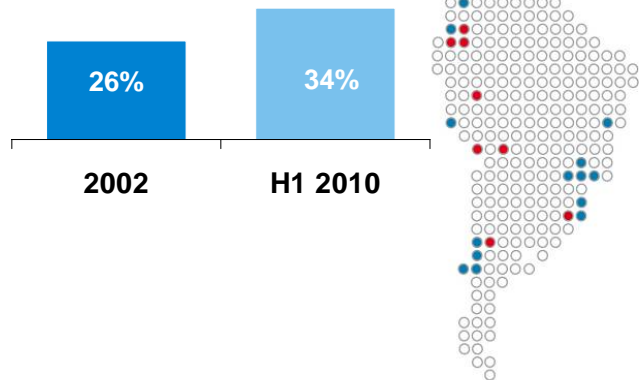
- Organic growth mainly due to strong volume growth and positive product mix
- Negative exchange rate effect in consolidated sales as the major adjustment in Venezuela is only partly offset by other currency movements
- Acquisition of Bridgestone plants as of April 1
- Combined sales show a positive exchange rate effect mainly reflecting the strengthening of the Brazilian Real

Reinforcing Bekaert's global presence

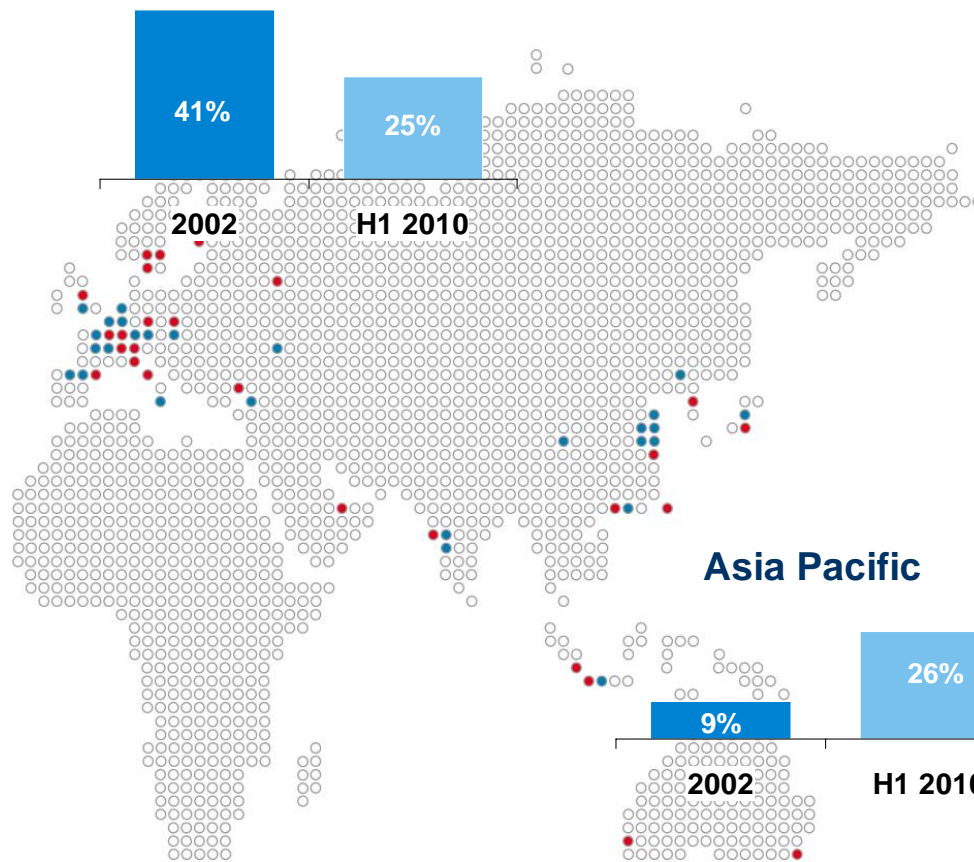
North America



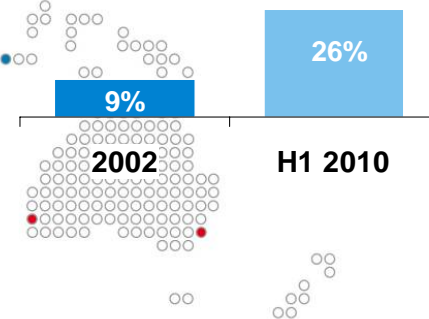
Latin America



EMEA



Asia Pacific



- Offices and distribution centers
- Plants

Sales by segment

First Half 2010	Consolidated sales		Combined sales	
	In mio €	variance	in mio €	variance
EMEA	525.5	+28%	522.9	+29%
North America	313.4	+19%	309.5	+19%
Latin America	144.1	-10%	727.3	+26%
Asia Pacific	551.9	+51%	552.9	+50%
Total	1 534.9	+28%	2 112.6	+31%



Address by Bruno Humblet, Chief Financial Officer

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Consolidated income statement: key figures

(in mio €)	1H 2009	1H 2010
Sales	1 200	1 535
Cost of sales	-973	-1 100
Gross profit	227	434
Gross profit margin	18.9%	28.3%

- Sales increase of 27.9% reflects
 - Organic growth of 29.2% mainly due to strong volume growth and positive product mix
 - Acquisition of Bridgestone plants as of April 1, adding 1.3%
 - Negative 2.6% exchange rate effect as the major adjustment in Venezuela is only partly offset by other currency movements
- Record gross margin
 - Very high capacity utilization
 - Favorable product and geographical mix

Consolidated income statement: key figures

(in mio €)	1H 2009	1H 2010
Gross profit	227	434
Selling expenses	-53	-70
Administrative expenses	-57	-63
R&D expenses	-35	-40
Others	4	0
Operating result before non-recurring items (REBIT)	86	262

- Total S,G & A expenses reduce from 12.1% to 11.3% of sales
- Selling expenses increase reflecting investment to strengthen the organization and releases of specific China bad debt reserve in 2009
- Further investment in R&D to support our innovation program

Consolidated income statement: key figures

(in mio €)	1H 2009	1H 2010
Operating result before non-recurring items (REBIT)	86	262
REBIT on sales	7.2%	17.1%
Non-recurring items	-7	-19
Operating result (EBIT)	79	243
EBIT on sales	6.6%	15.9%
EBITDA	145	349
EBITDA on sales	12.1%	22.7%

- Record gross margin and lower S,G & A spending as % of sales, result in record (R)EBIT margins
- Non-recurring mainly reflect a partial impairment of the assets in Venezuela
- More than doubling EBITDA due to very strong overall performance

Segment reporting: EMEA

(in mio €)	1H 2009	1H 2010
Consolidated sales	410	526
Operating result before non-recurring items (REBIT)	-21	54
REBIT on sales	-5.0%	10.2%
Non-recurring items	-6	-2
Operating result (EBIT)	-27	52
Depreciation, amortization and impairment losses	27	30
EBITDA	0	81
EBITDA on sales	0.0%	15.5%

- Strong sales growth due to market recovery versus a very low base in 2009
- 2009 results were significantly impacted by wire rod price decreases while 2010 results show a positive impact
- Healthy profit margin reflects the positive impact of the restructuring programs executed over the past years

Segment reporting: North America

(in mio €)	1H 2009	1H 2010
Consolidated sales	263	313
Operating result before non-recurring items (REBIT)	-5	21
REBIT on sales	-1.7%	6.7%
Non-recurring items	0	-1
Operating result (EBIT)	-5	20
Depreciation, amortization and impairment losses	9	9
EBITDA	4	29
EBITDA on sales	1.5%	9.3%

- Pick-up in automotive market demand and further recovery in other sectors resulted in strong volume and sales growth
- Improvement in profitability reflects higher capacity utilization in a very competitive market environment

Segment reporting: Latin America

(in mio €)	1H 2009	1H 2010
Consolidated sales	160	144
Operating result before non-recurring items (REBIT)	9	14
REBIT on sales	5.3%	9.5%
Non-recurring items	-1	-12
Operating result (EBIT)	8	1
Depreciation, amortization and impairment losses	4	19
EBITDA	12	20
EBITDA on sales	7.8%	13.9%

- The sales decline of 10% reflects a solid organic growth of 17% more than offset by the impact of exchange rate movements
- As of 2010 the results of Venezuela are translated at the parallel rate, creating a € 52 mio exchange rate impact
- Non-recurring items include the partial impairment of assets in Venezuela due to the uncertain economic environment

Segment reporting: Asia Pacific

(in mio €)	1H 2009	1H 2010
Consolidated sales	367	552
Operating result before non-recurring items (REBIT)	128	206
REBIT on sales	34.9%	37.4%
Non-recurring items	0	-3
Operating result (EBIT)	128	203
Depreciation, amortization and impairment losses	29	48
EBITDA	157	252
EBITDA on sales	42.9%	45.6%

- Sales growth of 50% reflects the continued solid demand driven by the industrial growth in the total region
- Further capacity expansion, combined with high capacity utilization creates very strong top line and bottom line growth
- Healthy margins reflect the strong product mix and a solid market position in fast growing market segments

Consolidated income statement: key figures

(in mio €)	1H 2009	1H 2010
Operating result (EBIT)	79	243
Interest income/expense	-27	-24
Other financial income and expenses	-3	8
Result before taxes	48	228
Income taxes	-13	-51
Result after taxes (consolidated companies)	35	177

- Decrease in interest cost reflects a lower average debt versus the same period last year
- Other income and expenses reflect a one time realized foreign exchange gain in Venezuela
- Increase in tax cost due to higher taxable income

Consolidated income statement: key figures

(in mio €)	1H 2009	1H 2010
Result after taxes (consolidated companies)	35	177
Share in the results of JV's and associates	17	19
Result for the period	52	195
Non-controlling interests	8	14
Attributable to the Group	44	181

- Results in JV's increase behind strengthening of the demand in Brazil and Chili but in a very competitive market environment due to the currency appreciation
- Result for the Group at record level due to very strong performance in all segments while keeping a tight control on all expenses

Cash flow: key figures

(in mio €)	1H 2009	1H 2010
Gross cash flows from operating activities	105	312
Cash flows from operating activities	226	75
Cash flows from investing activities	-73	-95
Cash flows from financing activities	-124	76

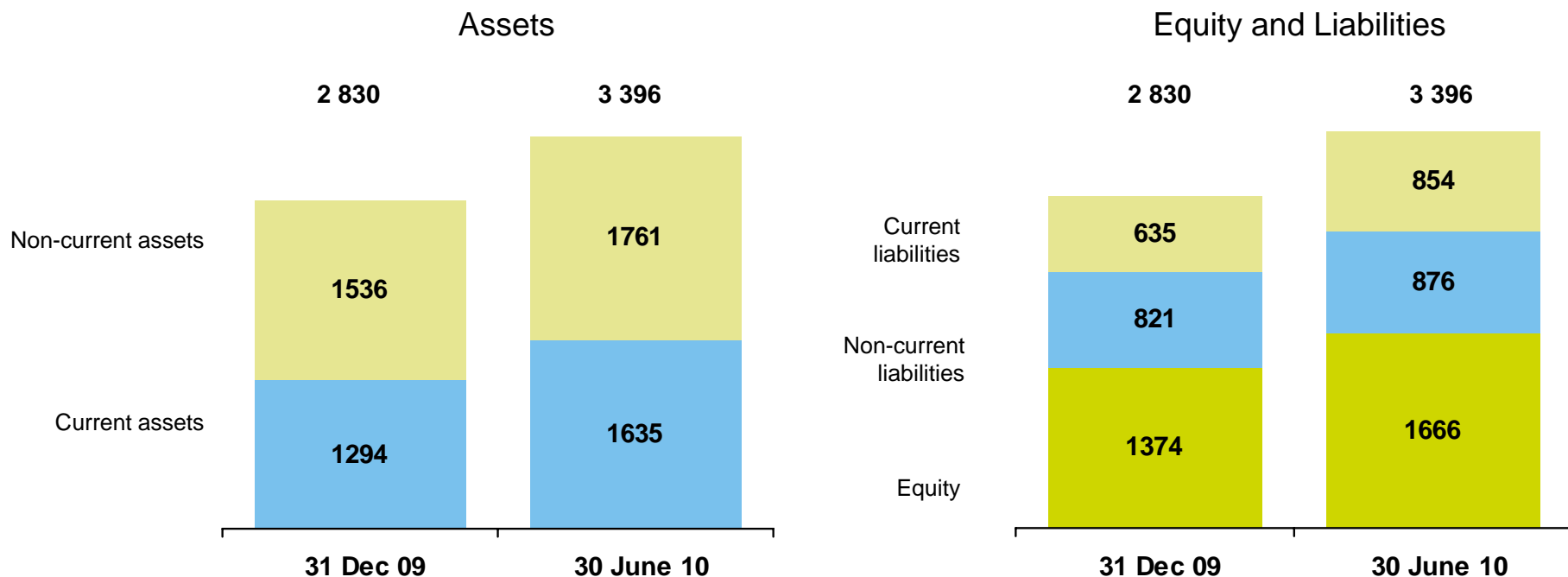
- Triple gross cash from operations due to the strong result
- Increase in working capital impacts the cash from operating activities
- Investment activities reflect both capital expenditure to further build up capacity and the acquisition of the Bridgestone plants

Working capital: key figures

(in mio €)	1H 2009	1H 2010
Inventories	393	490
Accounts receivable	514	778
Accounts payable	-297	-430
Operating working capital	611	839

- Increase in receivables reflect the higher sales
- Overall increase in working capital to support the strong business growth
- Average working capital on sales reduced from 26% 1HY 2009 to 22% in 1HY 2010

Consolidated balance sheet: key figures



- Increase in current assets due to increase in receivables and inventory partly offset by lower cash and short term deposits
- Increase in non-current assets mainly due to PP&E and exchange rate movements
- Increase in current liabilities reflect higher short term debt and an increased level of payables behind a growing business
- Equity increase reflect the strong results and the exchange rate impact on the net assets of foreign entities

Balance sheet: key figures

(in mio €)	1H 2009	1H 2010
Net debt	622	582
Gearing (net debt on equity)	50.7%	34.9%

- Net debt decrease versus same period last year due to strong cash generation
- Significant debt increase versus Dec 31st 2009 due to increase in working capital and the acquisition of the Bridgestone facilities
- Gearing remains well below long term target of 50%

Ratios: key figures

(in mio €)	1H 2009	1H 2010
EBITDA on sales	12.1%	22.7%
REBIT on sales	7.2%	17.1%
EBIT on sales	6.6%	15.9%
Sales on capital employed (asset rotation)	1.3	1.5
Return on capital employed	8.5%	24.3%
Return on equity	8.7%	25.7%

- All ratios above long-term target

Key figures per share

In €	1H 2009	1H 2010
Share price at 30 June	73.21	137.35
Number of existing shares at 30 June	19 783 625	19 834 469
Book value	61.93	84.01
Result for the period attributable to the Group	2.24	9.15
Weighted average number of shares	19 728 625	19 787 484
Cash flow attributable to the Group	5.60	14.49

- Earnings per share at record level
- Very strong cash generation per share

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- Bekaert remains prudent for the second half of 2010
- Volatility of supply and demand markets
- Raw material prices and fluctuations of exchange rate create uncertainty for the near future
- Continue to increase capacity to support mid-term growth of the emerging markets

Confident of Bekaert's robust performance over the medium-term (three years):

- The Company believes it can raise the medium-term EBIT margin target to $\geq 10\%$, provided there will be no exceptional circumstances in the markets in which we operate
- The Board will propose to pay out an intermediate dividend of €2 per share, based on the current results
- The Board will propose a three-for-one share split

Third quarter trading update 2010	10	November	2010
2010 results	25	February	2011
2010 annual report available on internet	31	March	2011
First quarter trading update 2011	11	May	2011
General meeting of shareholders	11	May	2011
Dividend payable	18	May	2011
2011 half year results	29	July	2011

better together