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Half year results 2011

29 July 2011

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 2010.

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.

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Highlights first half 2011

- Consolidated sales of € 1.8 billion (+16%) and combined sales of € 2.4 billion (+14%)
- Gross profit of € 448 million compared with € 434 million
- EBIT of € 232 million compared with € 243 million
- EBITDA of € 342 million compared with € 349 million
- EPS: € 2.45 compared with € 3.05
- Interim dividend of € 0.67

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Sales growth of 16% with EBITDA margin of 19.2%

EMEA continued to show strong growth mainly in automotive while margins were impacted by initiatives to upscale industrial activities and start-up costs for manufacturing expansions

North America showed solid sales growth and increased profitability, reflecting strong demand in most platforms

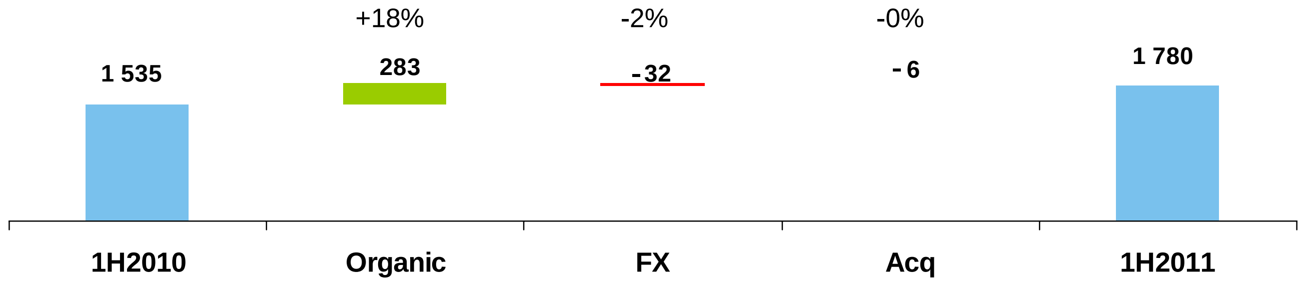
Latin America consolidated subsidiaries saw strong growth, particularly in Venezuela

Asia Pacific continued to grow but was impacted by slower growth rates in China, and a significant demand reduction in the solar energy market. Increased competitive activity resulted in price adjustments to defend Bekaert's market position

- Consolidated sales increased with 16% versus strong first half in 2010
- Margin decline reflects weaker demand in China, combined with more competitive supply situation
- EBITDA of € 342 million or 19.2% of sales, well above long-term target
- Sustained investment in R&D (+17%)
- Continued investment in expansion projects to capture market growth in the emerging markets
- Share in the joint ventures is impacted by a more competitive environment due to strong currencies in Brazil and Chile

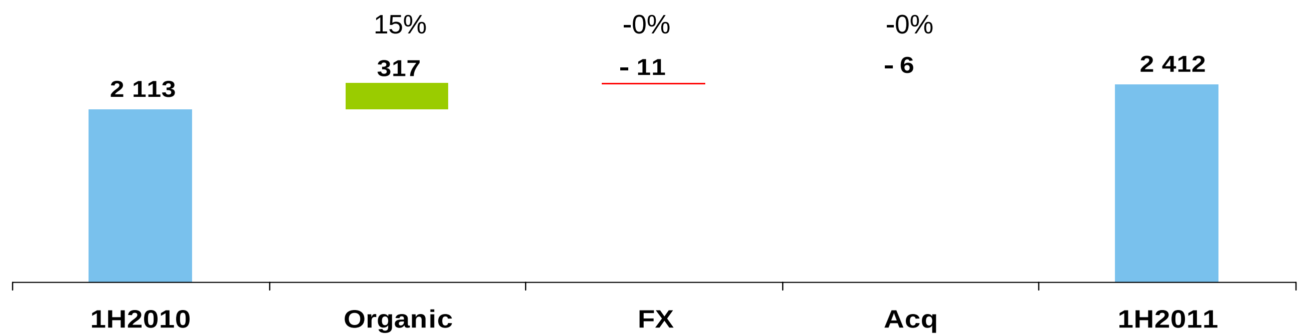
Sales

Consolidated

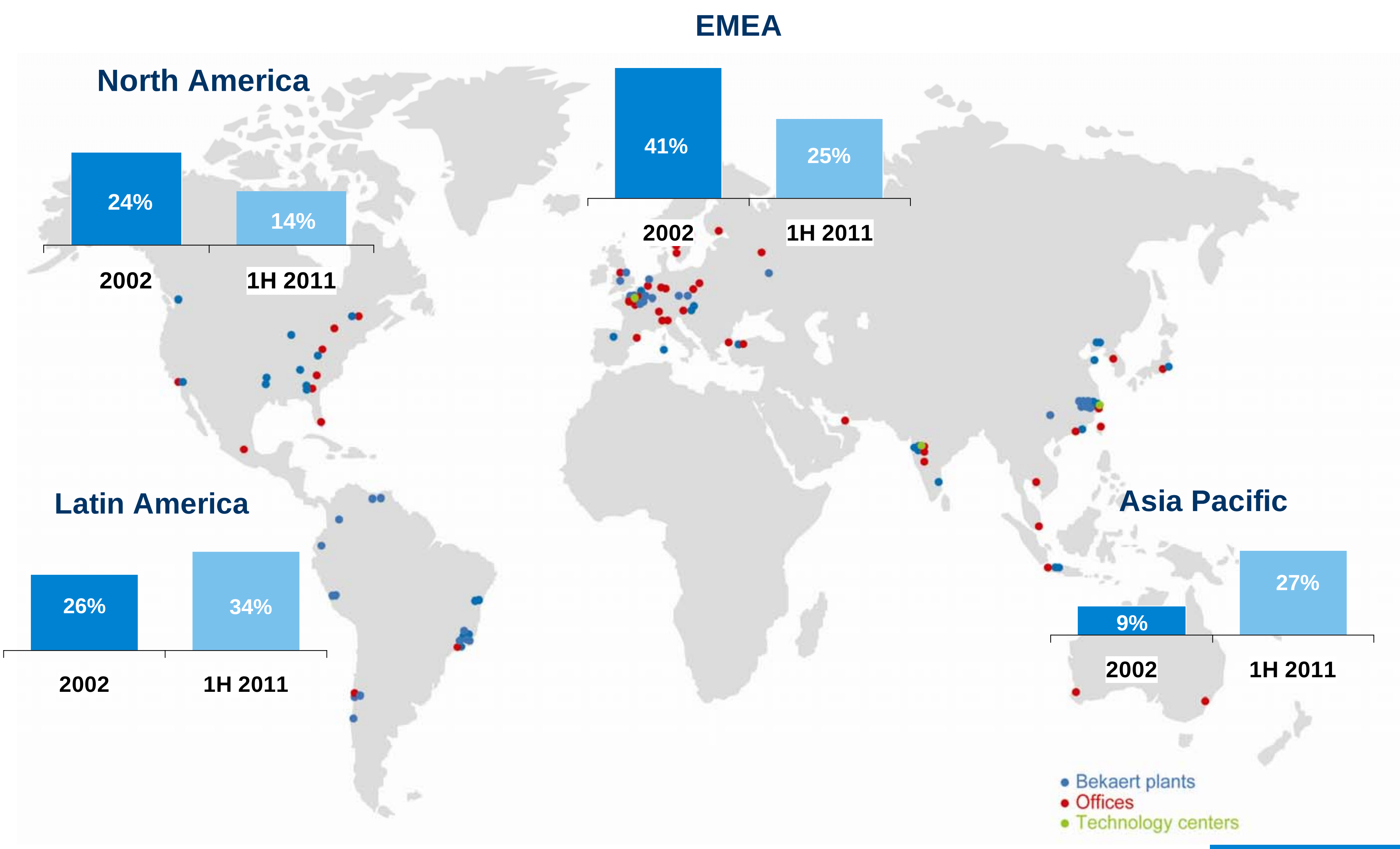


in mio €

Combined



- Organic growth reflects continued volume growth and better mix/pricing, except for sawing wire
- Negative exchange rate effect in consolidated businesses mainly due to weaker USD as of the second quarter
- Combined sales show lower exchange rate effect as the strong currencies in Brazil and Chile partly offset the negative impact in the consolidated business



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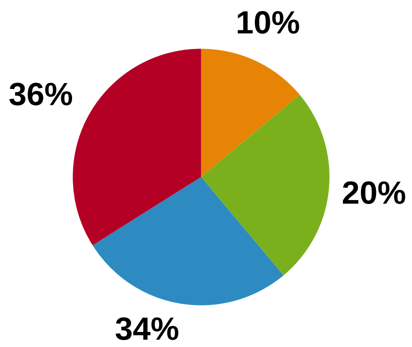
Sales by segment

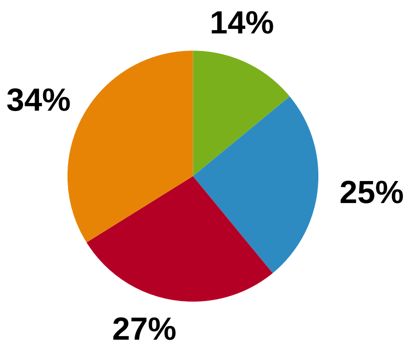
First Half 2011	Consolidated sales		Combined sales	
	In mio €	variance	in mio €	variance
EMEA	614.1	+17%	607.6	+16%
North America	353.9	+13%	348.8	+13%
Latin America	172.5	+20%	814.1	+12%
Asia Pacific	639.1	+16%	641.3	+16%
Total	**1 779.6**	**+16%**	**2 411.8**	**+14%**

Consolidated sales



Europe
Latin America
Asia
North-America

Combined sales



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Address by Bruno Humblet,
Chief Financial Officer

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Consolidated income statement: key

(in mio €)	1H 2010	1H 2011
Sales	1 535	1 780
Cost of sales	-1 100	-1 331
Gross profit	434	448
Gross profit margin	28.3%	25.2%

- Sales increase of 15.9% reflects
  - Organic growth of 18.4% thanks to volume growth and better price/mix
  - Negative 2.1% exchange rate effect mainly due to weaker USD
  - Limited 0.4% negative effect from M&A activities
- Gross margin remains strong above 25%
  - Solid gross margin in all regions
  - Asian gross margin decreased due to weaker demand in China and more competitive supply environment but remains well above company average

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(in mio €)	1H 2010	1H 2011
Gross profit	434	448
Selling expenses	-70	-88
Administrative expenses	-63	-69
R&D expenses	-40	-46
Others	0	-2
Operating result before non-recurring items (REBIT)	262	242

- Total S,G&A expenses remain stable at 11.4% of sales
- Selling expenses reflect incremental reserves for potential bad debt for € 21 million
- Additional investment in R&D to support our mid and long-term innovation program

Consolidated income statement: key figures

(in mio €)	1H 2010	1H 2011
Operating result before non-recurring items (REBIT)	262	242
REBIT on sales	17.1%	13.6%
Non-recurring items	-19	-10
Operating result (EBIT)	243	232
EBIT on sales	15.9%	13.0%
EBITDA	349	342
EBITDA on sales	22.7%	19.2%

- Solid REBIT margin reflects overall strong performance in all regions and in most business segments
- Non-recurring charges mainly reflect provisions for environmental liabilities in Belgium
- EBITDA about in line with very strong first half year of 2010

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(in mio €)	1H 2010	1H 2011
Consolidated sales	526	614
Operating result before non-recurring items (REBIT)	54	54
REBIT on sales	10.2%	8.9%
Non-recurring items	-2	-9
Operating result (EBIT)	52	46
Depreciation, amortization and impairment losses	30	28
EBITDA	81	74
EBITDA on sales	15.5%	12.1%

- Strong growth in automotive sales while all other activity platforms also performed well
- Profit margins were impacted by initiatives to upscale industrial activities and start-up costs for manufacturing expansions
- Non-recurring reflects provisions for environmental liabilities in Belgium

Segment reporting: North America

(in mio €)	1H 2010	1H 2011
Consolidated sales	313	354
Operating result before non-recurring items (REBIT)	21	28
REBIT on sales	6.7%	7.8%
Non-recurring items	-1	-1
Operating result (EBIT)	20	27
Depreciation, amortization and impairment losses	9	7
EBITDA	29	34
EBITDA on sales	9.3%	9.7%

- Sales increase of 13% reflects
  - Organic growth of 21% mainly due to high demand for wire products for automotive and energy related markets as well as specialty films
  - Negative exchange rate effect of 6% due to weaker USD as of the second quarter
  - Negative 2 % impact from divestitures
- Profitability further increased reflecting high capacity utilization and stronger mix

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(in mio €)	1H 2010	1H 2011
Consolidated sales	144	173
Operating result before non-recurring items (REBIT)	14	16
REBIT on sales	9.5%	9.3%
Non-recurring items	-12	0
Operating result (EBIT)	1	16
Depreciation, amortization and impairment losses	19	6
EBITDA	20	22
EBITDA on sales	13.9%	12.6%

- Organic sales growth of 24% partly offset by negative exchange rate movements of 4%
- Stable solid margin in less innovative product segments drives a strong ROCE of 20%

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Segment reporting: Asia Pacific

(in mio €)	1H 2010	1H 2011
Consolidated sales	552	639
Operating result before non-recurring items (REBIT)	206	185
REBIT on sales	37.4%	29.0%
Non-recurring items	-3	-1
Operating result (EBIT)	203	185
Depreciation, amortization and impairment losses	48	71
EBITDA	252	256
EBITDA on sales	45.6%	40.0%

- Sales growth of 16% mainly reflecting very strong sales growth in the first quarter
- Negative effect of currency movements as of the second quarter
- Lower demand for tire cord China and sawing wire combined with increased competitive capacities resulted in lower sales prices as of quarter 2
- Margins remain strong with EBITDA at 40% of sales

Consolidated income statement: key figures

(in mio €)	1H 2010	1H 2011
Operating result (EBIT)	243	232
Interest income/expense	-24	-32
Other financial income and expenses	8	-3
Result before taxes	228	197
Income taxes	-51	-54
Result after taxes (consolidated companies)	177	144

- Higher interest cost reflects € 320 million higher average gross debt level versus first half year 2010
- Tax rate of 27% is in line with average tax rate of 2010

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Consolidated income statement: key figures

(in mio €)	1H 2010	1H 2011
Result after taxes (consolidated companies)	177	144
Share in the results of JV's and associates	19	14
Result for the period	195	158
Non-controlling interests	14	13
Attributable to the Group	181	144

- Results in the JV's negatively impacted by competitive situation in Brazil and Chile due to strong local currencies
- Solid result for the Group reflecting strong business across most regions and sectors, with exception of tire cord China and solar energy business.

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Cash flow: key figures

(in mio €)	1H 2010	1H 2011
Gross cash flows from operations	312	262
Cash flows from operations	75	-61
Cash flows from investing activities	-95	-128
Cash flows from financing activities	76	125

- Continued strong gross cash generation
- Increase in working capital importantly impacted cash flow from the operations
- Investing activities reflect continued investment to support business expansion

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Working capital: key figures

(in mio €)	1H 2010	1H 2011
Inventories	490	637
Accounts receivable	778	921
Accounts payable	-430	-476
Operating working capital	**839**	**1 082**

- Inventory increase mainly reflects a more diverse product offering and higher volatility in demand
- Accounts receivable increased mainly due to i) the business growth and ii) more difficult financing conditions in the Chinese market
- Average working capital increased from 22% to 27% of sales

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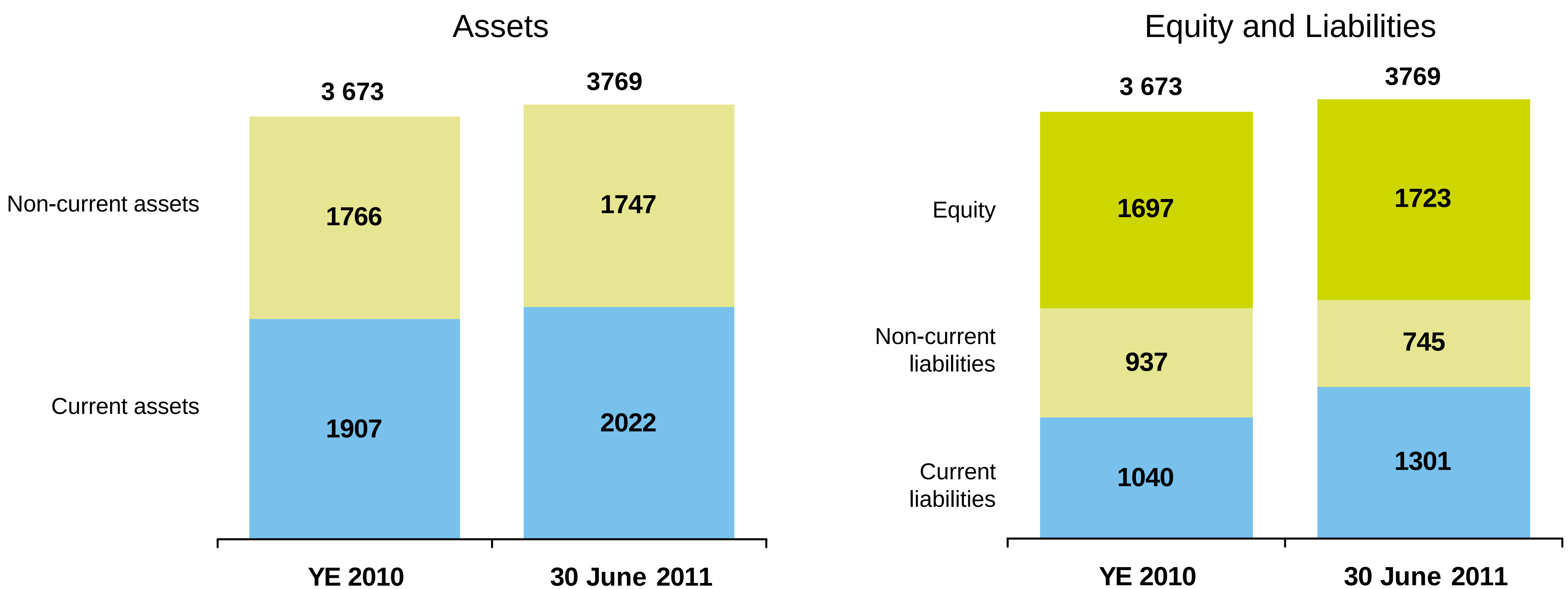

- Increase in current assets due to increase in receivables and inventory partly offset by lower cash and short-term deposits
- Current liabilities increase mainly reflects higher short-term debt
- Decrease in non-current liabilities due to maturing of a €150 million retail bond in April 2012

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Balance sheet: key figures

(in mio €)	1H 2010	1H 2011
Net debt	582	816
Gearing (net debt on equity)	34.9%	47.3%

- Net debt increase reflects the increase in working capital combined with an important capital investment program
- Gearing remains below long-term target of 50%

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Ratios: key figures

(in mio €)	1H 2010	1H 2011
EBITDA margin on sales	22.7%	19.2%
REBIT margin on sales	17.1%	13.6%
EBIT margin on sales	15.9%	13.0%
Sales on capital employed (asset rotation)	1.5	1.5
Return on capital employed	24.3%	19.5%
Return on equity	25.7%	18.4%

- All key ratio’s remain above our long-term targets
- Return on capital employed above 20% for all regions except EMEA as that region supports most of the product developments for the global business

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Key figures per share

In €	1H 2010	1H 2011
Share price at 30 June	45.78	52.50
Number of existing shares at 30 June	59 503 407	59 884 973
Book value	28.00	28.78
Weighted average number of outstanding shares	59 362 452	58 921 406
Result for the period attributable to the Group	3.05	2.45
Cash flow attributable to the Group	4.83	4.33

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Prudent short to mid-term outlook due to uncertain global financial and economic conditions

Continued measures to defend our market position in a more competitive environment, mainly in China

Early signs of a demand pick-up indicate that the solar market downturn might have bottomed out

Confirmed belief that our wide geographical spread and broad product offering remain of strategic importance

Continued investment in R&D and capital expenditure in emerging markets to support growth projects

Financial calendar

Interim dividend payable	17	October	2011
Third quarter trading update 2011	10	November	2011
2011 results	24	February	2012
2011 annual report available on internet	29	March	2012
First quarter trading update 2012	09	May	2012
General meeting of shareholders	09	May	2012
Dividend payable	16	May	2012
2012 half year results	27	July	2012

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