BEKAERT

better together

Annual Results 2011

Baron Buysse, Chairman

B. De Graeve, CEO

B. Humblet, CFO

Brussels, 24 February 2012

BEKAERT
better together

Address by Baron Buysse,
Chairman of the Board of Directors

Address by B. De Graeve,
Chief Executive Officer

- Consolidated sales of € 3.3 billion (+2.4%) and combined sales of € 4.6 billion (+2.9%)
- Gross profit of € 651 million (19.5% margin) compared with € 904 million (27.7%)
- EBIT of € 268 million (8.0%) compared with € 534 million
- EBITDA of € 476 million (14.2%) compared with € 725 million
- EPS: € 3.27 compared with € 6.21

BEKAERT
better together

- Volatility in the solar market with fast changing supply situation in sawing wire
- Overcapacity in mature economies
- Euro crisis putting pressure on growth in EMEA
- US industrial development at lower pace
- Slow-down of Chinese growth
- Continued growth in most emerging economies

BEKAERT
better together

Changed world for sawing wire as of end May 2011

BEKAERT
better together

Key Messages – 3 main trends that affect our SW business 6

Trend 1: A volatile PV market and the impact on prices

- PV is a volatile business and demand growth rates fluctuate; driven by changes in subsidies and policies
- Upstream (i.e. wafering), the demand fluctuations are even stronger
- Supply and capacity additions continue to go up
- In times that Supply > Demand (imbalance) => price war starts

Trend 2: There is structural move of wafering to Asia

- In Europe our wafering customers struggle to remain competitive versus wafers from Asia (mainly from China and Taiwan) and close down their wafering operations" and thus omit "cheap imports of".

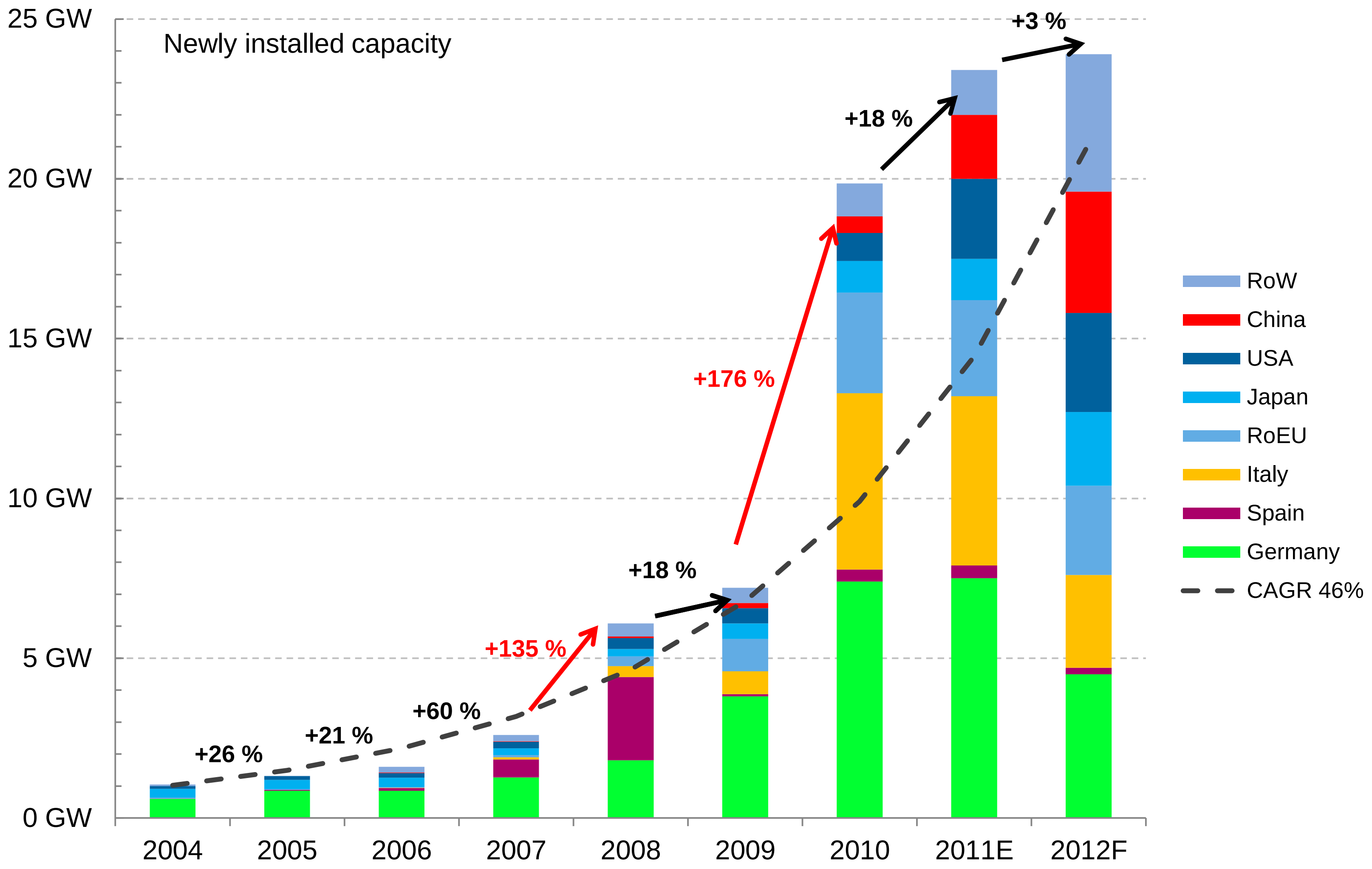
Trend 3: Even when SW volume comes back, prices/margins are gone

- In Asia, the sawing wire demand is still there or will come back
- However, our market share is severely challenged in China
- Price levels are destroyed and will never come back
- Our margins and profitability have collapsed too

BEKAERT
better together

Trend 1: A volatile PV market and the impact on prices

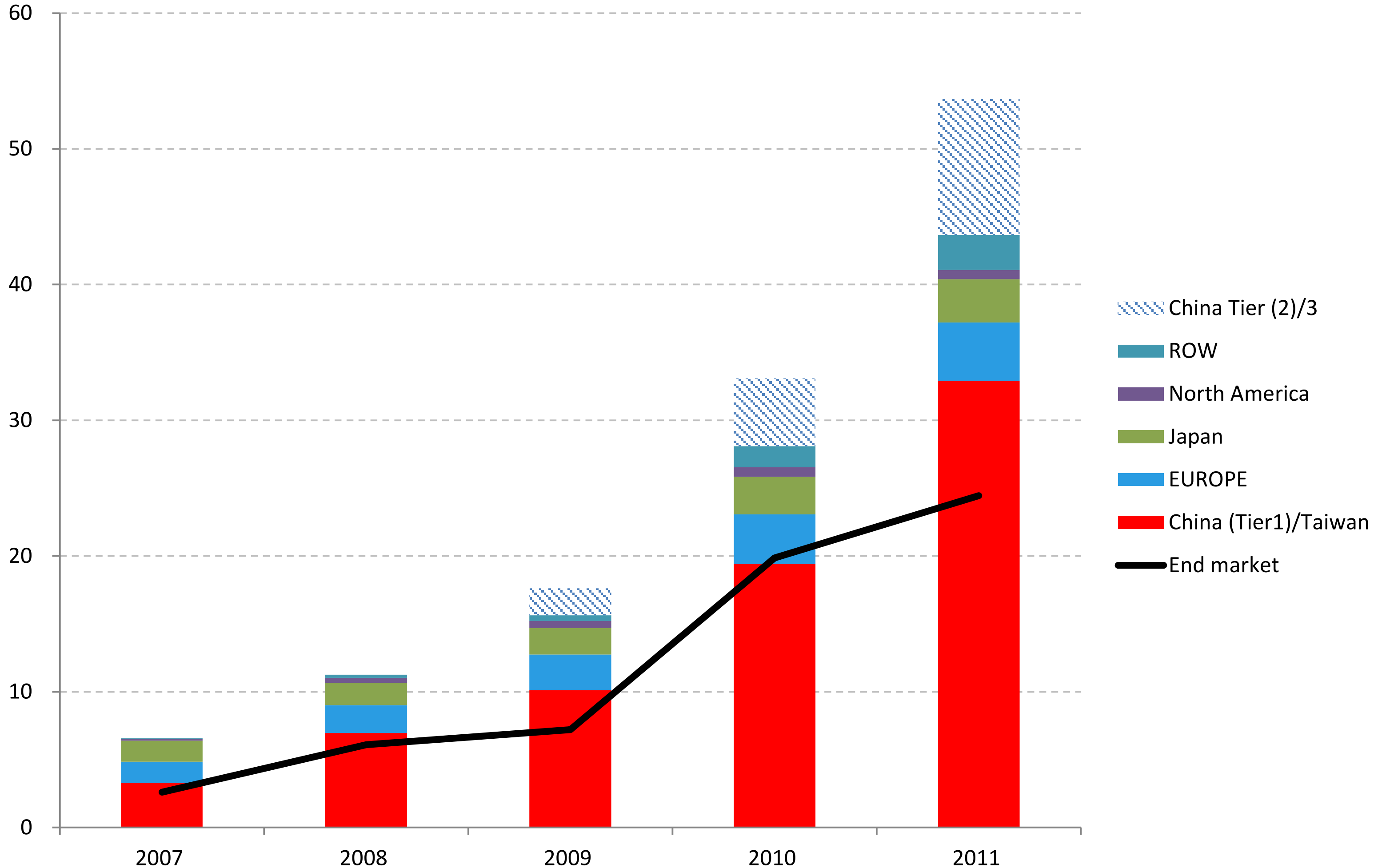
BEKAERT
better together



Sources: EPIA (historical data), analyst reports and own analysis (2011 estimate and 2012 forecast)

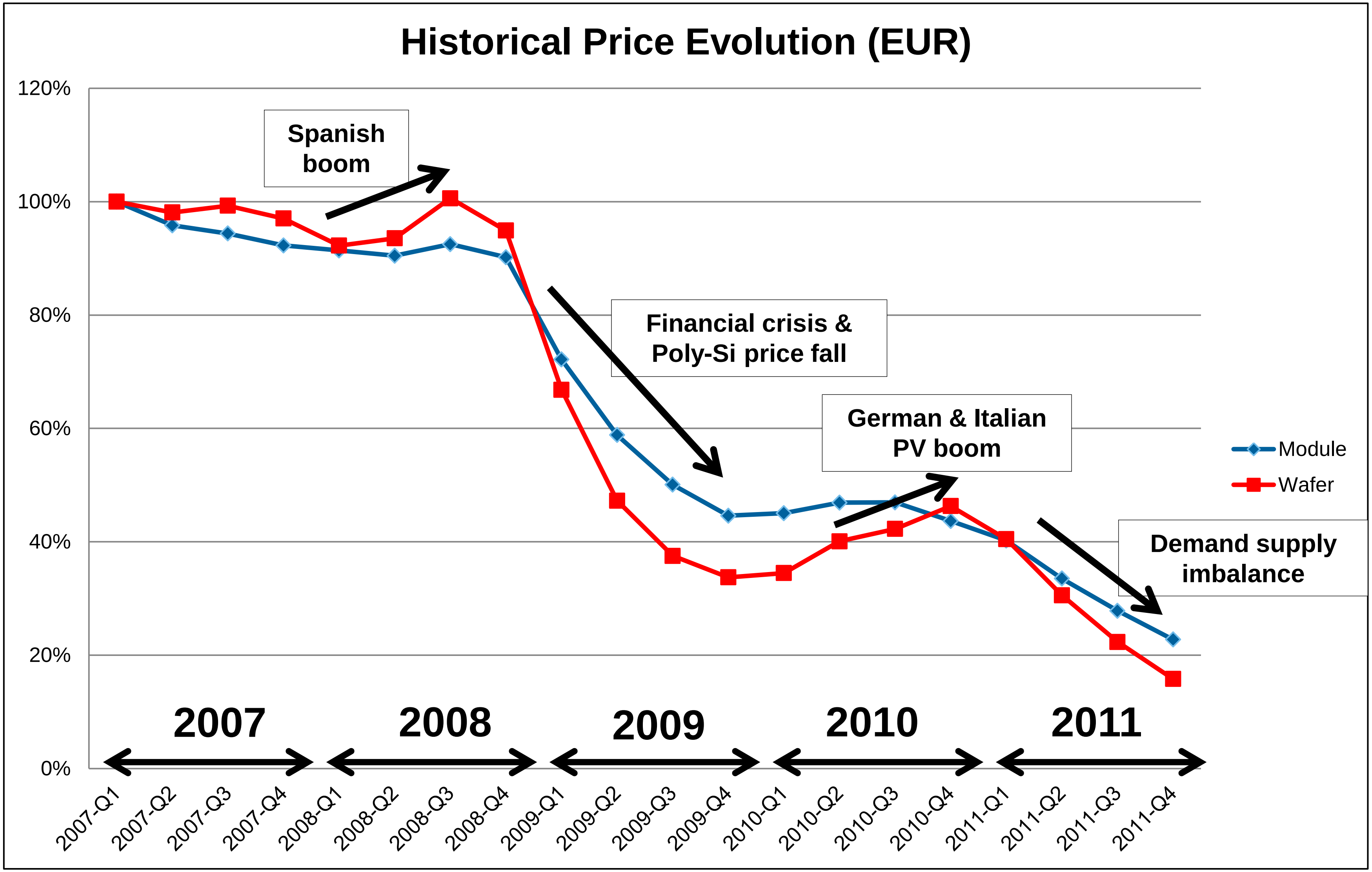
BEKAERT
better together

Year-end wafer capacities and end market (GW)



Sources: GTM Research and own analysis

BEKAERT
better together



BEKAERT
better together

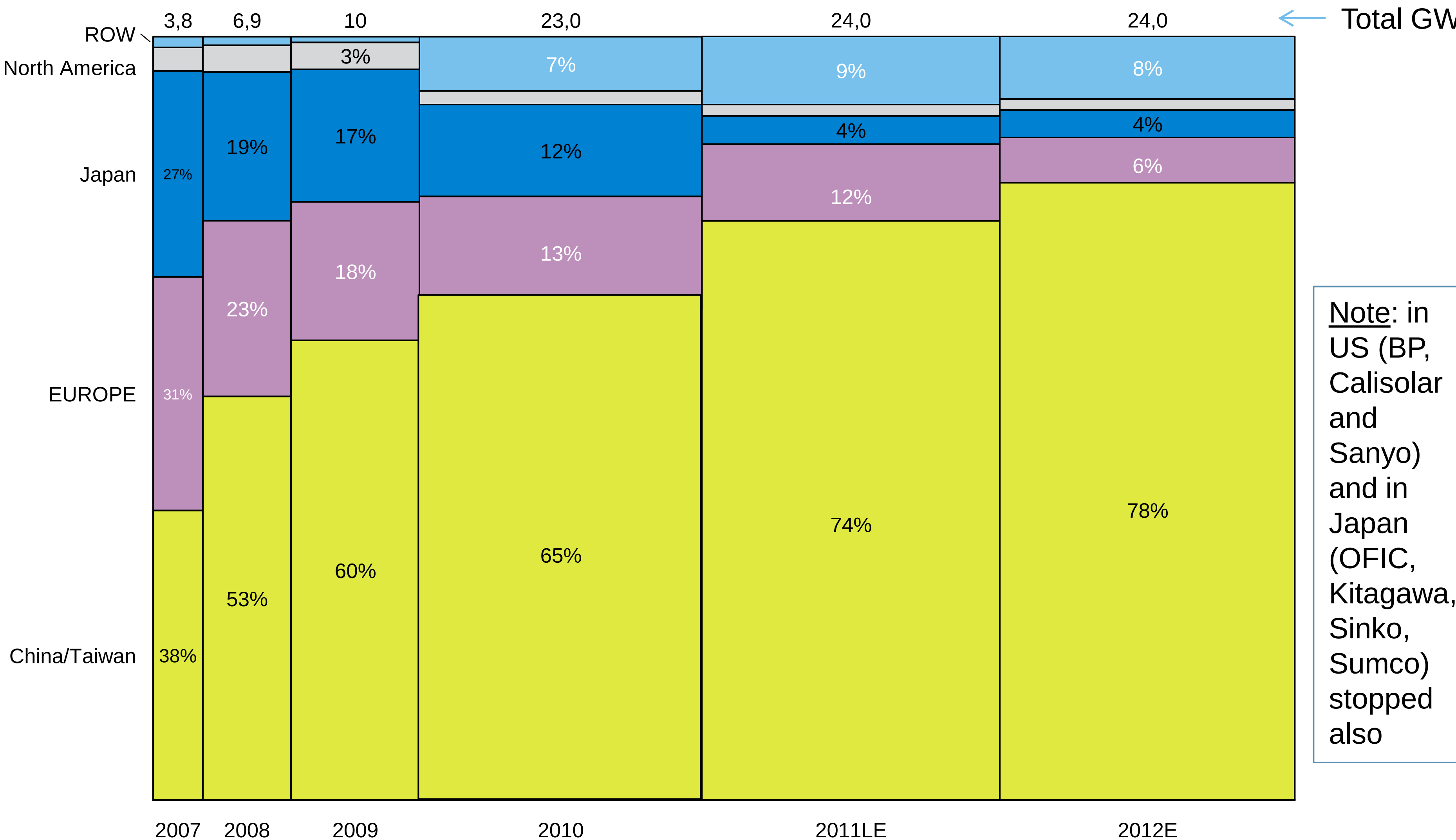
Trend 2: There is structural move of wafering to Asia

BEKAERT
better together

European wafering customers – public announcements

Date	Company	Country	Announcement
24 May 2011	REC	Norway	Heroya 1-2 Production temporarily halted
19 July 2011	REC	Norway	Glomfyord Multi Production temporarily halted
2 Sept. 2011	Deutsche Solar	Germany	Stops Freiberg Wafering plant
9 Sept. 2011	Conergy	Germany	Stops Wafering
28 Sept. 2011	REC	Norway	Heroya 1-2 & Glomfjord Multi: Complete close down
21 Oct. 2011	PV Crystalox	Germany	Wafering production cut
7 Nov. 2011	Photowatt	France	Bankruptcy filing
9 Nov. 2011	Silicio Solar	Spain	Stops wafering (later went into Chapter 11)
16 Nov. 2011	DC Wafers	Spain	Stops wafering (later went into Chapter 11)
29 Nov. 2011	REC	Norway	Heroya 3-4 reduced to 40% of capacity
8 Dec. 2011	MEMC	Italy	Stops Solar Wafering projects
11 Jan. 2012	Schott Solar	Germany	Stops wafering

BEKAERT
better together

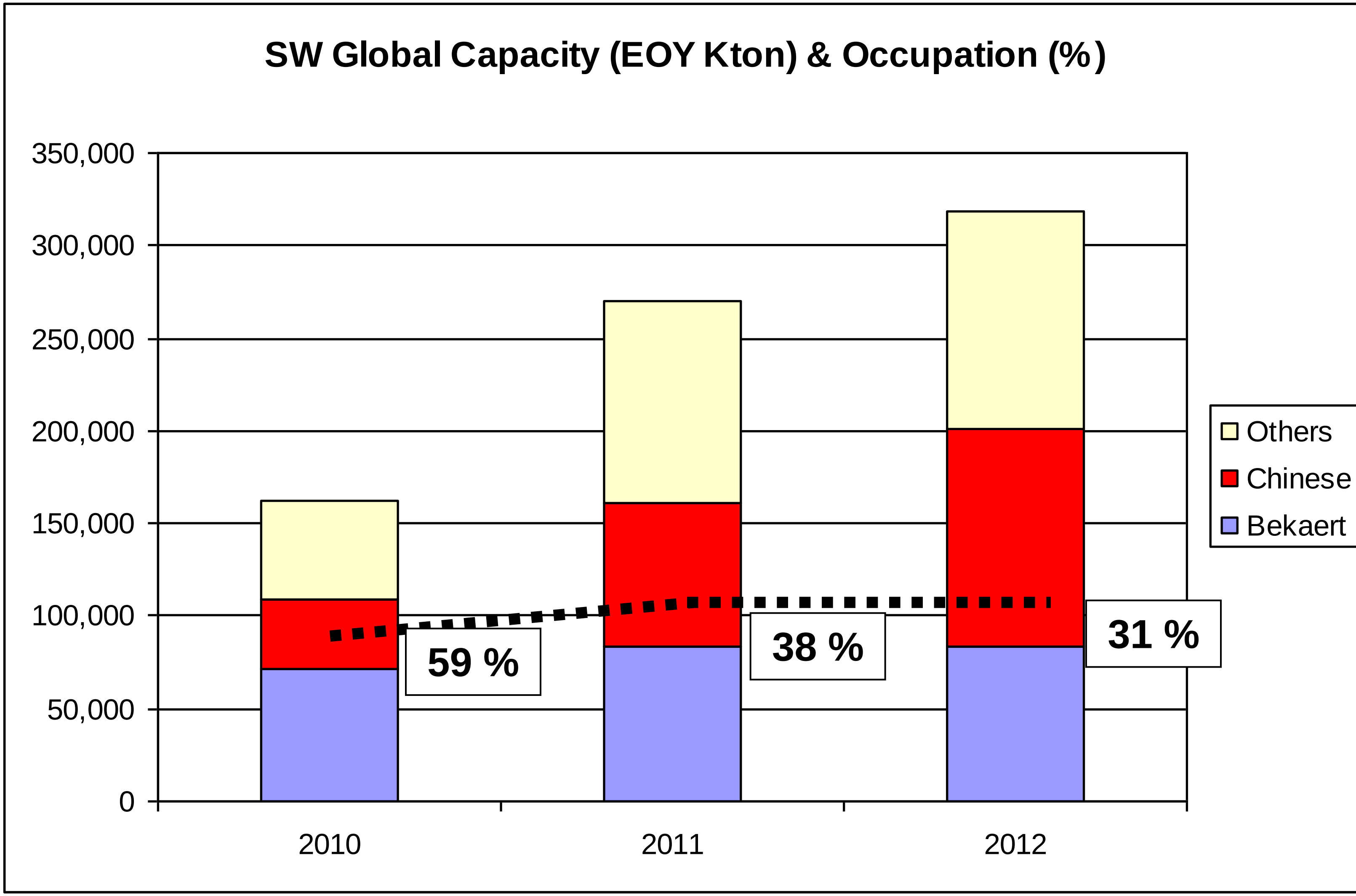


Note: in US (BP, Calisolar and Sanyo) and in Japan (OFIC, Kitagawa, Sinko, Sumco) stopped also

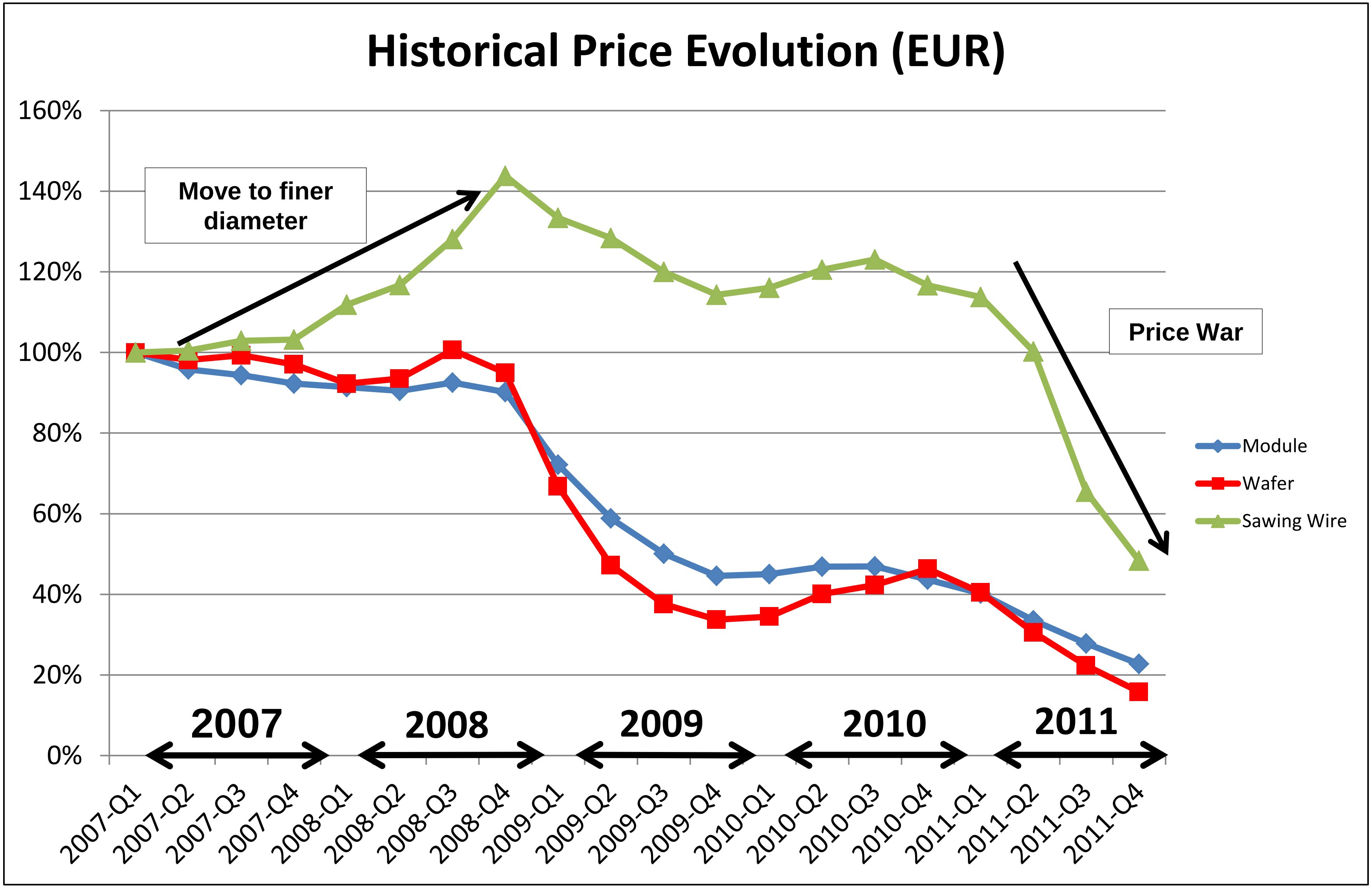
Global Wafering Production: Trend to China / Taiwan

BEKAERT better together

Trend 3: Even if SW volume comes back, prices/margins are gone

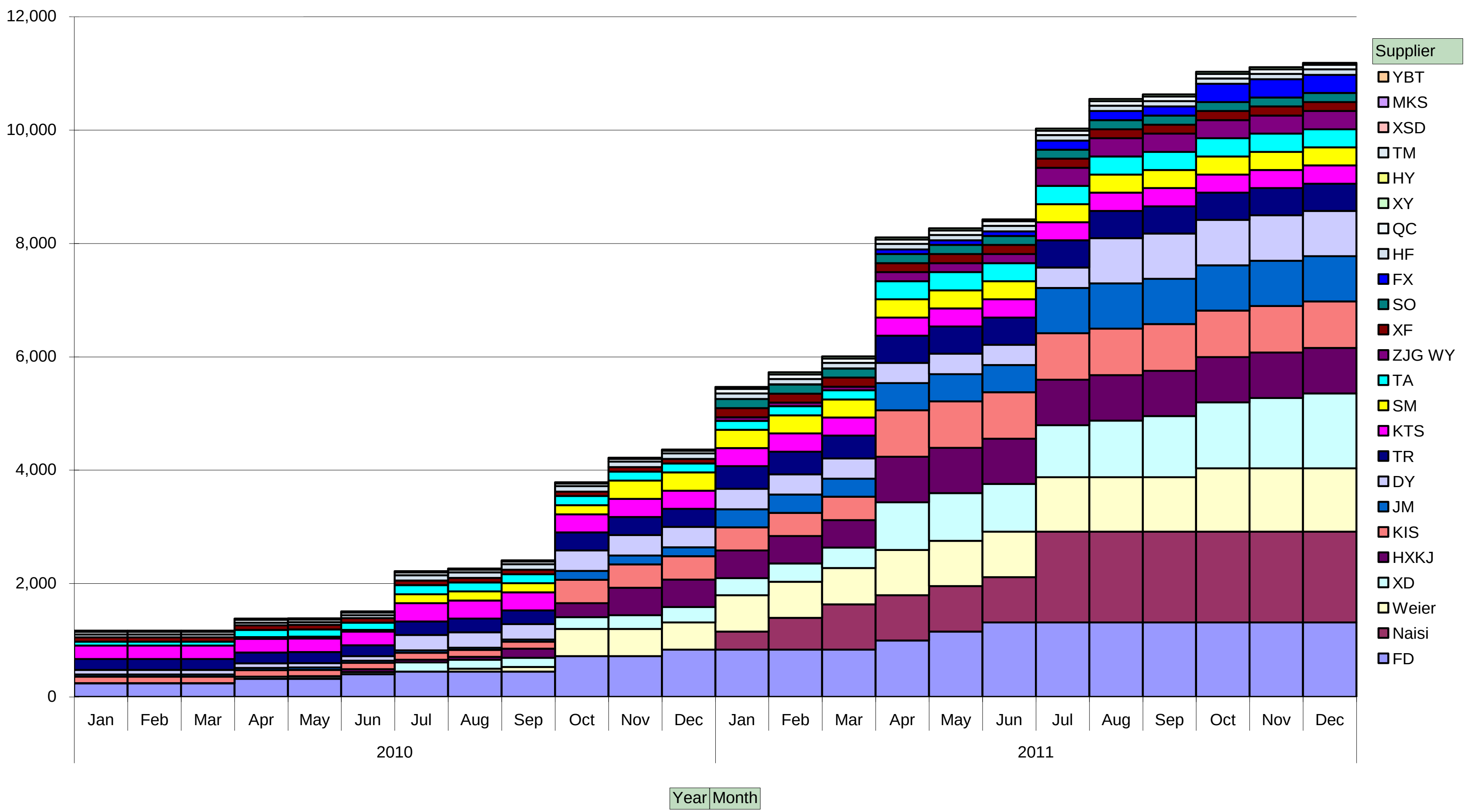


There is >200% overcapacity in sawing wire



BEKAERT
better together

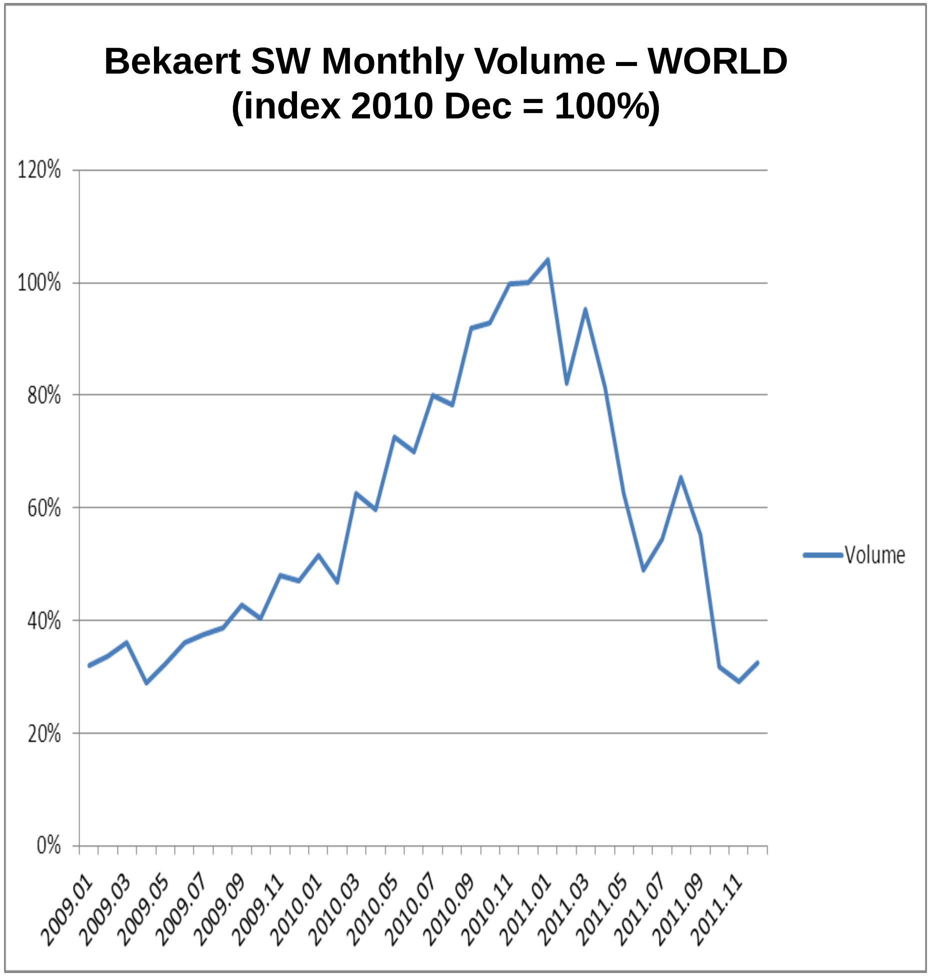
SW Chinese Competitive Capacity Build-Up – 2010 / 2011

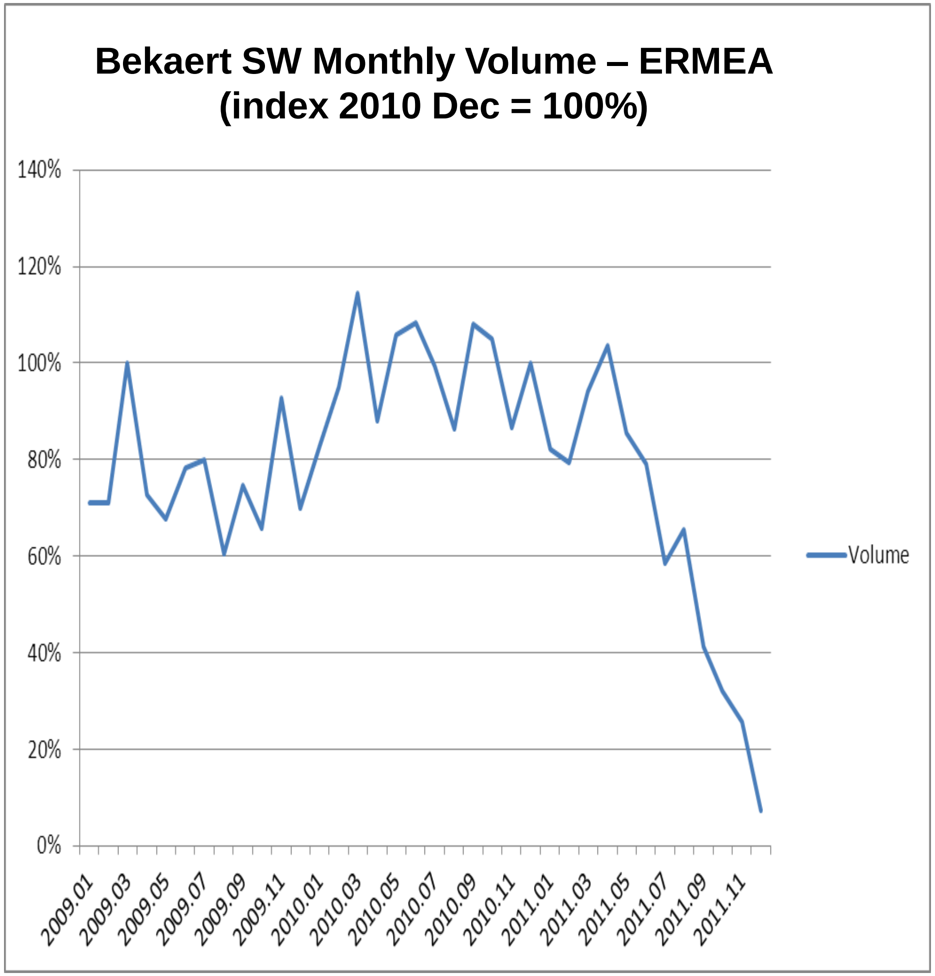


Sawing Wire overcapacity in China: up to 300 %

BEKAERT
better together

Bekaert volume evolution: past 3 years

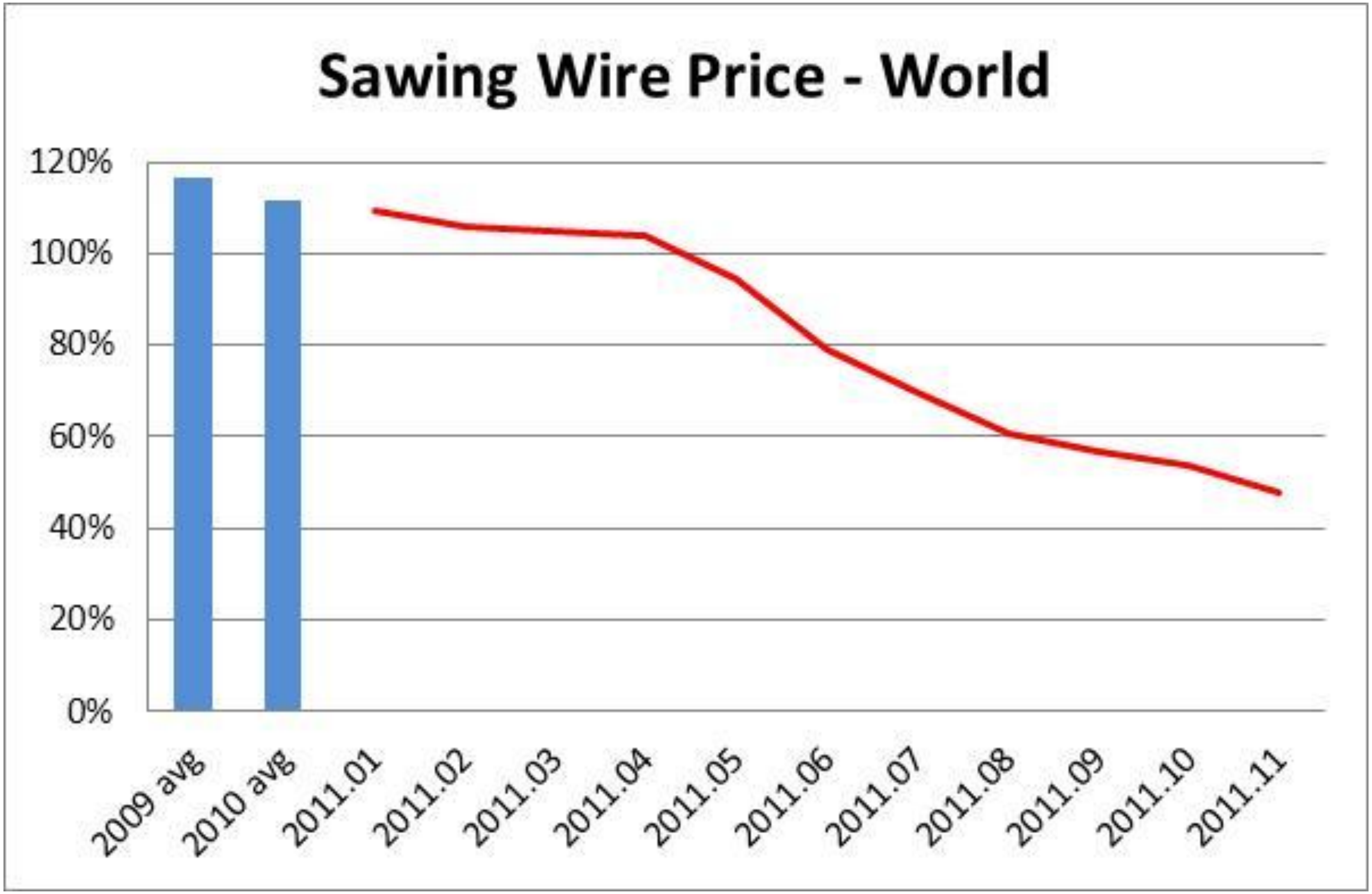




Volumes have gone down strongly – especially in Europe

BEKAERT
better together

Price Evolution: past 3 years



BEKAERT
better together

3 main trends that affect our SW business

Trend 1 : A volatile PV market and the impact on prices

Trend 2 : There is structural move of wafering to Asia

Trend 3 : Even when SW volume comes back, prices/margins are gone

BEKAERT
better together

Conclusion 1: Impact in Europe

- In Europe, our wafering customers struggle to remain competitive in wafering, resulting in much lower demand
- On top, sawing wire prices are strongly impacted

Conclusion 2: Impact in Asia

- Sawing wire demand is still there (or will come back), but very strong and increasing competition from low-cost producers
- There is a lot of overcapacity in sawing wire worldwide, and certainly in China
- Price levels have been destroyed and will never come back.
  Our margins and profitability have collapsed too

BEKAERT
better together

Reduced global growth

Competitive price pressure due to overcapacity in mature markets

- Lower demand for high-end products, more filler business

China growth reduced

- Truck tire cord is maturing versus strong growth during last 10 years
- Lower demand for building products
- Overall lower growth and margin squeeze due to rising operating costs combined with price pressure

BEKAERT
better together

Strategies remain the same, but different focus areas

- Focus on emerging markets:
  - Changed demand
  - More outside China

- Innovation
  - Continue to develop customer relevant innovation
  - Less focus on sawing wire

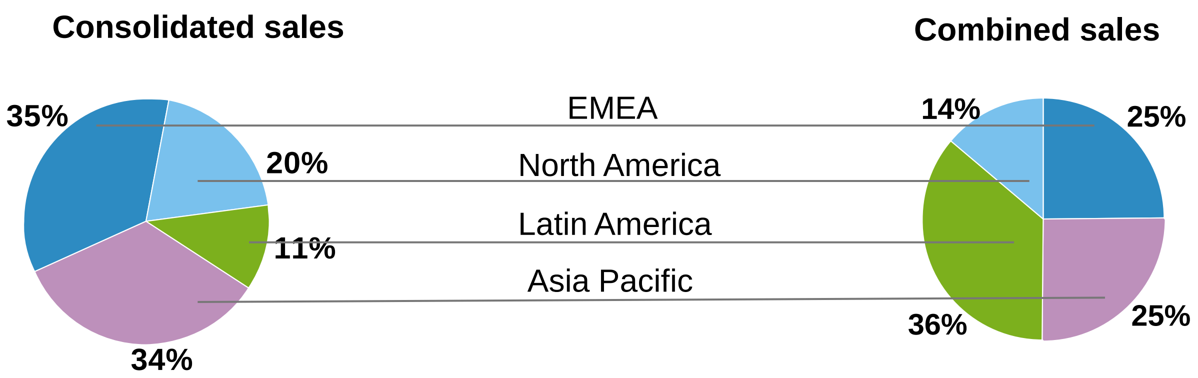
- Operational excellence
  - More important than ever before (more low-end local competitors/imports)
  - Cost competitiveness in our plants and in our structure

➔ Program to reduce overall cost structure with € 100 million

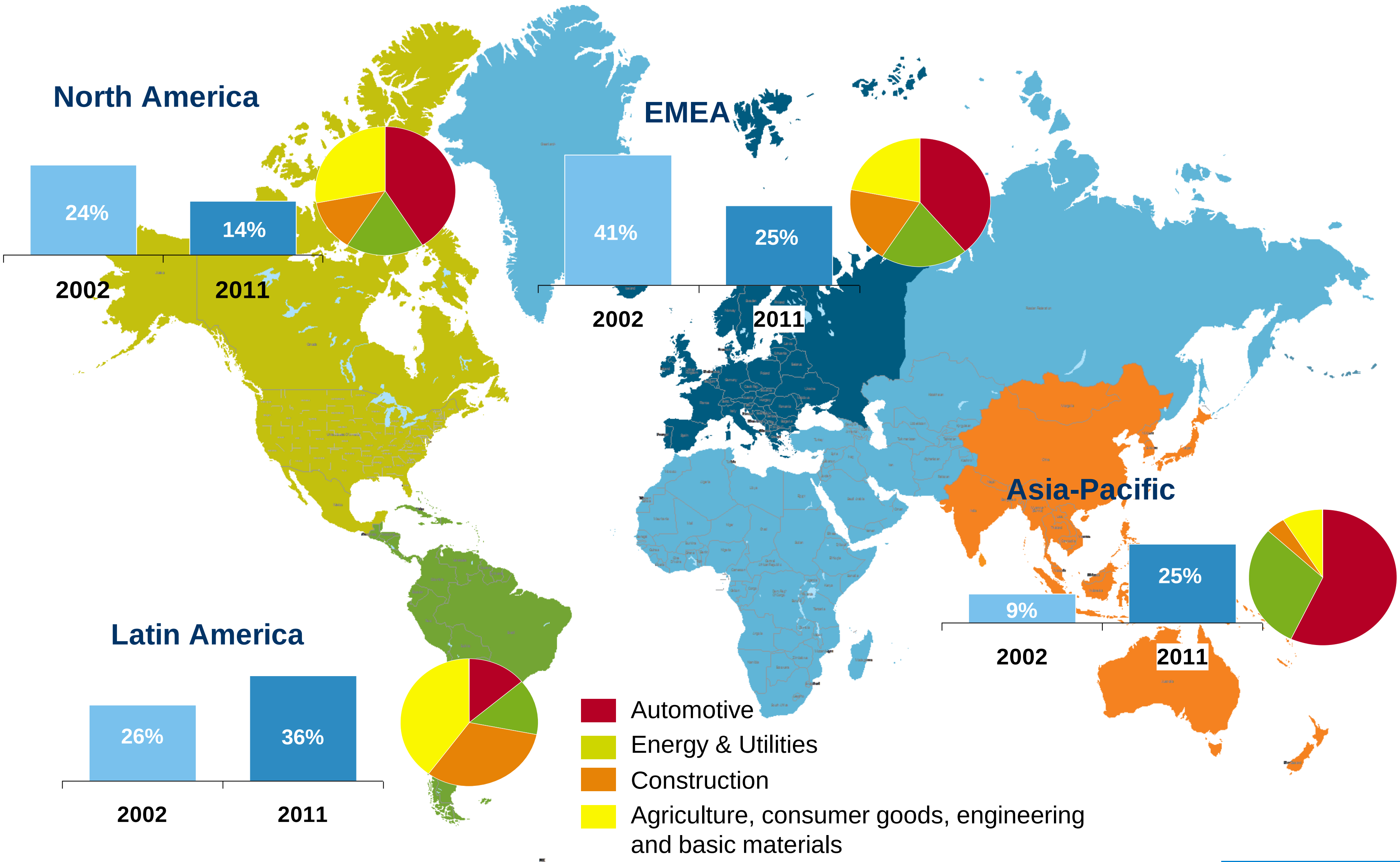
BEKAERT
better together

Sales by segment

2011	Consolidated sales		Combined sales	
	In mio €	variance	in mio €	variance
EMEA	1 168.8	+10%	1 155.9	+9%
North America	665.4	+4%	656.8	+4%
Latin America	371.6	+20%	1 644.8	+8%
Asia Pacific	1 134.2	-9%	1 141.6	-9%
Total	**3 340.0**	**+2%**	**4 599.1**	**+3%**



BEKAERT
better together



BEKAERT
better together

BEKAERT

better together

Address by B. Humblet, Chief Financial Officer

Consolidated income statement : key figures

(In mio €)	2010	2011
Sales	3 262	3 340
Cost of sales	-2 358	-2 689
Gross profit	**904**	**651**
Gross profit margin	27.7%	19.5%

- Sales growth of 2% reflecting:
  - Organic growth of +5%
  - Impact of exchange rate fluctuations of -2%
  - M&A activities of -1%
- Gross margin reduction of 8% of sales, mainly due to:
  - Lower price levels on sawing wire
  - Negative product and geographical mix
  - Increased costs not reflected into price

BEKAERT
better together

(In mio €)	2010	2011
Gross profit	**904**	**651**
Selling expenses	-129	-149
Administration expenses	-136	-134
R&D expenses	-79	-90
Others	2	3
Operating result before non-recurring items (REBIT)	**562**	**281**

- Selling cost increased behind incremental reserves for potential bad debt for € 21 million
- Additional investment in innovation mainly reflects accelerated innovation investments for sawing wire
- Total SG&A increase from 10.5% to 11.2% of sales but remain below historical levels

BEKAERT
better together

Consolidated income statement: key figures

(In mio €)	2010	2011
Operating result before non-recurring items (REBIT)	**562**	**281**
REBIT margin on sales	17.2%	8.4%
Non-recurring items	-28	-12
Operating result (EBIT)	**534**	**268**
EBIT margin on sales	16.4%	8.0%
EBITDA	**725**	**476**
EBITDA margin on sales	22.2%	14.2%

- EBIT margin of 8% in line with long-term target
- First half year EBIT margin of 13%, second half year EBIT margin dropped to 2% reflecting completely changed business environment
- Decrease in EBITDA related to lower second half year results

BEKAERT
better together

Segment reporting: EMEA

(In mio €)	2010	2011	1H2011	2H2011
Consolidated sales	1 066	1 169	614	555
Operating result before non-recurring items (REBIT)	**95**	**66**	**54**	**12**
REBIT margin on sales	8.9%	5.6%	8.9%	2.2%
Non-recurring items	-9	-3	-9	5
Operating result (EBIT)	87	63	46	17
Depreciation, amortization and impairment losses	57	54	28	26
EBITDA	**144**	**117**	**74**	**43**
EBITDA margin on sales	13.5%	10.0%	12.1%	7.7%

- Sales growth of 10% reflects solid volume growth of 5% and 5% higher prices to compensate for increased wire rod cost
- EBIT reduction in second half reflects
  - Changed market conditions for sawing wire
  - Fluctuation of wire rod prices
  - Start-up cost in Russia and Slovakia
  - Seasonality

BEKAERT
better together

(In mio €)	2010	2011	1H2011	2H2011
Consolidated sales	638	665	354	311
Operating result before non-recurring items (REBIT)	**34**	**32**	**28**	**4**
REBIT margin on sales	5.3%	4.8%	7.8%	1.3%
Non-recurring items	-2	-1	-1	0
Operating result (EBIT)	32	31	27	4
Depreciation, amortization and impairment losses	18	14	7	7
EBITDA	**50**	**46**	**34**	**12**
EBITDA margin on sales	7.8%	6.8%	9.7%	3.9%

- Sales increase of 4% reflects organic growth of 15%, partly offset by exchange rate movement (-5%) and divestitures (-6%)
- EBIT in second half was depressed due to lower demand in most sectors and price movement of wire rod and divestiture

(In mio €)	2010	2011	1H2011	2H2011
Consolidated sales	311	372	173	199
Operating result before non-recurring items (REBIT)	**26**	**35**	**16**	**19**
REBIT margin on sales	8.3%	9.5%	9.3%	9.5%
Non-recurring items	-12	0	0	0
Operating result (EBIT)	14	35	16	19
Depreciation, amortization and impairment losses	25	13	6	7
EBITDA	**39**	**48**	**22**	**26**
EBITDA margin on sales	12.3%	12.9%	12.6%	13.1%

- Sales growth of 20% reflect:
  - Volume growth of 8%
  - Price increases of 16% mainly reflecting higher costs due to high inflation and increased wire rod prices
  - Offset by -4% exchange rate movement
- Stable solid margin in less innovative product segments

BEKAERT
better together

(In mio €)	2010	2011	1H2011	2H2011
Consolidated sales	1 248	1 134	639	495
Operating result before non-recurring items (REBIT)	**471**	**224**	**185**	**39**
REBIT margin on sales	37.7%	19.8%	29.0%	7.9%
Non-recurring items	-4	-8	-1	-7
Operating result (EBIT)	467	217	185	32
Depreciation, amortization and impairment losses	94	130	71	59
EBITDA	**560**	**346**	**256**	**90**
EBITDA margin on sales	44.9%	30.5%	40.0%	18.2%

- Full year sales is 9% below 2010 due to negative price/mix of -12% partly offset by 3% higher volume
- Sales decrease of 29% in the second half compared to same period last year
- Margin decrease in the second half mainly due to complete change in the sawing wire market and maturing of the truck tire market in China
- Non-recurring reflect adjustments made to the footprint for sawing wire in China

BEKAERT
better together

Consolidated income statement : key figures

(In mio €)	2010	2011
Operating result (EBIT)	**534**	**268**
Interest income / expense	-50	-66
Other financial income and expenses	18	47
Result before taxes	502	250
Income taxes	-139	-68
Result after taxes (consolidated companies)	**362**	**182**

- Interest cost increased due to € 260 million higher average net debt level
- Other financials reflect the capital gain on divestment Specialty Films business and exchange rate gain on Chinese dividends
- Tax rate remains stable at 27%

BEKAERT
better together

Consolidated income statement: key figures

(In mio €)	2010	2011
Result after taxes (consolidated companies)	362	182
Share in the results of JV’s and associates	36	25
Result for the period	**399**	**207**
Attributable to non-controlling interests	31	15
Attributable to the Group	**368**	**193**

- Result of joint ventures is negatively impacted by price pressure in both Chile and Brazil, reflecting defense against Asian imports due to strong currency
- Solid results for the Group thanks to very solid start of 2011 but tempered by completely changed market conditions in the second half year.

BEKAERT
better together

(In mio €)	2010	2011
Gross cash flows from operations	614	324
Cash flows from operations	342	106
Cash flows from investment activities	-211	-185
Cash flows from financing activities	80	20

- Solid gross cash generation
- Cash from operations negatively impacted by increased working capital
- High investment activities partly offset by proceeds from divestment of Specialty Films.

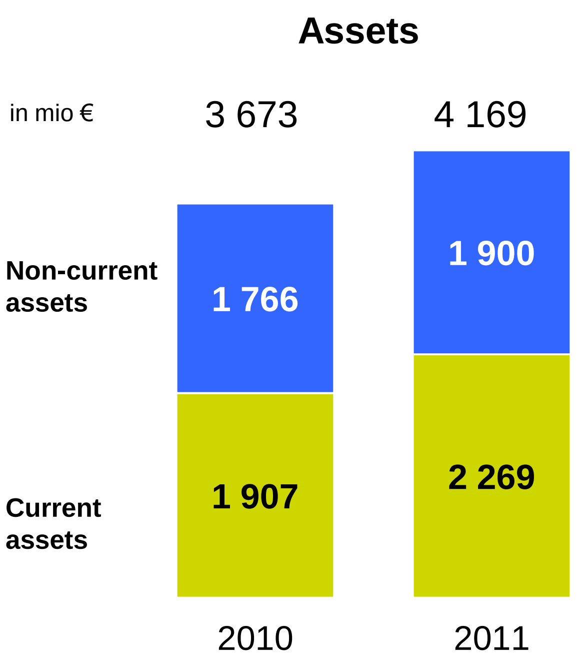
Working capital: key figures

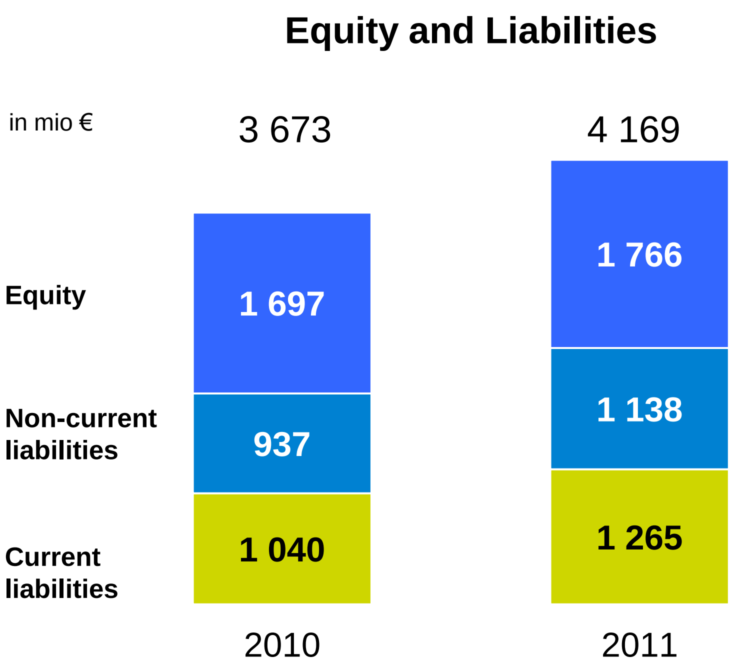
(In mio €)	**2010**	**2011**
Inventories	508	578
Accounts receivable	811	861
Accounts payable	-478	-408
Working capital	841	1 031

- Inventory level increased versus end 2010 but shows decrease versus half year 2011
- Account receivable increase fully related to more difficult business and financing conditions in China
- Average working capital at 28% of sales, but a decrease of € 50 million versus June 2011

BEKAERT
better together

Consolidated balance sheet: key figures





- Current assets increase mainly due to proceeds of the bond which are not fully deployed yet
- Increase in current liabilities reflects maturing of a bond in Q2 2012 and short-term borrowing in China
- Non-current liabilities increase due to new bond issue

BEKAERT better together

Balance sheet: key figures

(In mio €)	**2010**	**2011**
Net financial debt	522	860
Gearing (net debt to equity)	30.8%	48.7%

- Net debt increased due to higher working capital and continued investment in the business, both in capex and innovation
- Gearing in line with long-term target of 50%

BEKAERT better together

Ratios: key figures

	2010	2011
EBITDA margin on sales	22.2%	14.2%
REBIT margin on sales	17.2%	8.4%
EBIT margin on sales	16.4%	8.0%
Sales on capital employed (asset rotation)	1.6	1.4
Return on capital employed (ROCE)	26.6%	11.1%
Return on equity (ROE)	26.0%	12.0%

BEKAERT
better together

(in €)	2010	2011
Share price at 31 December	85.90	24.79
Number of existing shares at 31 December	59 884 973	59 976 198
Book value	28.33	29.45
Earnings per share	6.21	3.27
Weighted average number of shares	59 249 600	58 933 624
Cash flow attributable to the Group	9.42	6.78

Strong earnings per share due to solid start of 2011 and exceptional items in second half of the year

BEKAERT
better together

BEKAERT

better together

Address by B. De Graeve, Chief Executive Officer

Outlook

- High level of uncertainty on global economic development
- Mature markets expected to remain weak
- Mixed picture in emerging economies with solid forecast in LATAM and SEA, but more pressure on topline growth in China
- Realignment program announced on 2 February 2012:
  - Positive impact of the announced business interventions is expected as of second half of 2012
  - These measures drive at restoring Bekaert's long-term profitability by 2014

BEKAERT
better together

Change in Investor Relations

In the second half of 2012, Jacques Anckaert will retire.

Jérôme Lebecque will succeed Jacques as Investor Relations Manager Bekaert.

Jérôme has been 7 years with Bekaert in Business Development and as Plant Manager in Turkey.

Contact

Bekaert is always near to you.
Any questions? Please do not hesitate to contact us:

Jacques Anckaert
Investor Relations Manager

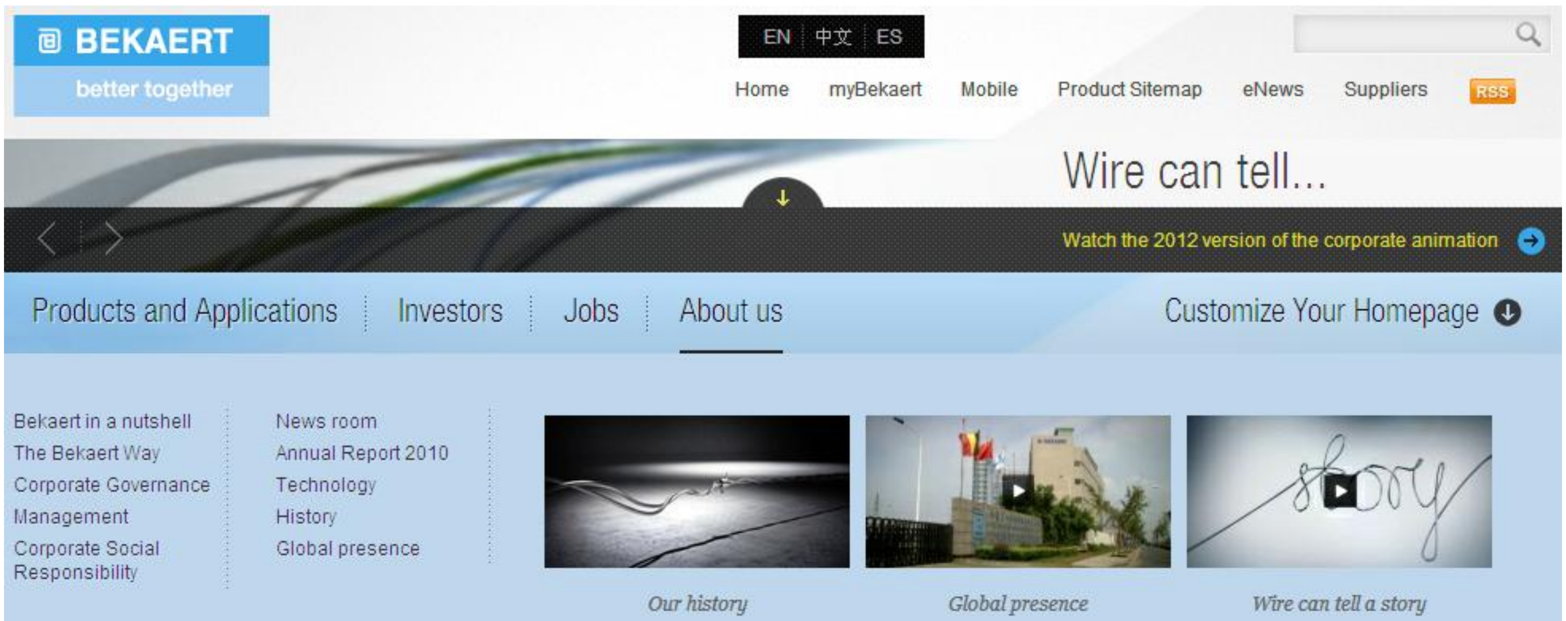
President Kennedypark 18
BE-8500 Kortrijk
T +32 56 23 05 72
F +32 56 22 85 57
investor.relations@bekaert.com
www.bekaert.com

Katelijn Bohez
Corporate Communications Manager
Press Relations

President Kennedypark 18
BE-8500 Kortrijk
T +32 56 23 05 71
F +32 56 23 05 43
katelijn.bohez@bekaert.com
www.bekaert.com

Contact

For more information,
welcome @ www.bekaert.com or www.bekaert.mobi



Annual report 2011:
Available on web on 29 March 2012

BEKAERT
better together

BEKAERT

better together

better together

www.bekaert.com - www.bekaert.mobi