

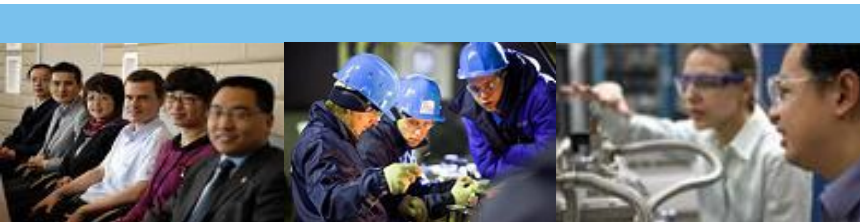
Bekaert

October 2013

Bekaert in essence

Strategy review

Annex: 1st half year results 2013



Industrial company with unique geographic, product and sector exposure

Focus on industrial growth in emerging markets and solid position in mature markets

Sector innovator

Sustainable Profitable Growth

**Worldwide
market and technological leadership
advanced metal transformation and coatings**

	<u>2012</u>	<u>1H 2013</u>
Combined sales	€ 4.4 billion	€ 2,1 billion
consolidated	€ _b 3.5	€ _b 1,6
joint ventures	€ _b 0,9	€ _b 0,5
Operational cash flow	€ 354 million	€ 238 million
consolidated	€ _m 275	€ _m 172
joint ventures	€ _m 79	€ _m 66

Worldwide production platform

30 countries
27 000 employees

Listed on Euronext Brussels

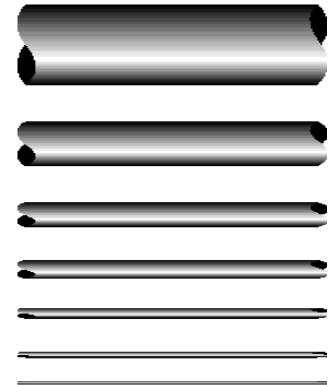
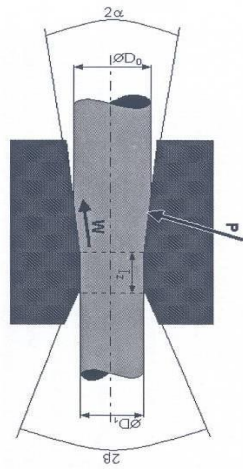
BEL20®, DJ Stoxx, FTSE, SRI
Market capitalization of € 1,3 billion
3 million euro per day

Bekaert core competences

Steel wire transformation



from wire rod
6.5 mm



1 μm
to metal fibers

Coatings



from traditional
coatings

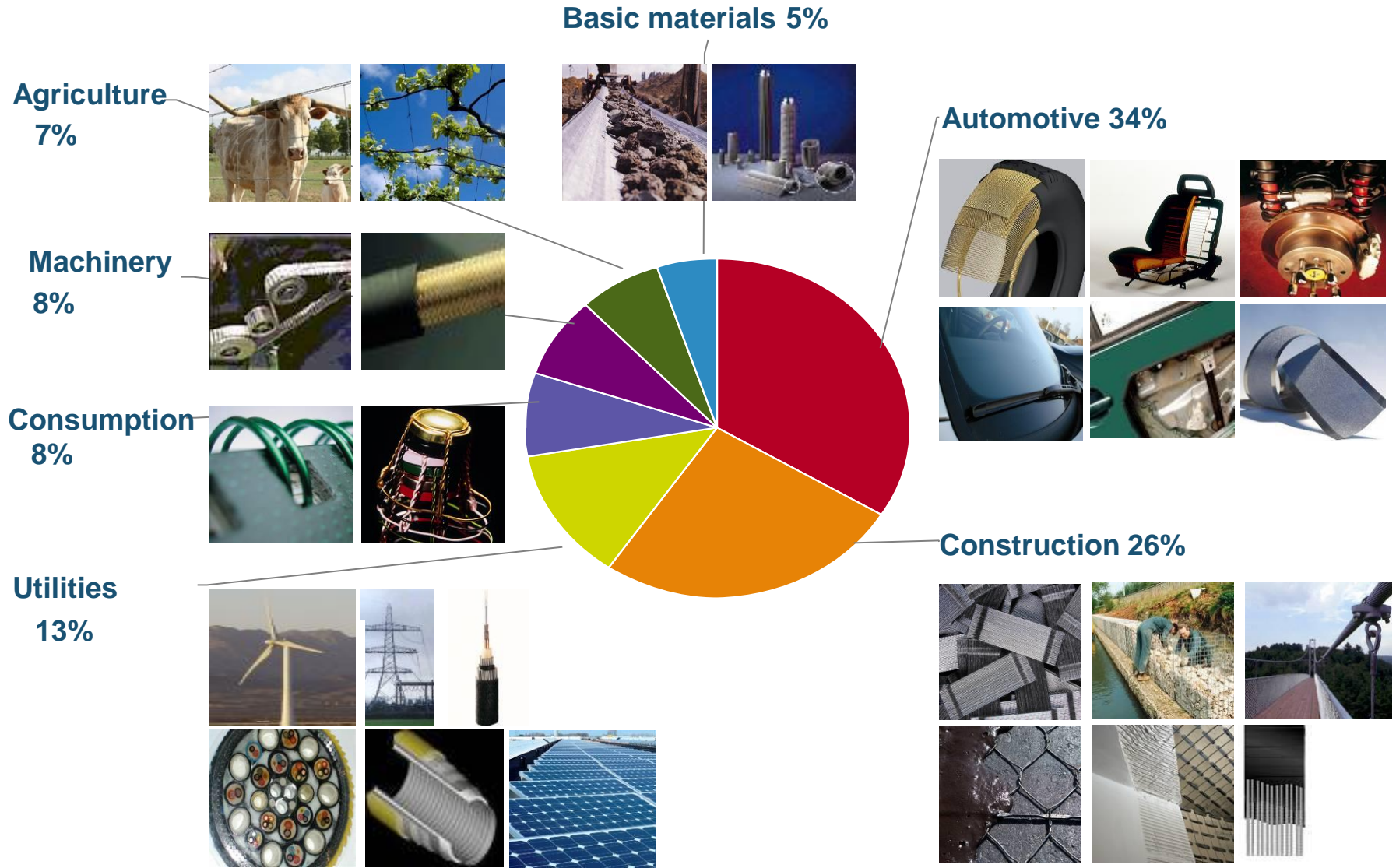


Adhesion
Corrosion
resistance
Wear resistance
Anti-fouling

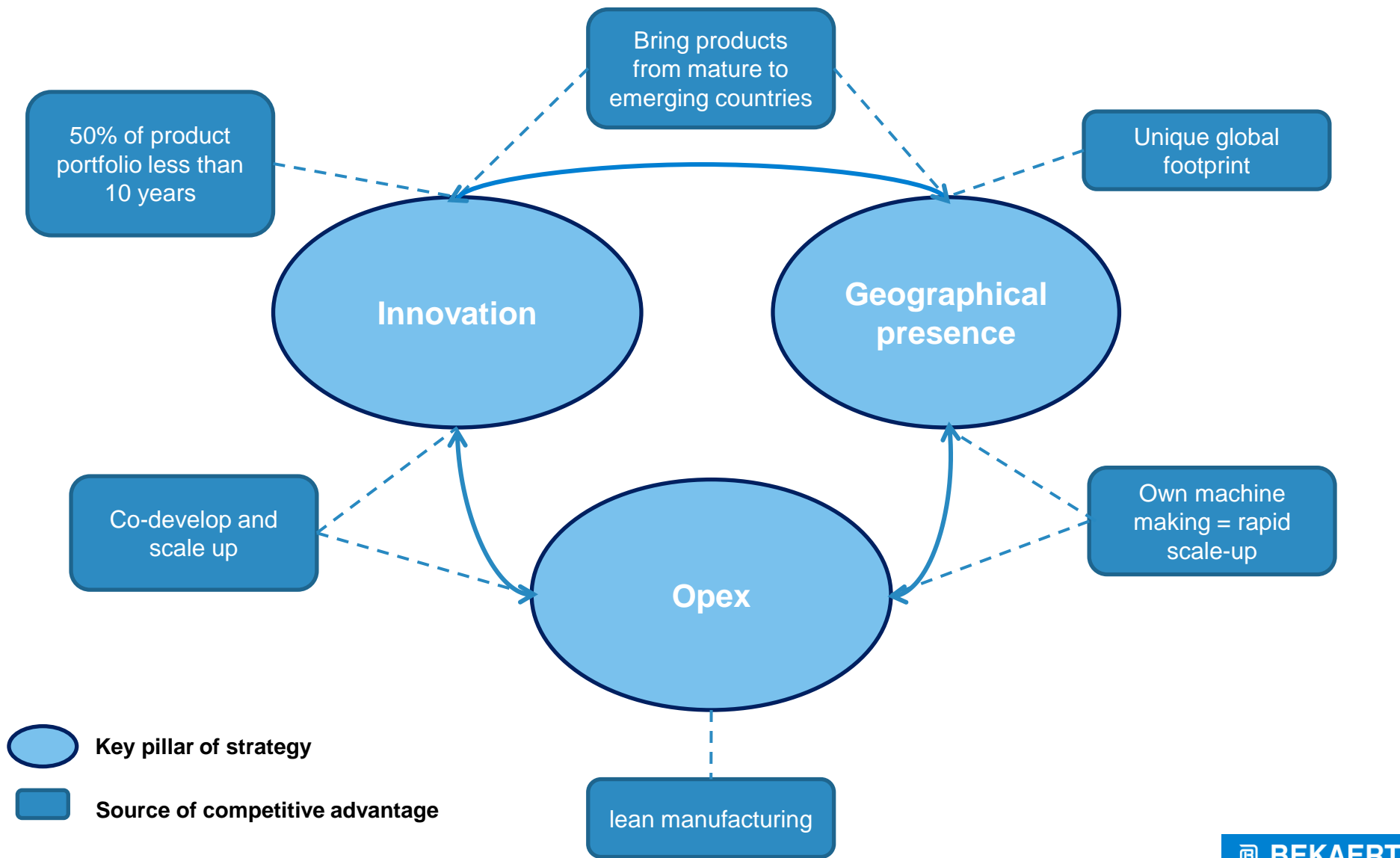


to advanced
coatings

Bekaert in brief: market leadership in diverse sectors



Strategy review : sources of Bekaert competitive advantages



Strategy remains unchanged, but different focus areas. Bekaert creates sustainable profitable growth by:

- Diversified **geographic presence** with a broad product portfolio and focus on growth markets:
 - Changed demand patterns
 - More focus outside China

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

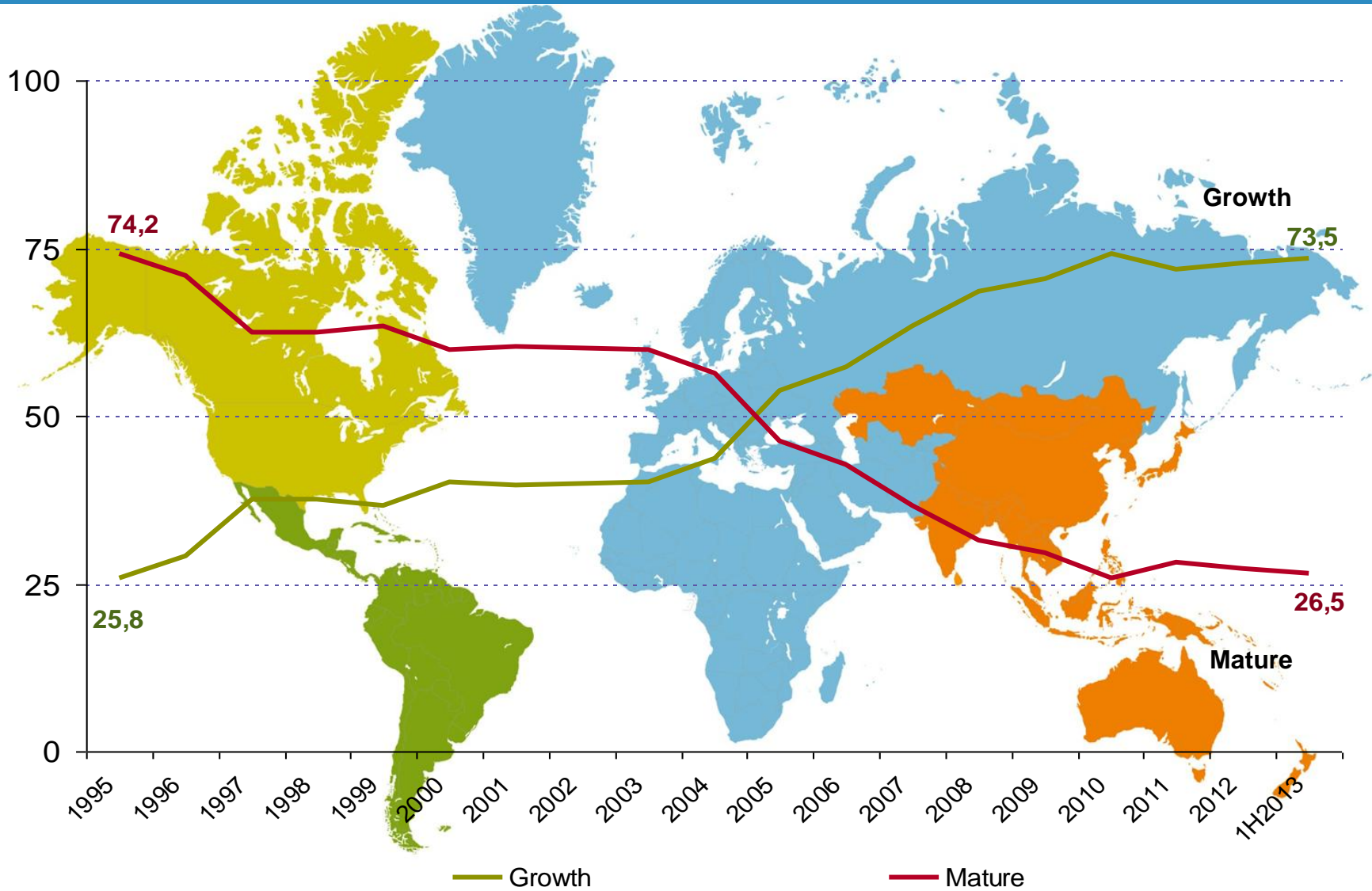
 - **Operational excellence**
 - More important than ever before (more low-end local competitors/imports)
 - Cost competitiveness in our plants and in our structure
- ➔ Program to reduce overall cost structure with € 100 million

Global cost reduction program

(in mio €)	2012	2013	Ongoing
Identified	90	100	100
Implementation started	60	100	100
Impact on cost structure	20	70	100

- 40% of cost reduction are in cost of sales
- Wage cost inflation partly offsets cost saving efforts, estimated € 15 million annual
- Investment in selling expenses to support future growth
- M&A activities negatively impacted absolute amount of indirect costs
- Exchange rate fluctuation

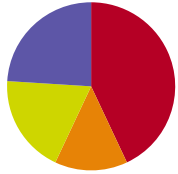
Geographical expansion: mature and growth markets



Bekaert global presence

North America

1600 employees

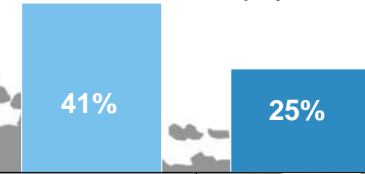
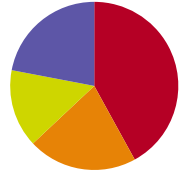


2002

1H13

EMEA

6000 employees

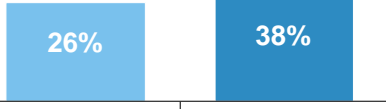


2002

1H13

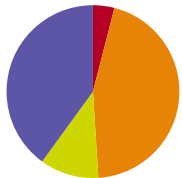
Latin America

7900 employees



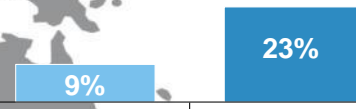
2002

1H13



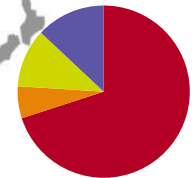
Asia Pacific

11700 employees



2002

1H13



- Automotive
- Construction
- Energy & Utilities
- Other

- Bekaert plants
- Offices
- Technology centers

Combined sales breakdown by region – 1H13 versus 2002

BEKAERT

better together

EMEA

Operational optimization: continue selective research and capital investments in technologies with promising return generation.

North America

Improve profitability and product mix.

Latin America

Continue consolidation and integration. Mitigate risks in Venezuela.

In view of the changing situation in Venezuela we will start applying hyper-inflation accounting and the corresponding economic exchange rate as from 2013. As a result, the weight of the Venezuelan business will reduce significantly (divided by 3).

Asia Pacific

Continue cost reduction programs and integrate acquired businesses and capture growth opportunities.

Continued focus on innovation

- € 69 million in-house R&D in 2012
- International Research and Development team in Belgium
- Research and Development in China
- Close to 2 000 patent rights
- 50 new patents in 2012 : highest ever



- with the right partners and priorities:

- Customer focused innovation and co-development
- Focus on high-tech products, systems and solutions
- Outward orientation
 - internationalization of technologists
 - cooperation with internationally renowned research centres & universities
 - R&D partnerships
- Assuring intellectual property protection



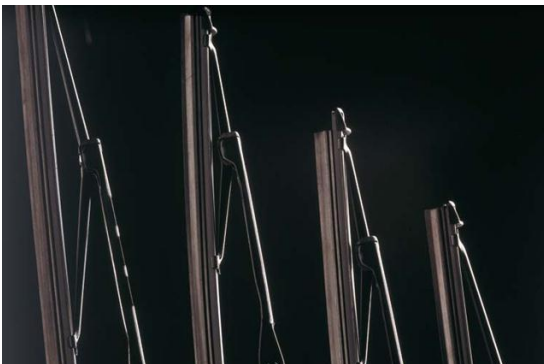
Development of innovative windscreen applications

Dynamizing business by reinventing the classics



Superior resistance and strength for high performance flat blades

- Bekaert Bezalplast® coated, high carbon flat wire
- Superior corrosion protection thanks to the zinc-aluminum coating
- Superior wiping performance
- Conforms perfectly to the curvature of the windshield



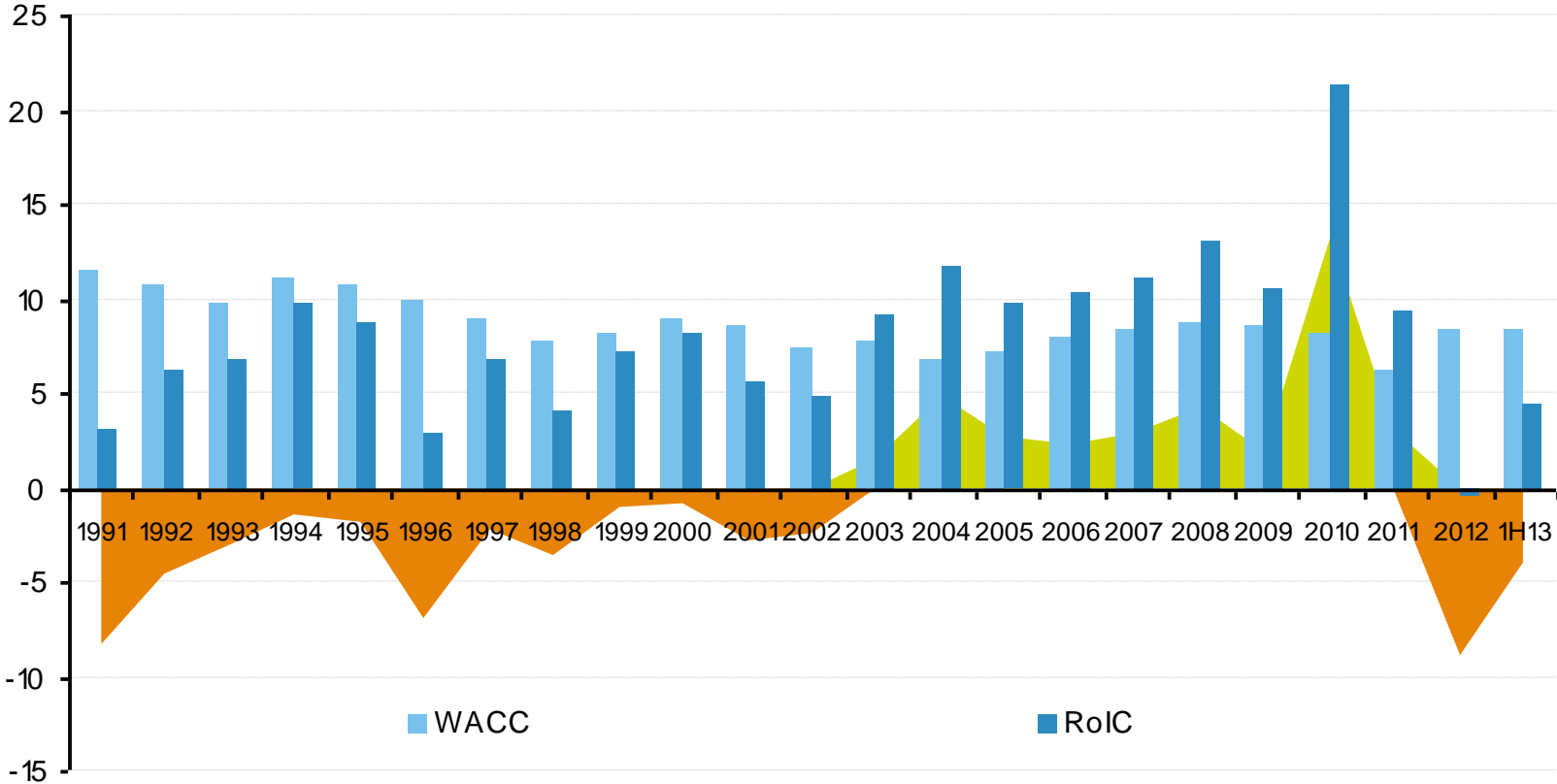
Operational excellence: based on a strong financial structure

	2012	2011	2007 - 2011	1990 – 2006
Growth	3,6%	2,4%	11,3%	2,2%
ROIC > WACC	-0,5 < 8,4	9,3 > 6,3	13,18 > 8,0	6.9 < 9.1
EBITDA on sales	7,9%	14.9%	16,4%	12,0%
EBIT	-1,4%	8.7%	10,1%	4.9%
WC (mature/growth)	27,9%	28.0%	23,2%	19.4%
Dividend pay out	NA*	36%	34%	50%
Tax	NA*	27%	21%	21%
Debt				
Equity / total assets	44%	42%	46%	48%
Gearing (net debt / Eq)	44%	49%	40%	36%
Net debt / EBITDA	2,6	1.7	1,3	1.7
Net debt / REBITDA	2,1			

* Due to negative result

Shareholder value

in %

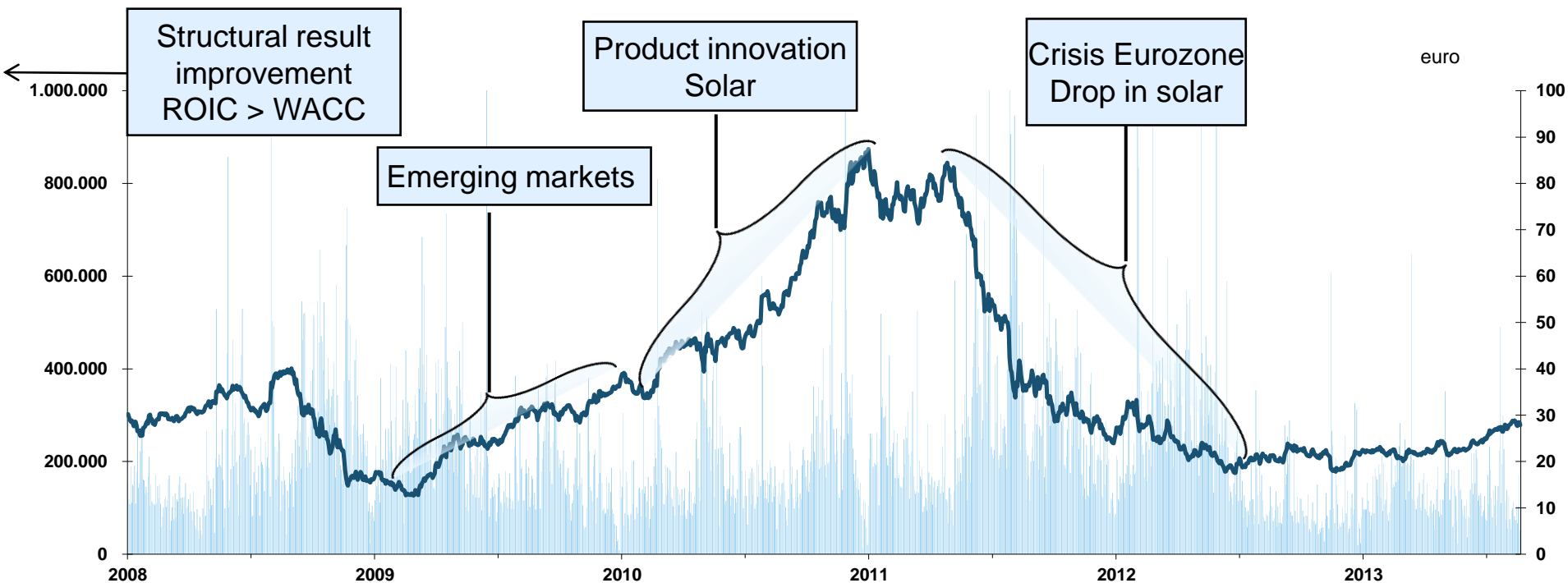


Influences on Bekaert stock price

Fact sheet

Number of shares : 60 019 107
 Average daily traded volume 140 000
 Average daily traded value €_m 3
 Market capitalization €m 1 700

	2012	01-08/13
Average closing	22,592	22,948
High price (15/08/13)	33,500	29,370
Low price (04/03/13)	17,210	20,010
Closing price 1H13	21,875	26,425



Half year results 2013

Highlights first half 2013

- Consolidated sales of € 1.6 billion (-7.5%) and combined sales of € 2.1 billion (-5.1%).
- Gross profit of € 249 million compared with € 268 million.
- REBIT of € 91 million compared with € 85 million.
- Non-recurring items of € -2 million compared with of € -81 million.
- EBIT of € 89 million compared with € 4 million.
- EBITDA of € 172 million compared with € 160 million.
- EPS: € 0.45 compared with € -1.35.

- Stable volume while industrial markets globally were weak.
- Fierce competitive situation in most markets resulting in continued / renewed price pressure.
- Implementation of restructuring measures remains on track.
- Stable profitability.

EMEA:

After a slow start of the year, demand picked up in Q2.

Solid margin reflecting the impact of the restructuring measures.

North America:

Continued weak demand in domestic industrial markets, investment delays in energy markets and increased imports from Asia.

Latin America:

Solid growth mainly in Peru and Ecuador.

Impact of the applied changes in consolidation accounting in Venezuela in line with forecast.

Asia Pacific:

Very competitive business environment resulting in price erosion.

Restructuring of the sawing wire platform improved profitability.

Sales

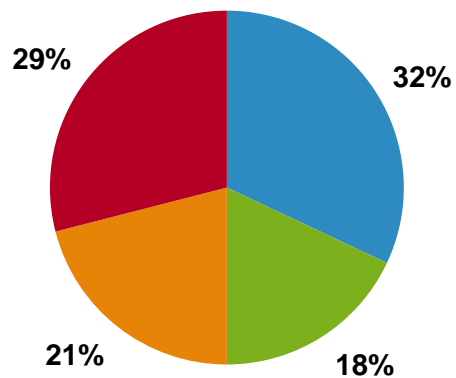


- Change in consolidation accounting in Venezuela.
- Organic sales decline due to lower wire rod prices and negative price/mix.
- Impact from M&A reflects divestment of Industrial Coatings and inclusion of Malaysia.

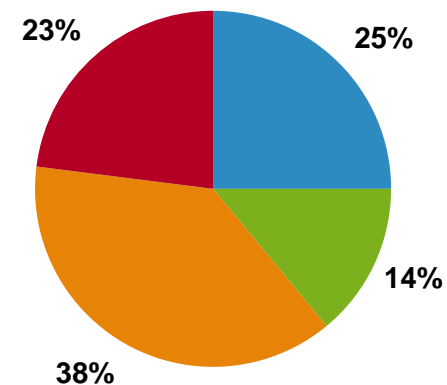
Sales by segment

First Half 2013	Consolidated sales		Combined sales	
	In mio €	variance	in mio €	variance
EMEA	532	-4%	527	-5%
North America	295	-16%	294	-16%
Latin America	352	-11%	823	-2%
Asia Pacific	470	-2%	495	-2%
Total	1 649	-8%	2 139	-5%

Consolidated sales



Combined sales



Consolidated income statement: key figures

(In mio €)	1H 2012	1H 2013
Sales	1 783	1 649
Cost of sales	(1 515)	(1 400)
Gross profit	268	249
Gross profit margin	15.0%	15.1%

- Sales evolution versus H1 2012 mainly reflects:
 - Impact of Venezuela.
 - Lower wire rod prices.
 - Lower price/mix mainly reflecting the competitive environment.
 - Acquisition of wire business in Malaysia and divestment of Industrial Coatings.
- Gross margin remained stable as impact of lower prices has been offset by the impact of the restructuring measures.

Consolidated income statement: key figures

(In mio €)	1H 2012	1H 2013
Gross profit	268	249
Selling expenses	(76)	(68)
Administrative expenses	(70)	(63)
R&D expenses	(39)	(32)
Others	2	5
Operating result before non-recurring items (REBIT)	85	91

- Total SG&A reduces from 10.4% to 9.9% of sales.
- Reduction in selling expenses mainly reflects less reserves for bad debt.
- Lower admin expenses due to the impact of cost optimization measures.
- Reduction in R&D expenses mainly reflects interventions on sawing wire.

Consolidated income statement: key figures

(In mio €)	1H 2012	1H 2013
Operating result before non-recurring items (REBIT)	85	91
REBIT margin on sales	4.8%	5.5%
Non-recurring items	(81)	(2)
Operating result (EBIT)	4	89
EBIT margin on sales	0.2%	5.4%
EBITDA	160	172
EBITDA margin on sales	9.0%	10.4%

- EBIT margin above 5% of sales within a difficult business environment.
- Limited non-recurring as most interventions executed in the first half year had been announced and provided for in 2012.
- EBITDA margin above 10% for the first time after the collapse of the solar business.

Segment reporting: EMEA

(In mio €)	1H 2012	1H 2013
Consolidated sales	557	532
Operating result before non-recurring items (REBIT)	36	46
REBIT margin on sales	6.4%	8.7%
Non-recurring items	(49)	(1)
Operating result (EBIT)	(14)	45
Depreciation, amortization and impairment losses	48	23
EBITDA	34	68
EBITDA margin on sales	6.2%	12.8%

- Sales reflects a very weak 1st quarter partly offset by a stronger 2nd quarter.
- REBIT margin improvement reflects the important impact of the restructuring measures.

Segment reporting: North America

(In mio €)	1H 2012	1H 2013
Consolidated sales	351	295
Operating result before non-recurring items (REBIT)	21	13
REBIT margin on sales	6.1%	4.3%
Non-recurring items	(14)	(0)
Operating result (EBIT)	8	12
Depreciation, amortization and impairment losses	18	6
EBITDA	26	18
EBITDA margin on sales	7.3%	6.2%

- Sales decline mainly due to lower volume reflecting a weak demand in most industrial segments, competitive entry in bead wire and lower trading activities due to Asian imports.
- Margin reduced due to lower capacity utilization only partly offset by cost savings.

Segment reporting: Latin America

(In mio €)	1H 2012	1H 2013
Consolidated sales	397	352
Operating result before non-recurring items (REBIT)	29	28
REBIT margin on sales	7.2%	7.9%
Non-recurring items	19	(0)
Operating result (EBIT)	47	28
Depreciation, amortization and impairment losses	10	11
EBITDA	57	39
EBITDA margin on sales	14.5%	11.1%

- Changes in consolidation accounting in Venezuela result in sales reduction of € 48 million and REBIT reduction of € 6 million.
- Excluding Venezuela, stable sales reflect volume increase of 7% offset by lower prices due to lower wire rod prices and weaker product mix.
- REBIT margin remains solid in spite of strong price pressure from Asian imports.

Segment reporting: Asia Pacific

(In mio €)	1H 2012	1H 2013
Consolidated sales	478	470
Operating result before non-recurring items (REBIT)	35	39
REBIT margin on sales	7.4%	8.4%
Non-recurring items	(18)	(0)
Operating result (EBIT)	18	39
Depreciation, amortization and impairment losses	83	44
EBITDA	101	84
EBITDA margin on sales	21.1%	17.8%

- Sales reflect the inclusion of Southern wire in Malaysia +7% and an organic volume increase of 4% more than offset by lower selling prices due to cheaper wire rod -3% and negative price/mix impact -9%.
- Increase in EBIT margin in spite of significant selling price decreases due to the positive impact of the restructuring measures.

Consolidated income statement: key figures

(In mio €)	1H 2012	1H 2013
Operating result (EBIT)	4	89
Interest income / expense	(42)	(33)
Other financial income & expenses	(12)	(8)
Result before taxes	(50)	48
Income taxes	(27)	(30)
Result after taxes (consolidated companies)	(77)	18

- Lower interest cost reflects important reduction of average gross and net debt.
- High income tax rate as profits are taxable in the countries where they are generated while losses in other countries do not create an offset.

Consolidated income statement: key figures

(In mio €)	1H 2012	1H 2013
Result after taxes from consolidated companies	(77)	18
Share in the results of JVs and associates	6	17
Result for the period	(71)	35
Attributable to non-controlling interests	8	9
Attributable to the Group	(80)	26

- Result from the joint ventures increased behind improved business performance in Brazil and some one off items.
- Increase in result for non-controlling interests due to solid profitability in Latin America and improved profits in Asia.

Cash flow: key figures

(In mio €)	1H 2012	1H 2013
Gross cash flows from operations	125	137
Cash flows from operations	166	62
Cash flows from investing activities	(30)	(20)
Cash flows from financing activities	(27)	(80)

- Cash from operations reflect an increase in working capital in line with seasonality.
- Low capex spending in the first half.

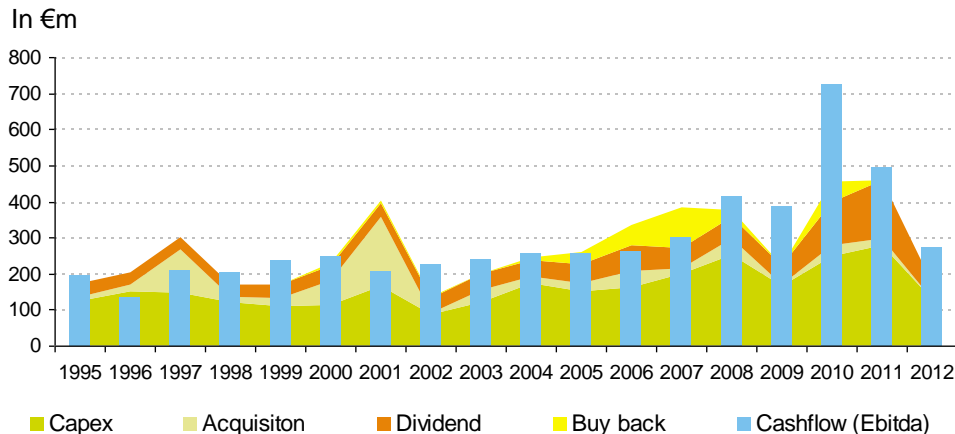
Working capital: key figures

(In mio €)	1H 2012	YE 2012	1H 2013
Inventories	658	568	576
Accounts receivable	908	774	830
Accounts payable	(448)	(443)	(432)
Working capital	1 117	898	974

- Versus same moment last year, inventories and receivables decreased importantly reflecting the targeted effort done in those areas.
- The increase in receivables versus end 2012 reflects the higher running rate of the business versus end 2012.

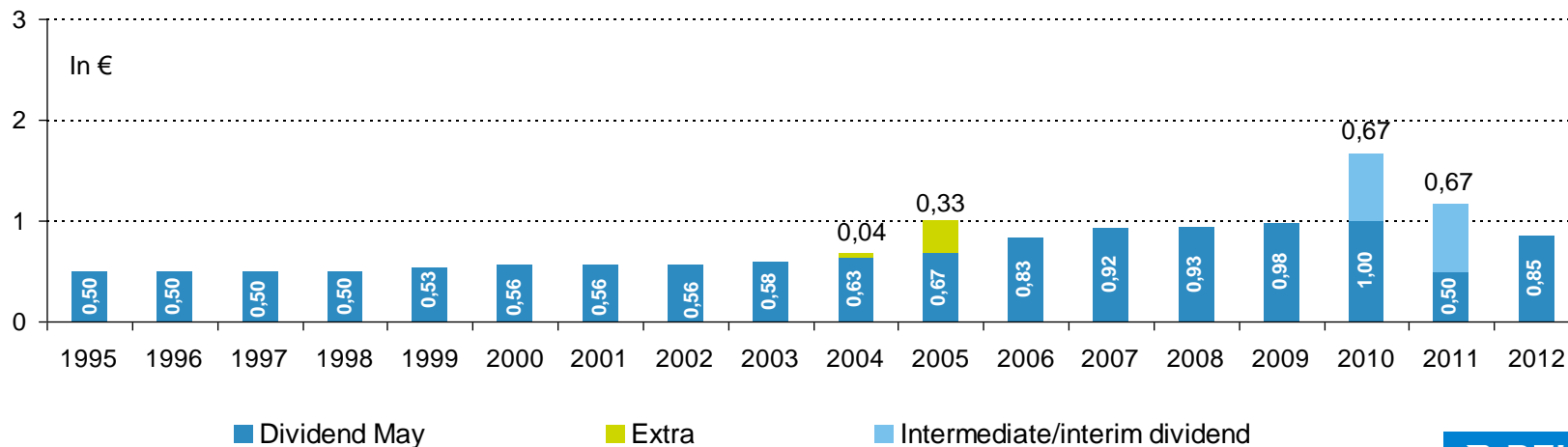
Operational excellence: cash flow

Cash flow allocation



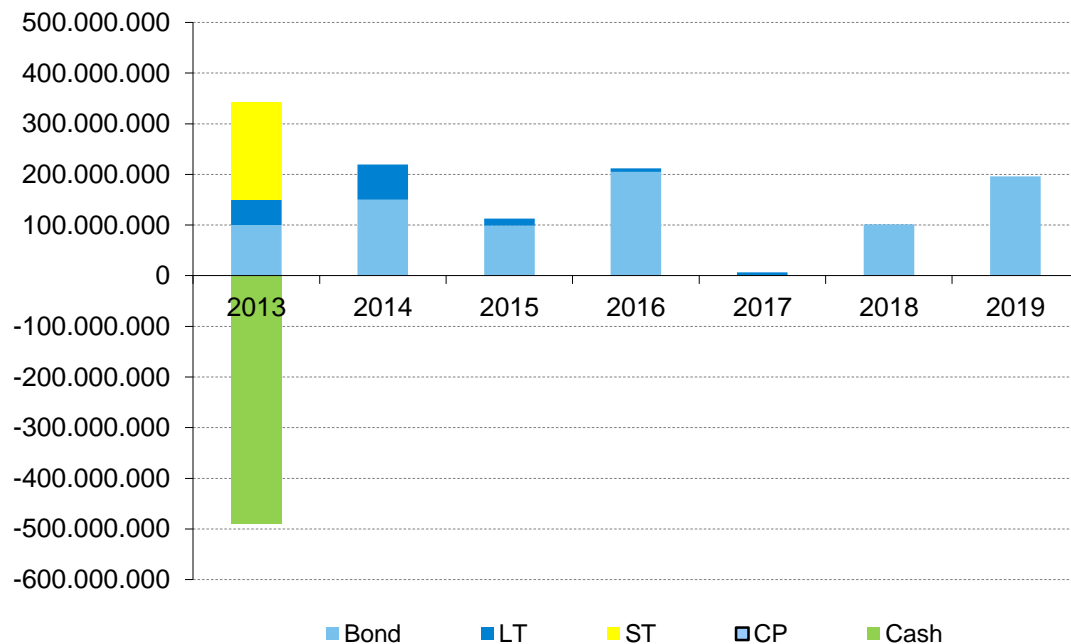
- **Capital investments (PP&E)**
 2012 : €m 123
 2013: €m 130 (estimated)
 - €m80 maintenance
 - €m60 expansion
- **Depreciation and amortization**
 2012: €m 230
 2013: €m 175 (estimated)

Dividend



Financial operational excellence: debt management

- Balanced financing short / long financial instruments
- No covenants
- Blended interest rate 4.05%



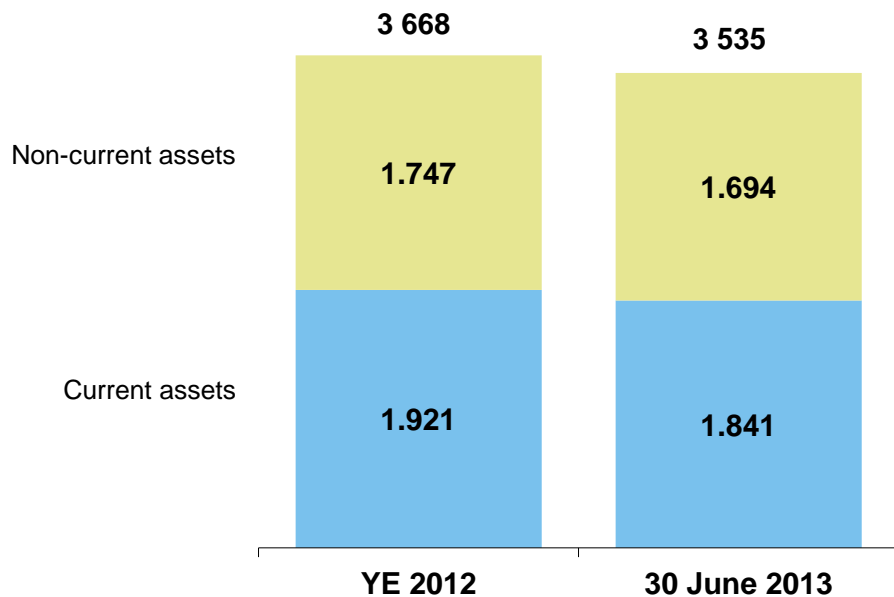
- Ratio's
 - Gearing 43.7%
 - Capital structure 43,7%
 - EBIT interest coverage -0.7
 - EBITDA intr. coverage 3,8
 - Net Debt to EBITDA 2,6
 - Net Debt to REBITDA 2.1

Debt currency profile

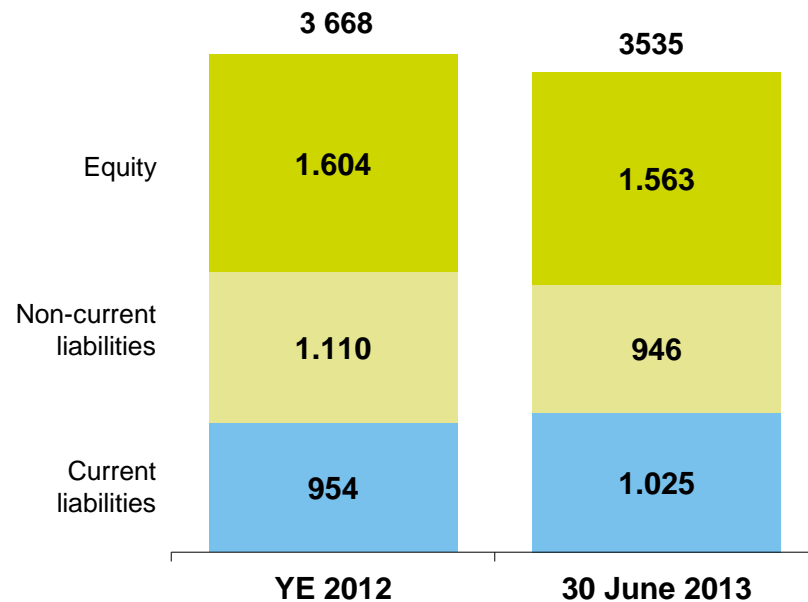
- USD 42%
- CNY 8%
- EUR 41%
- Rest 9%

Consolidated balance sheet: key figures

Assets



Equity and Liabilities



- Reduction of non-current assets reflects the asset impairments.
- Current assets reduced behind the debt optimization.
- Equity reduced due to the dividend payment and share buy back.
- Change in liabilities reflect the debt optimization.

Balance sheet: key figures

(In mio €)	1H 2012	YE 2012	1H 2013
Net financial debt	866	700	770
Gearing (net debt to equity)	49.2%	43.7%	49.3%
Net debt on EBITDA	2.7	2.5	2.2
Net debt on REBITDA	2.3	2.1	2.2

- Net debt below same period last year but above end 2012 reflecting the changes in working capital.
- Gearing at target level.
- Net debt to EBITDA above the target of 2X.

Ratios: key figures

(In mio €)	1H 2012	1H 2013
EBITDA margin on sales	9.0%	10.4%
REBIT margin on sales	4.8%	5.5%
EBIT margin on sales	0.2%	5.4%
Sales on capital employed (asset rotation)	1.3	1.4
Return on capital employed (ROCE)	0.3%	7.4%
Return on equity (ROE)	-8.1%	4.4%

Key figures per share

(In mio €)	1H 2012	1H 2013
Share price	19.51	24.44
Number of existing shares	59 976 198	60 000 942
Book value	26.46	23.13
Earnings per share (EPS)	(1.35)	0.45
Weighted average number of shares	59 036 498	58 653 506

- Lack of consistent indicators of a global economic recovery.
- Seasonality mainly in EMEA and North America.
- Continued volatile and increasingly competitive environment in Asia.
- Potential renewed price pressure combined with tight credit management in China.
- Implementation of the cost reduction is on track and is expected to continue to support profitability.



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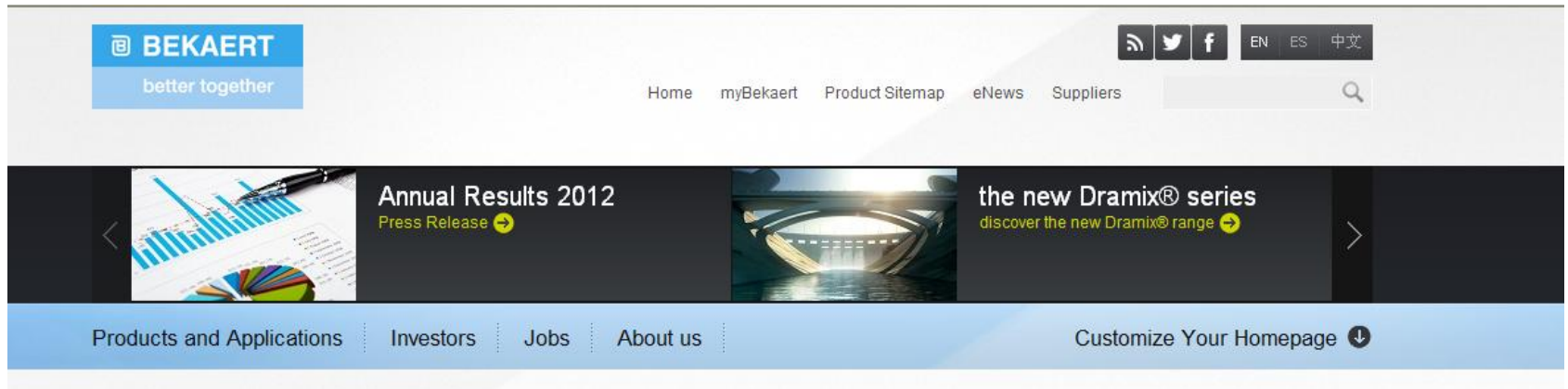
Agenda

Third quarter trading update 2013	14 November	2013
2013 Results	28 February	2014
First quarter trading update	14 May	2014
General Meeting of Shareholders	14 May	2014
Half year results 2014	1 August	2014

Disclaimer

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