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Annual Results 2012

B. De Graeve, CEO

B. Humblet, CFO

Brussels, 27 February 2013

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Address by B. De Graeve, Chief Executive Officer

Highlights

- Consolidated sales of € 3.5 billion (+3.6%) and combined sales of € 4.4 billion (-4.6%)
- Stable sales volumes
- Gross profit of € 479 million (13.8% margin) compared with € 651 million (19.5%)
- REBIT of € 118 million (3.4%) compared with € 281 million (8.4%)
- Non-recurring costs of € -202 million; non-recurring gains of € 35 million
- EBIT of € -49 million compared with € 289 million
- Cash flows from operating activities of € 439 million compared with € 106 million
- EBITDA of € 275 million (7.9%) compared with € 497 million (14.9%)
- EPS: € -3.30 compared with € 3.27
- Net debt: € 700 million compared with € 856 million
- Dividend proposal of € 0.85 / share

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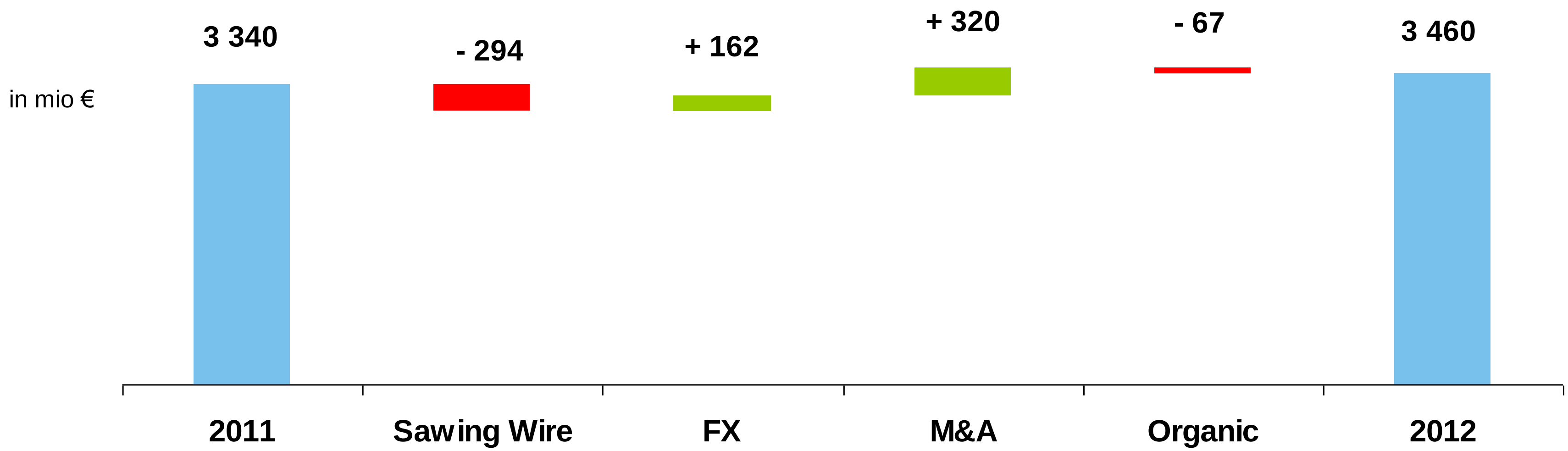
Highlights

- Stable volume in very competitive global market
- Restructuring related to collapse of sawing wire business fully implemented reducing the related cost base with € 40 million per year
- Global cost reduction program on track
- Cost savings partly offset by energy cost and wage inflation
- Continued weak global economic environment will weigh on mid-term margin evolution
- Significant net debt reduction
- Strong dividend confirming the trust in the long term potential of the Company

Sales



- Sawing wire: market collapse resulting in much lower volume and 60% average price decrease.
- FX: average weaker € versus most currencies.
- M&A: integration of Chile, Qingdao and Southern wire partly offset by divestment of Specialty Films and Industrial Coatings.
- Organic: lower wire rod prices and price pressure in a global competitive environment.

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Sawing wire: recap market collapse – 1 year time

Date	Company	Country	Official announcements
24 May 2011	REC	Norway	Heroya 1-2: production temporarily stopped
19 July 2011	REC	Norway	Glomfyord Multi: production temporarily stopped
2 Sept 2011	Deutsche Solar	Germany	Freiberg Wafering plant stopped (definitively)
9 Sept 2011	Conergy	Germany	*Wafering* activity stopped (definitively)
28 Sept 2011	REC	Norway	Heroya 1-2 & Glomfjord Multi: full closedown (defin'y)
21 Oct 2011	PV Crystalox	Germany	Drastic decrease of *wafering* production
7 Nov 2011	Photowatt	France	bankruptcy
9 Nov 2011	Silicio Solar	Spain	*Wafering* activity stopped (& Chapter 11)
16 Nov 2011	DC Wafers	Spain	*Wafering* activity stopped (& Chapter 11)
29 Nov 2011	REC	Norway	Heroya 3-4: capacity reduction to 40%
8 Dec 2011	MEMC	Italy	All Solar Wafering Projects stopped (definitively)
11 Jan 2012	Schott Solar	Germany	*Wafering* activity stopped (definitively)
25 Apr 2012	REC	Norway	Heroya 3-4: stop all production in Norway (definitively)

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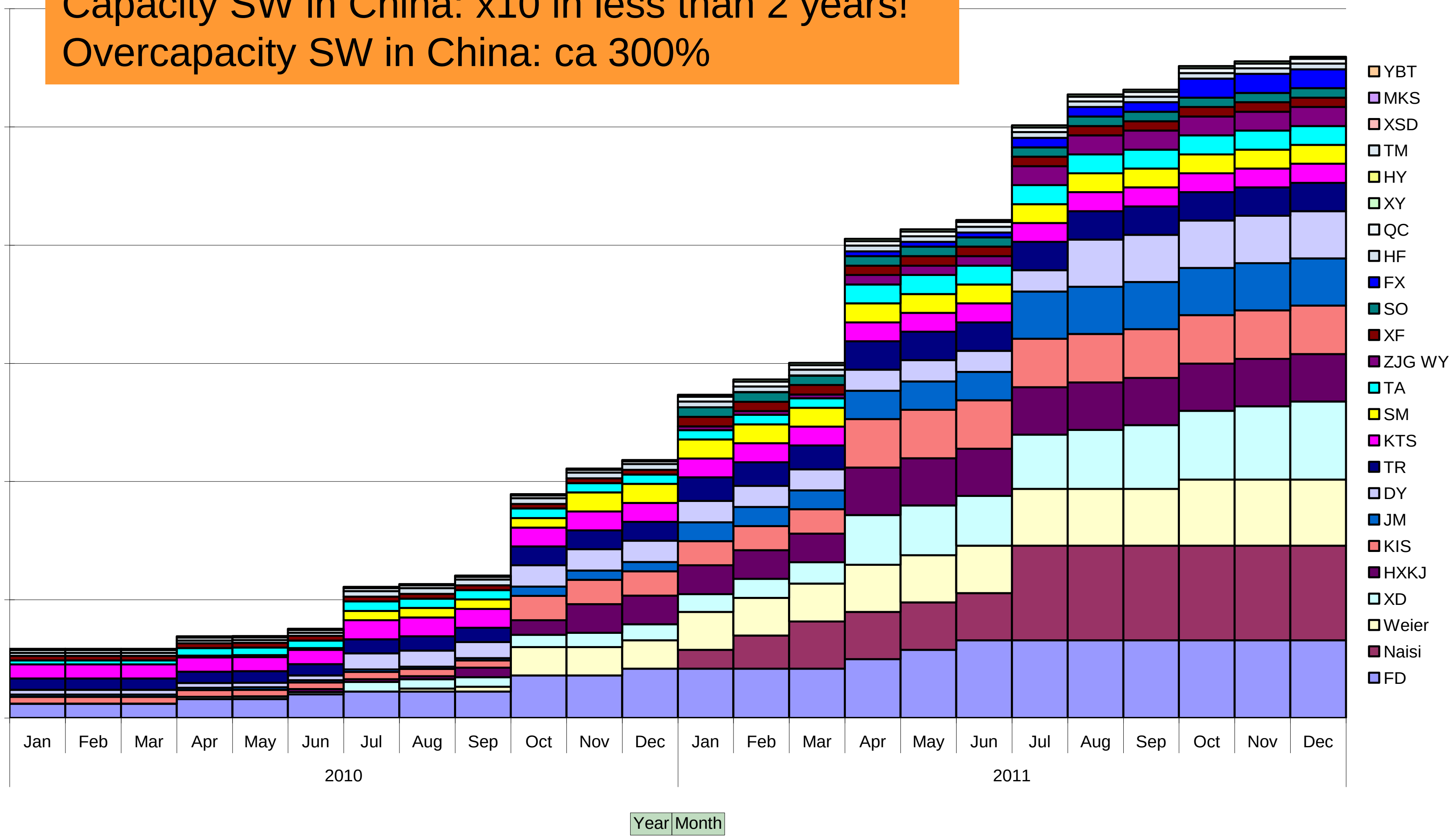
Sawing wire: recap market collapse

Capacity SW in China: x10 in less than 2 years!
Overcapacity SW in China: ca 300%



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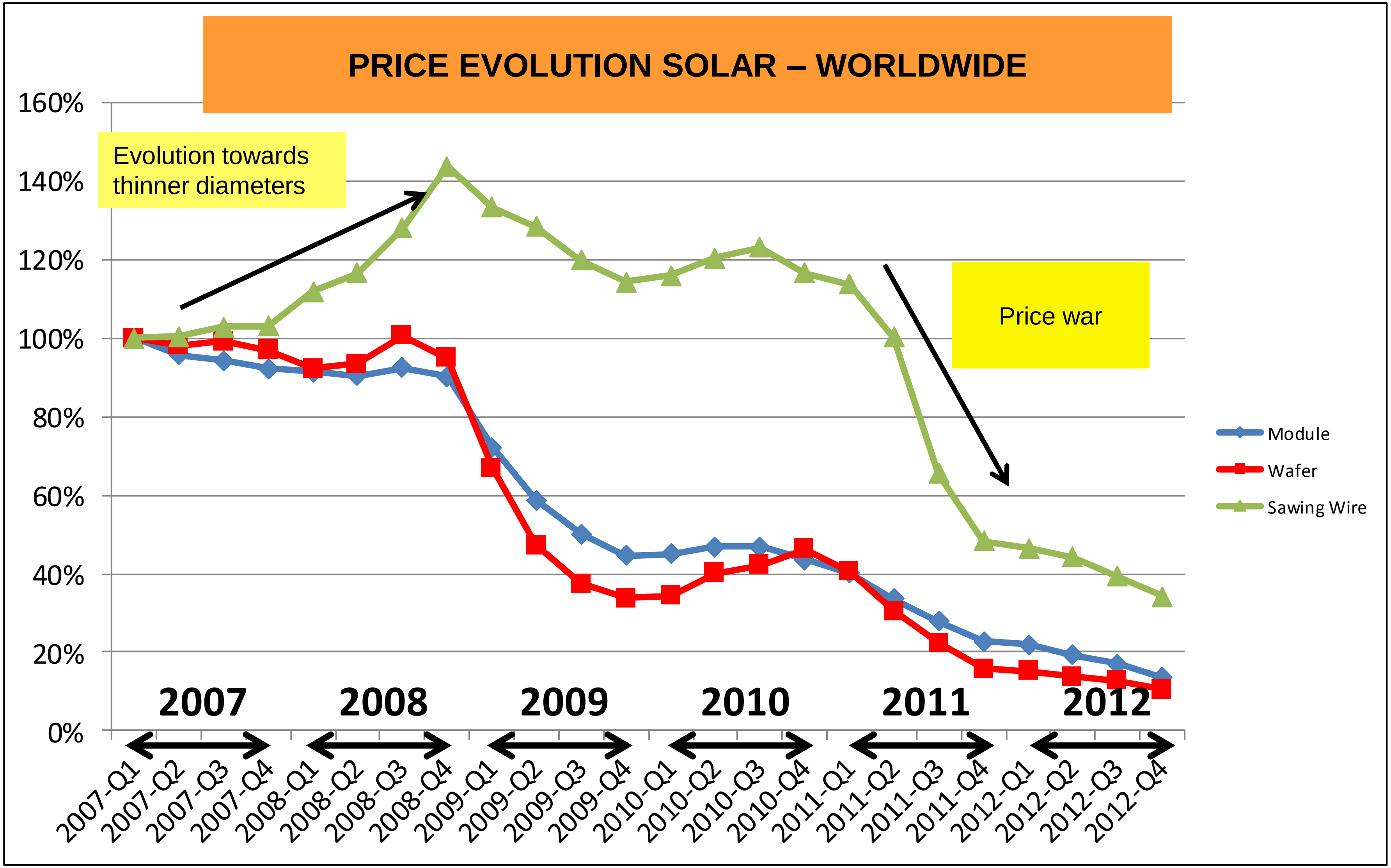
The sawing wire collapse: price evolution - worldwide



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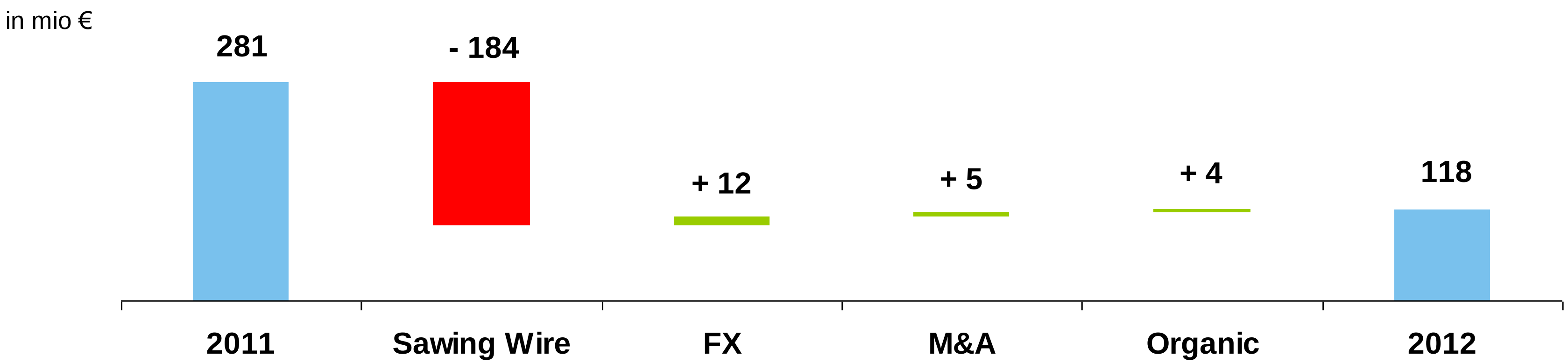
REBIT



- Sawing wire: average 60% price decrease due to structural overcapacity directly impacting profitability.
- M&A: profitability of Chile partly offset by divestment of Specialty Films and Industrial Coating business. Newly acquired businesses in Asia slightly negative under start-up.
- Organic: limited REBIT improvement as significant cost improvements are nearly fully offset by lower prices reflecting a very competitive global environment.

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Non-recurring: maximum impact in 2012 financials

Non-recurring items 2012	€ mln
Non-recurring costs	-202
Non-recurring gains (mainly Chile transaction and sale of IC)	+35
Total non-recurring items	-167
Of the € 202 million non-recurring costs:	
€ 117 million relate to sawing wire	
€ 85 million relate to other business realignment	
Of the € 202 million non-recurring costs:	
€ 93 million relate to restructuring and impairments in Belgium	
€ 109 million relate to non-recurring in the rest of the world	
Of the € 202 million non-recurring costs:	
€ 84 million with cash-out (of which € 50 million disbursed in 2012)	
€ 118 million are non-cash (impairments, depreciations, write-offs)	

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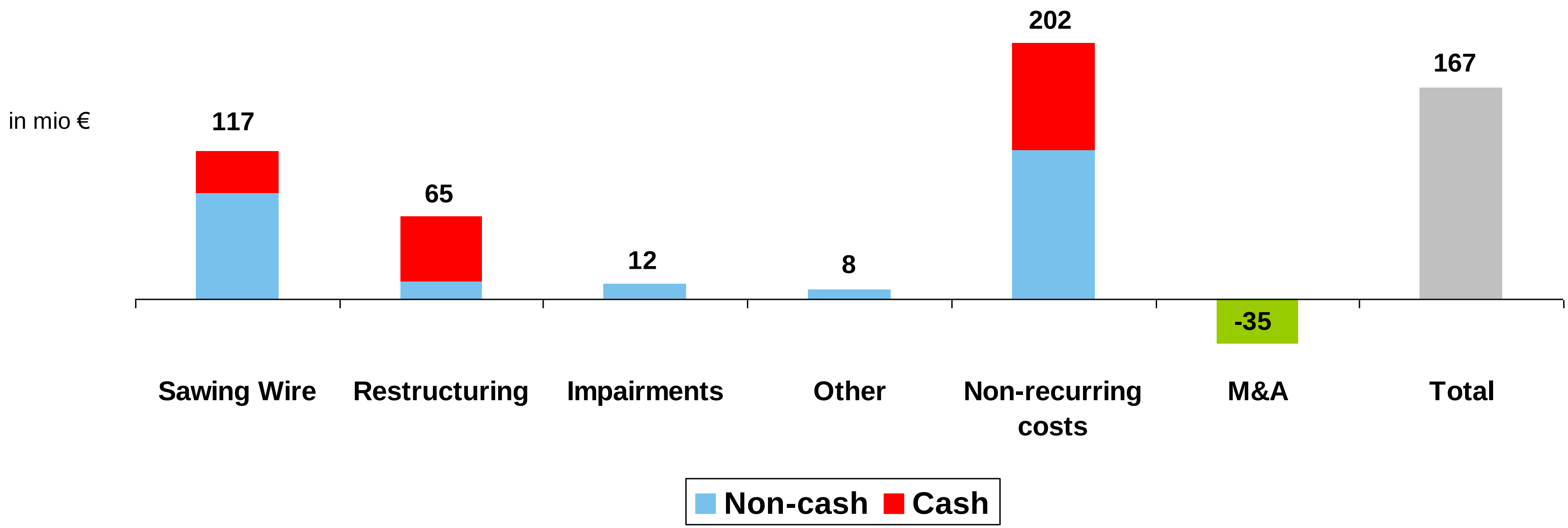
Non-recurring



- Sawing Wire: € 67 million impairments, € 16 million other non cash items (e.g. inventory write down), € 34 million restructuring and operational costs.
- Other restructuring: € 51 million lay off costs, € 14 million impairments.
- Other impairments: mainly assets in Canada.

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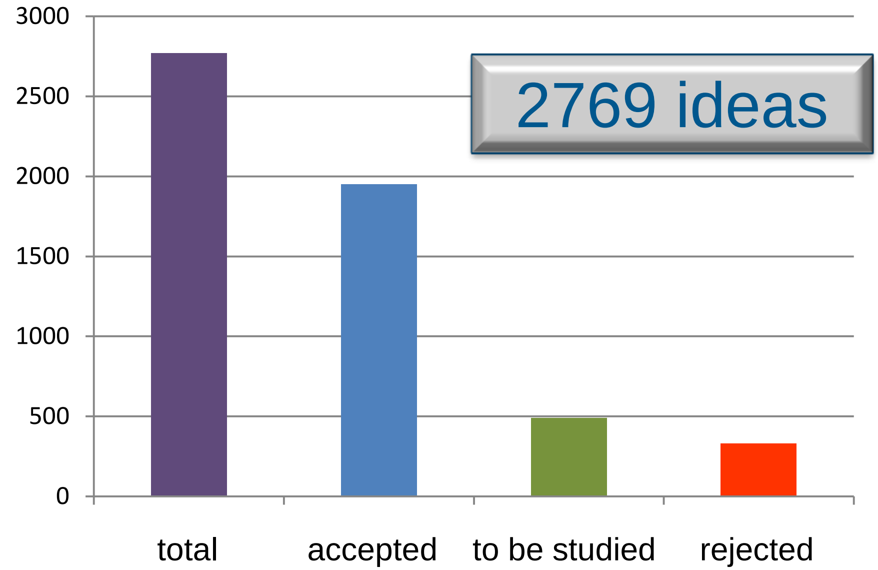
Global cost reduction program

4 waves

100 teams

2769 ideas generated



€ 500 million reviewed

€ 100 million savings validated

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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

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Full restructuring and business realignment status and impact:

- The February restructuring plan has been implemented as announced.
- Additional actions took place on a global level.

Impact of personnel reduction on a global level:

	June 2011	December 2012	Reduction
SW platform	1200	470	-730
SW staffing in Technology & Engineering			-250
Total reduction SW			**-980**
Other realignment to business reality			-1028
Total reduction SW + other restructuring			**-2008**
Global cost reduction program			-1187
Total reduction			**-3195**

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Bekaert adapts to a rapidly changing global environment

Collapse of the solar sector

Continued weak global economic environment

Slowdown of industrial growth and maturing markets in key sectors, also in emerging countries (e.g. China, Brazil, …)

Overcapacity in some key markets

Transformation of the profile of Bekaert

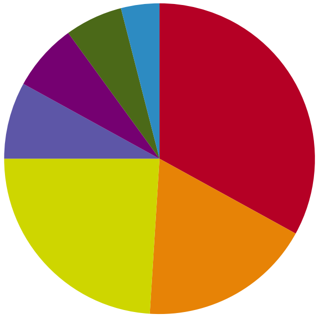
More balanced growth opportunities between different emerging markets

Rebalanced exposure to different sectors:

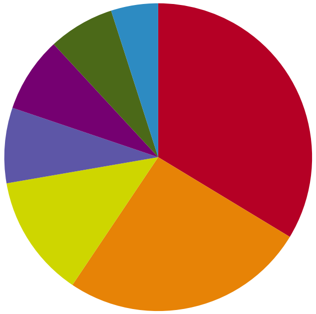
- Increased importance of automotive in Asia and construction (mainly Latin America)
- Energy sector rebalanced towards oil sector and electricity transportation

Less investments needed to support organic growth

2010



2012



Strategies unchanged but rebalanced

Innovation: more focused as some markets dropped out

Geographical expansion: emerging markets remain the growth engine. More balanced growth across different regions and countries reflecting industrial growth expectations

Operational excellence: critical to be cost competitive

Company profile

Industrial company with unique geographic, product and sector exposure

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

Sector innovator

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Address by B. Humblet,
Chief Financial Officer

Bekaert economic environment

EMEA:

Overall challenging market conditions:

- Automotive markets: OEM demand in the EU reached the lowest level recorded since 1995. Also tire replacement market was down.
- Solar energy sector: wafering industry in Europe has disappeared.
- Other markets: stable.

North America:

Strong energy-related markets but – opposite to automotive upturn, decline in tire replacement demand and weak market conditions in agriculture.

Latin America:

Strong year for Peru and Venezuela. Highly competitive environment in Colombia, Chile and Brazil. Risk profile Venezuela increasing.

Asia Pacific:

The collapse of the solar energy market has a major impact on the results. Global economic slowdown impacts export-oriented business. Overall stable volumes in an increasingly competitive environment in total Asia.

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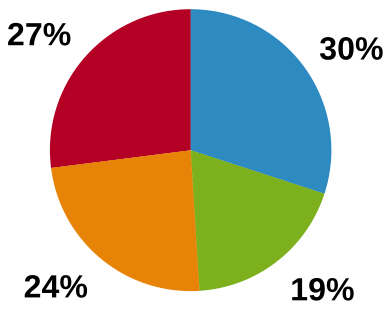
Sales by segment

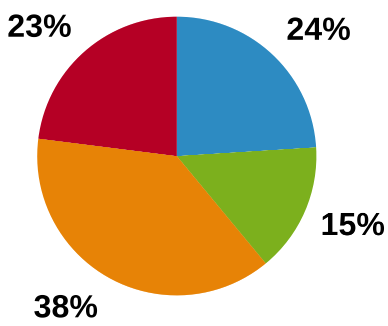
2012	Consolidated sales		Combined sales	
	In mio €	Variance	in mio €	variance
EMEA	1 044	-10.7%	1 040	-10.0%
North America	659	-0.9%	659	+0.3%
Latin America	812	+118.3%	1 690	+2.7%
Asia Pacific	945	-16.7%	998	-12.5%
Total	**3 460**	+3.6%	**4 387**	-4.6%

Consolidated sales

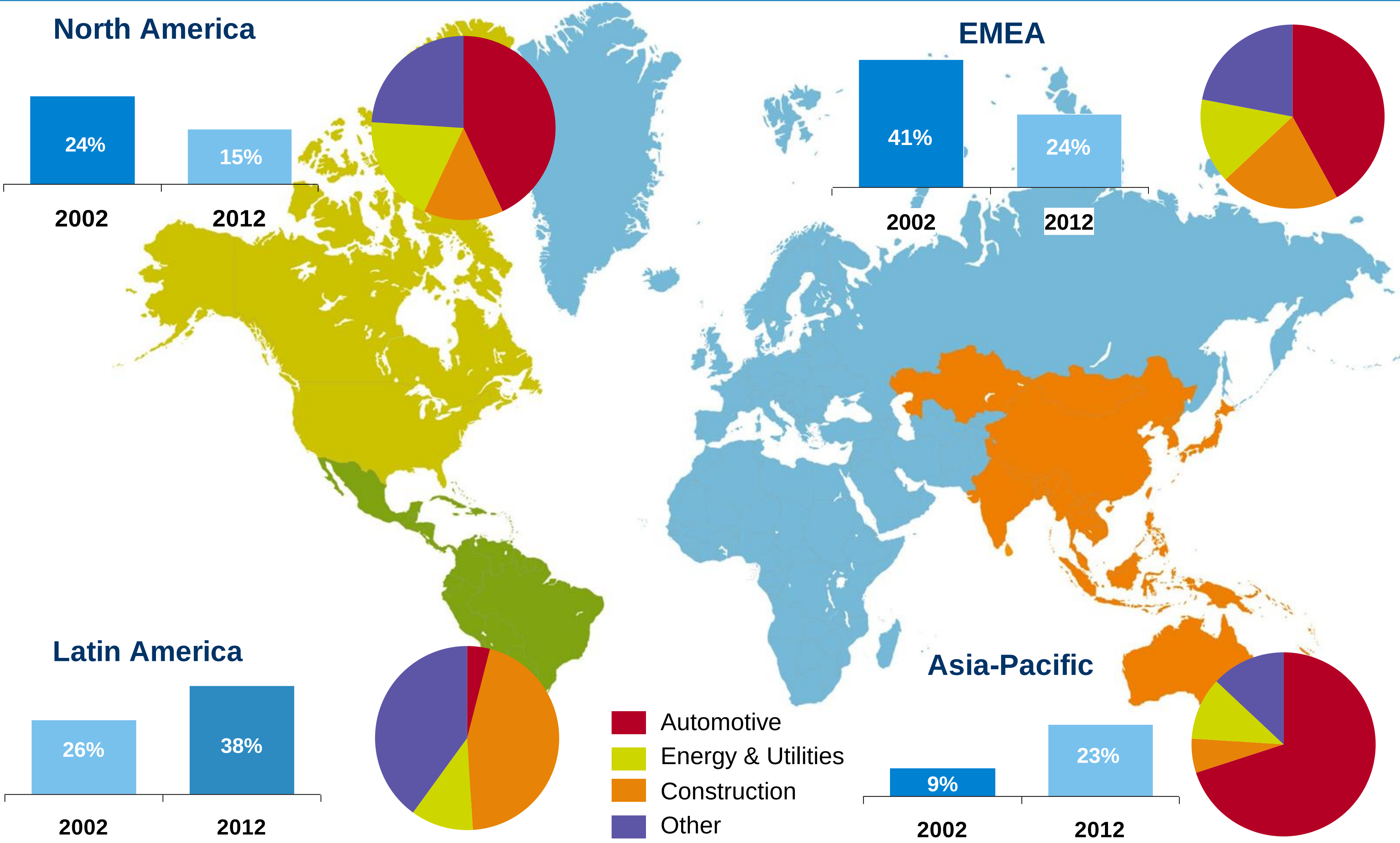


EMEA
North America
Latin America
Asia Pacific

Combined sales



Sales per region and per sector



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Consolidated income statement: key figures

(In mio €)	**2011**	**2012**
Sales	3 340	3 461
Cost of sales	-2 689	-2 982
Gross profit	**651**	**479**
Gross profit margin	19.5%	13.8%

- Sales increase with 3.6% reflects:
  - Organic decline of 10.8% mainly related to collapse of the sawing wire market
  - 9.6% from M&A activities
  - 4.9% positive exchange rate movements
- Gross margin decline fully driven by price and mix effect from sawing wire
- Other business gross margin remained stable in spite of a very competitive global environment

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Consolidated income statement: key figures

(In mio €)	2011	2012
Gross profit	**651**	**479**
Selling expenses	-149	-158
Administration expenses	-134	-134
R&D expenses	-90	-69
Others	3	1
Operating result before non-recurring items (REBIT)	**281**	**118**

- Total SG&A reduced from 11.2% to 10.5% of sales
- Increase in selling expenses reflects inclusion of new businesses (e.g. Chile) and exchange rate movements partly offset by less bad debt provisions and cost savings
- Flat admin expenses as increases from M&A activities and exchange rate movements are offset by cost reduction efforts
- R&D reduction reflects restructuring, mainly in Belgium

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Consolidated income statement: key figures

(In mio €)	2011	2012
Operating result before non-recurring items (REBIT)	**281**	**118**
REBIT margin on sales	8.4%	3.4%
Non-recurring items (*)	8	-167
Operating result (EBIT) (*)	**289**	**-49**
EBIT margin on sales (*)	8.7%	-1.4%
EBITDA (*)	**497**	**275**
EBITDA margin on sales (*)	14.9%	7.9%

- Non recurring costs reflect : i) € -117 million sawing wire impairments and lay off costs; ii) € -65 million other restructuring costs; iii) € -12 million impairments; iv) € -8 million other non recurring and v) € +35 million from inclusion of Chile and divestment of Industrial Coatings
- REBITDA was at 9.6% of sales

(*) 2011: Gain disposal BSF reclassed from other financial income to non-recurring

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Segment reporting: EMEA

(In mio €)	2011	2012	1H2012	2H2012
Consolidated sales	1 169	1 044	557	487
Operating result before non-recurring items (REBIT)	**66**	**63**	**36**	**28**
REBIT margin on sales	5.6%	6.1%	6.4%	5.7%
Non-recurring items (*)	4	-75	-49	-25
Operating result (EBIT) (*)	70	-11	-14	2
Depreciation, amortization and impairment losses	54	79	48	31
EBITDA (*)	**124**	**68**	**34**	**33**
EBITDA margin on sales (*)	10.6%	6.5%	6.2%	6.9%

- Sales decrease of 11% reflects elimination of sawing wire and lower volumes in automotive partly offset by strong sales in lower value added products. Demand in quarter 4 was weak; under weak cycles impact of seasonality is bigger.
- Slight improvement of REBIT margin in spite of weaker product mix reflects the impact of the cost reduction program
- Non-recurring reflects the restructuring in Belgian production sites

(*) 2011: Gain disposal BSF reclassed from other financial income to non-recurring

Segment reporting: North America

(In mio €)	2011	2012	1H2012	2H2012
Consolidated sales	665	659	351	308
Operating result before non-recurring items (REBIT)	**32**	**30**	**21**	**8**
REBIT margin on sales	4.8%	4.5%	6.1%	2.6%
Non-recurring items (*)	11	-14	-14	0
Operating result (EBIT) (*)	43	16	8	8
Depreciation, amortization and impairment losses	14	23	18	5
EBITDA (*)	**58**	**39**	**26**	**13**
EBITDA margin on sales (*)	8.7%	5.9%	7.3%	4.3%

- The 1% sales decline reflects 4% organic decline mainly related to lower volumes, negative effect of M&A (-4%) activities offset by positive exchange rate movements (+7%)
- Profitability in the second half year was negatively impacted by a weaker product mix due to lower volume in automotive (mainly replacement)

(*) 2011: Gain disposal BSF reclassed from other financial income to non-recurring

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Segment reporting: Latin America

(In mio €)	2011	2012	1H2012	2H2012
Consolidated sales	372	812	397	416
Operating result before non-recurring items (REBIT)	**35**	**64**	**29**	**35**
REBIT margin on sales	9.5%	7.8%	7.2%	8.4%
Non-recurring items	0	16	19	-3
Operating result (EBIT)	35	79	47	32
Depreciation, amortization and impairment losses	13	21	10	11
EBITDA	**48**	**100**	**57**	**43**
EBITDA margin on sales	12.9%	12.4%	14.5%	10.3%

- The sales increase reflects the inclusion of Chile combined with an organic growth of 11% driven by very strong volume growth in Peru and higher prices in Venezuela
- Average margin decrease as the Chilean business includes an important trading activity which operates at lower average margins

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Segment reporting: Asia Pacific

(In mio €)	2011	2012	1H2012	2H2012
Consolidated sales	1 134	945	478	468
Operating result before non-recurring items (REBIT)	**224**	**37**	**35**	**2**
REBIT margin on sales	19.8%	3.9%	7.4%	0.4%
Non-recurring items (*)	-6	-70	-18	-52
Operating result (EBIT) (*)	218	-33	18	-50
Depreciation, amortization and impairment losses	130	205	83	122
EBITDA (*)	**348**	**172**	**101**	**71**
EBITDA margin on sales (*)	30.7%	18.2%	21.1%	15.3%

- Sales and REBIT decline reflect the collapse of the sawing wire business
- Second half year profitability was also impacted by increase of bad debt reserve for sawing wire customers and startup losses in the newly acquired businesses
- Non-recurring includes further write-down of sawing wire related assets
- Price decreases in tire cord largely offset by cost reduction programs

(*) 2011: Gain disposal BSF reclassed from other financial income to non-recurring

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Consolidated income statement: key figures

(In mio €)	2011	2012
Operating result (EBIT) (*)	**289**	**-49**
Interest income / expense	-66	-79
Other financial income and expenses (*)	26	-3
Result before taxes	250	-131
Income taxes	-68	-68
Result after taxes (consolidated companies)	**182**	**-199**

- Higher interest costs reflect average higher gross and net debt and a conservative debt profile
- High income taxes in spite of losses. Profits are taxable in the country they are generated while losses in other countries do not create an offset

(*) 2011: Gain disposal BSF reclassed from other financial income to non-recurring

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Consolidated income statement: key figures

(In mio €)	2011	2012
Result after taxes (consolidated companies)	182	-199
Share in the results of JV's and associates	25	10
Result for the period	**207**	**-189**
Attributable to non-controlling interests	15	6
Attributable to the Group	**193**	**-195**

- Lower results from JVs as Chile is part of the consolidated business
- Result for the Group reflects the impact from non-recurring items, the financing cost for the gross debt and high taxes

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Cash flow: key figures

(In mio €)	2011	2012
Gross cash flows from operations	324	205
Cash flows from operations	106	439
Cash flows from investment activities	-185	-81
Cash flows from financing activities	20	-272

- Cash flow from operations: solid cash generation in the business combined with a significant reduction of working capital
- Low capital expenditure as enough capacity is available to supply customers globally

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Working capital: key figures

(In mio €)	2011	January 2012	2012
Inventories	578	667	568
Accounts receivable	861	931	774
Accounts payable	-408	-446	-443
Working capital	1 031	1 152	898

- € 254 million working capital reduction versus beginning of 2012 (including Chile)
- 15% inventory reduction
- Accounts receivable reduction mainly from receivables collection in China in a very competitive environment

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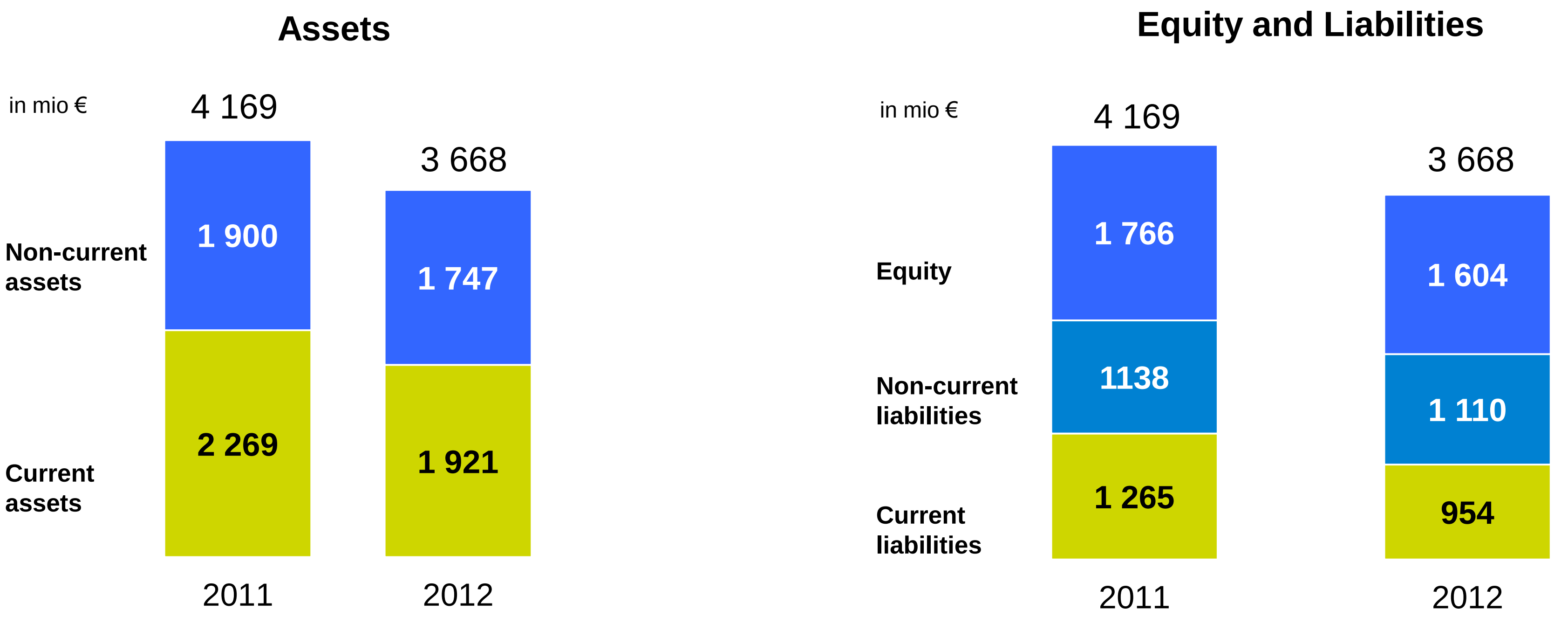
Consolidated balance sheet: key figures



- Reduction of current assets and liabilities reflects the payback of a retail bond for € 150 million
- Reduction of non-current assets reflects impairments and higher depreciation versus investments
- Reduction in equity reflected the losses made

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Balance sheet: key figures

(In mio €)	2011 (*)	2012 (*)
Net financial debt	856	700
Gearing (net debt to equity)	48.5%	43.7%
Net debt / EBITDA	1.7	2.6
Net debt / REBITDA	1.8	2.1

- Net debt reduction due to:
  - Working capital reduction
  - Solid cash generation from the business
  - Limited investment activities
- Gearing remains below our long term target

(*) change in definition introduced in Q1 2012

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Ratios: key figures

	2011	2012
EBITDA margin on sales (*)	14.9%	7.9%
REBIT margin on sales	8.4%	3.4%
EBIT margin on sales (*)	8.7%	-1.4%
Sales on capital employed (asset rotation)	1.4	1.4
Return on capital employed (ROCE) (*)	12.0%	-2.0%
Return on equity (ROE)	12.0%	-11.2%

(*) 2011: Gain disposal BSF reclassed from other financial income to non-recurring

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Key figures per share

(in €)	2011	2012
Share price at 31 December	24.79	21.88
Number of existing shares at 31 December	59 976 198	60 000 942
Earnings per share (EPS)	3.27	-3.30
Weighted average number of shares	58 933 624	59 058 520
Cash flow attributable to the Group	6.78	2.33

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2013 focus areas by region

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.

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Outlook

Restructuring related to the market collapse of sawing wire has been implemented. No turnaround in market conditions is expected.

Bekaert is on track with the implementation of the cost reduction measures.

Tough economic conditions:

- Difficult business environment and no consistent indicators of a global recovery
- Turbulent financial systems result in tight financing for our customers
- Very competitive environment driven by overcapacity and lower demand due to a global economic slowdown
- Limited visibility on market evolutions
- Continued price pressure in key markets

Bekaert expectations:

- Profitability will be impacted by global market environment

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Contact

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

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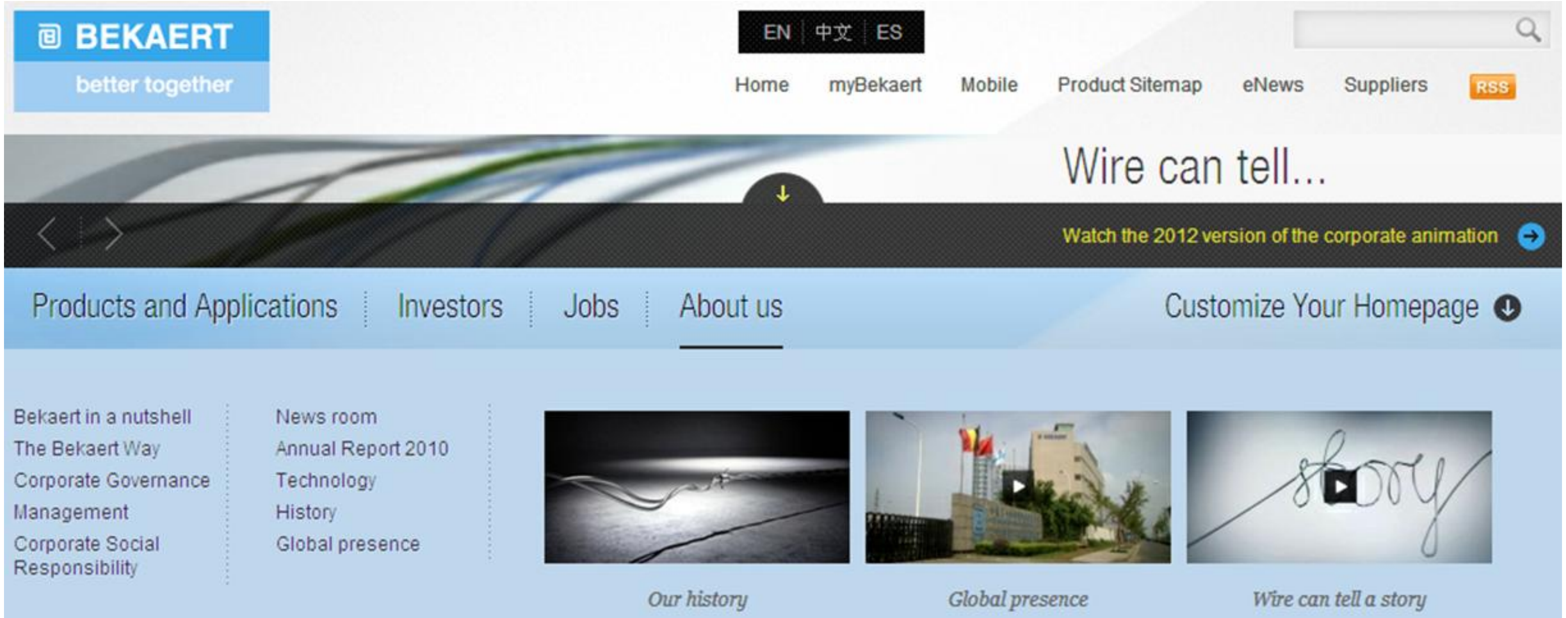

Annual report 2012:

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