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Half year results 2009

31 July 2009

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 2008.

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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- Key challenges & Outlook

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Highlights first half 2009

- Strong performance in Asia Pacific
- Low demand in mature markets
- € 40 million margin impact from decreasing wire rod prices
- 7.2% EBIT margin on sales before non-recurring items

➔ Bekaert results mirror global economic trends

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Results mirror global economic trends

Bekaert maintains solid performance in emerging markets while experiencing volume and price pressure in mature markets

- **EMEA** saw sharp volume decline (-30%) across most of the activity platforms due to overall low economic activity and destocking in the total value chain
- In **North America**, nominal sales decreased even further by 20% reflecting low demand especially in the platforms delivering to automotive and construction markets
- **Latin America** showed lower sales in the Andina region while Brazil saw a gradual recovery of the volume as of April after a very weak start of the year
- **Asia Pacific** saw very solid sales driven by strong market demand after the Chinese New Year. Favorable product mix and positive exchange rate also added to the growth

Business review

- Consolidated sales were only 7.9% down in comparison with the exceptional first semester of 2008

- Increased investments in research and development (+6.7%) versus first semester 2008.

- 7.2% EBIT before non-recurring items:
    - Weak demand
    - Underutilization of capacity
    - € 40 million margin impact from decreasing wire rod prices

  Offset to a major extent by
    - Major cost saving measures on COGS and SG&A
    - Continued good business in high margin product innovations and a good geographical mix

- Strong focus on working capital reduction resulting in good cash generation

- Bekaert continues to report a strong balance sheet

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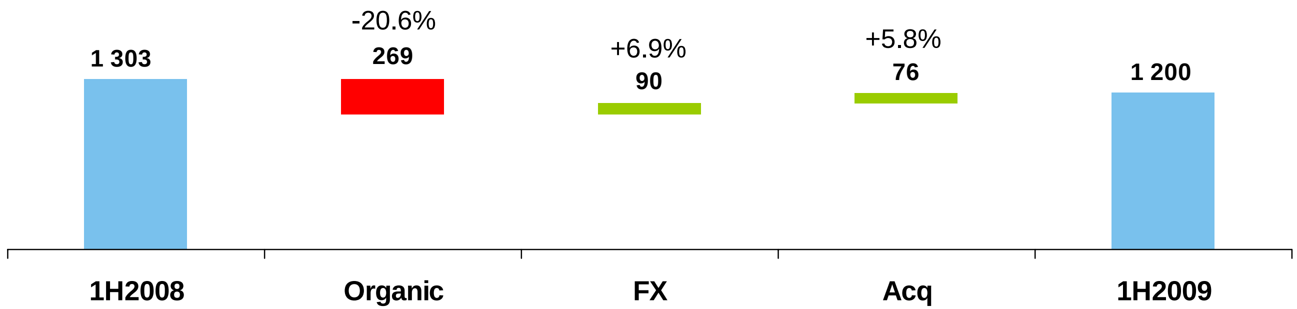
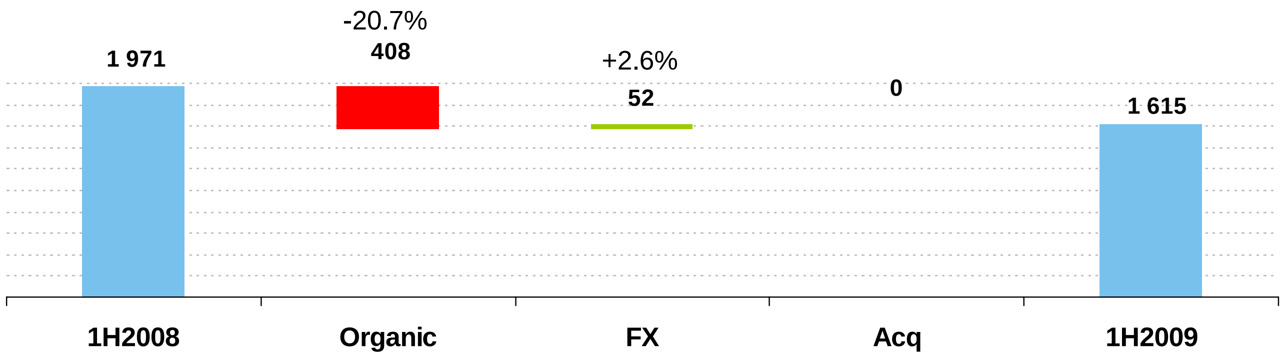
Sales

in mio €

Consolidated



Combined



- Organic sales decline in the mature markets due to weak market demand
- Integration of Prodac (Peru) and Ideal Alambrec (Ecuador) in Latin America
- Positive impact of currency movements

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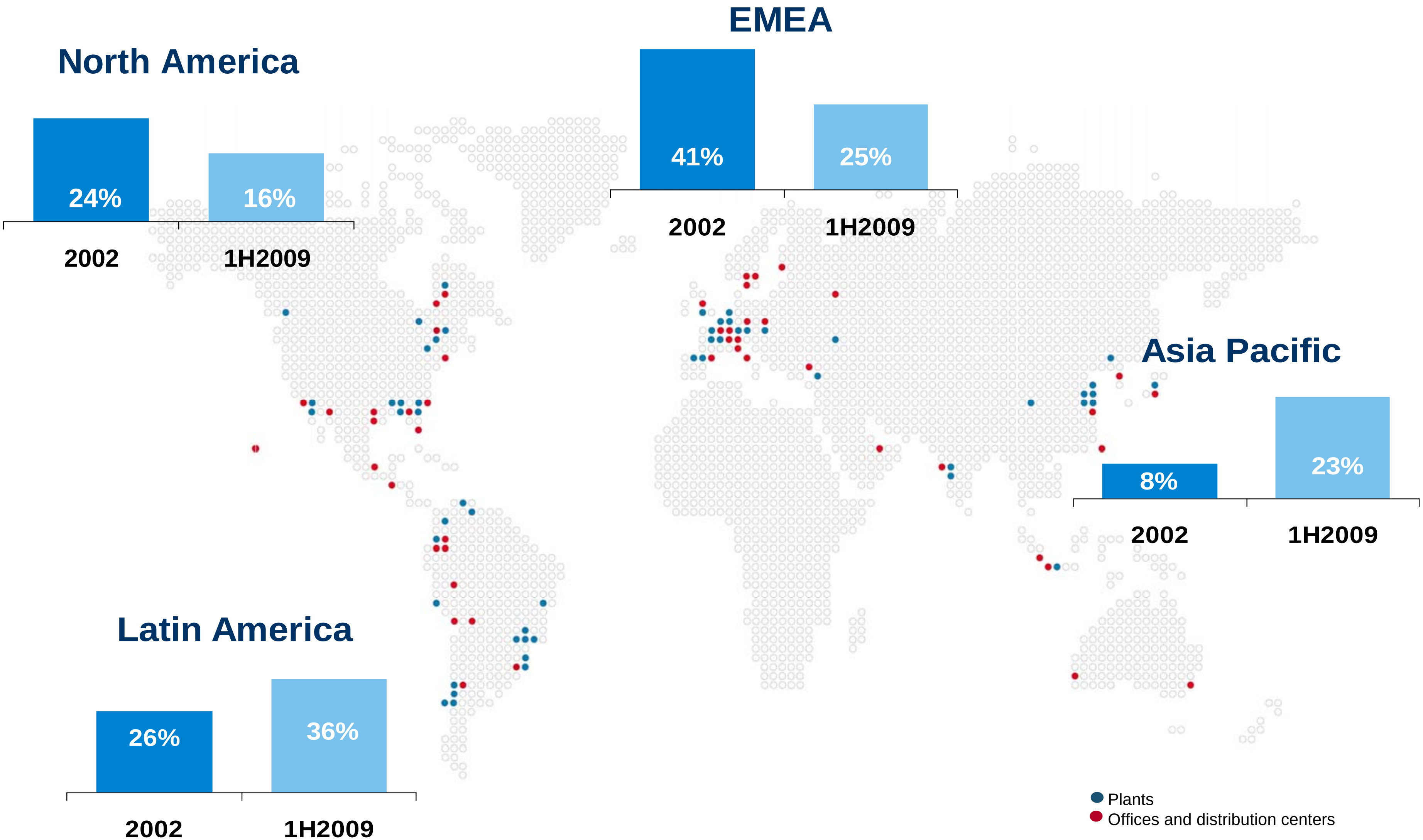
Reinforcing Bekaert's global presence



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Sales by segment

First Half 2009	Consolidated sales		Combined sales	
	In mio €	variance	in mio €	variance
EMEA	410	-33%	407	-33%
North America	263	-9%	259	-10%
Latin America	160	+90%	579	-23%
Asia Pacific	367	+15%	369	+13%
Total	**1 200**	**-8%**	**1 615**	**-18%**

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Address by Bruno Humblet, Chief Financial Officer

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Consolidated income statement : key figures

(in mio €)	1H 2008	1H 2009
Sales	1 303	1 200
Cost of sales	-995	-973
Gross profit	308	227
Gross profit margin	23.6%	18.9%

- Sales decrease of 7.9% reflects;
  - Organic decline of 20.6% due to very weak demand in mature markets
  - Integration of Peru and Ecuador adding 5.8%
  - Positive exchange rate impact contributing 6.9%

- Gross margin reduction reflects:
  - One time negative impact of declining wire rod prices for €40 mio
  - Overall low activity level reflecting weak demand
  - Partly offset by major effort on cost saving

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Consolidated income statement : key figures

(in mio €)	1H 2008	1H 2009
Gross profit	308	227
Selling expenses	-59	-53
Administrative expenses	-53	-57
R&D expenses	-33	-35
Others	0	4
Operating result (EBIT) before non-recurring items	163	86

- Selling expenses decrease reflect a reduction in the mature markets. The increase due to the integration of Peru/Ecuador and the effect of exchange rates is offset by the release of some specific provisions for bad debt in China.
- Admin expenses increase due to integration of Peru/Ecuador and the effect of exchange rates. Savings in mature markets are offset as we strengthened the team in Asia.
- Continued investment in R&D with a further increase of the efforts in China.

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Consolidated income statement: key figures

(in mio €)	1H 2008	1H 2009
Operating result before non-recurring items (REBIT)	163	86
EBIT margin on sales before non-recurring items	12.5%	7.2%
Non-recurring items	-18	-7
Operating result (EBIT)	145	79
EBIT margin on sales	11.2%	6.6%
EBITDA	225	145
EBITDA margin on sales	17.3%	12.1%

- REBIT margin of 7.2% reflects the positive impact on our product mix due to innovative products but is negatively impacted by the low occupation rate and the one time effect of decreasing wire rod prices
- Non-recurring items reflect the overflow of projects announced last year.
- EBIT margin at 6.6% slightly below our long term target

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Segment reporting: EMEA

(in mio €)	1H 2008	1H 2009
Consolidated sales	612	410
Operating result before non-recurring items (REBIT)	53	-21
REBIT margin on sales	8.6%	-5.0%
Non-recurring items	-17	-6
Operating result (EBIT)	36	-27
Depreciation, amortization and impairment losses	39	27
EBITDA	75	0
EBITDA margin on sales	12.3%	0.0%

- Sales reduction of 33% reflects the very weak demand mainly in automotive and construction segments.
- Excluding the impact of decreasing wire rod prices, EBIT would be breakeven
- Low activity levels also had a major impact on profitability

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Segment reporting: North America

(in mio €)	1H 2008	1H 2009
Consolidated sales	289	263
Operating result before non-recurring items (REBIT)	21	-5
REBIT margin on sales	7.3%	-1.7%
Non-recurring items	1	0
Operating result (EBIT)	22	-5
Depreciation, amortization and impairment losses	8	9
EBITDA	30	4
EBITDA margin on sales	10.4%	1.5%

- Sales decrease of 9% is driven by 20% lower volumes, partly offset by a positive effect of currency movements
- Weak volume mainly in the automotive and the construction markets
- Excluding the impact of decreasing wire rod prices, EBIT would be breakeven

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Segment reporting: Latin America

(in mio €)	1H 2008	1H 2009
Consolidated sales	84	160
Operating result before non-recurring items (REBIT)	11	9
REBIT margin on sales	12.9%	5.3%
Non-recurring items	0	-1
Operating result (EBIT)	11	8
Depreciation, amortization and impairment losses	2	4
EBITDA	13	12
EBITDA margin on sales	14.9%	7.8%

- Sales growth reflects the integration of Peru/Ecuador
- Margin reduction mainly due to lower volume across all Andina countries

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Segment reporting: Asia Pacific

(in mio €)	1H 2008	1H 2009
Consolidated sales	318	367
Operating result before non-recurring items (REBIT)	107	128
REBIT margin on sales	33.5%	34.9%
Non-recurring items	0	0
Operating result (EBIT)	107	128
Depreciation, amortization and impairment losses	31	29
EBITDA	137	157
EBITDA margin on sales	43.2%	42.9%

- Sales increase of 15% reflects the positive impact of exchange rates
- Strong market demand as of March after a very weak start of the year
- Healthy margins reflect the good product mix due to innovative products combined with our strong position in growing markets

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Consolidated income statement: key figures

(in mio €)	1H 2008	1H 2009
Operating result (EBIT)	145	79
Interest income/expense	-17	-27
Other financial result	-5	-3
Result from continuing operations before taxes	123	48
Income taxes	-26	-13
Result from continuing operations (consolidated companies)	97	35

- Higher interest cost due to higher average net debt and slightly higher interest rates
- Lower taxes due to lower profitability
- Tax rate increased due to losses in mature markets

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Consolidated income statement: key figures

(in mio €)	1H 2008	1H 2009
Result from continuing operations (consolidated companies)	97	35
Share in the results of JV's and associates	36	17
Result for the period	133	52
Minority interests	7	8
Attributable to the Group	126	44

- Lower result in the JV's due to a weak start in Brazil and Chile but market demand is gradually increasing
- Peru/Ecuador are no longer recorded as JV's
- Result for the Group at 3.7% in spite of the very difficult market conditions and one time impact of the sharp reduction of wire rod prices

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Cash flow: key figures

(in mio €)	1H 2008	1H 2009
Gross cash from operations	211	105
Net cash from operations	44	226
Cash from investment activities	-63	-73
Cash from financing activities	77	-124

- Increased net cash from operations reflects the significant reduction in working capital
- The impact of lower capital investments was more than offset by less dividends received from the JV's resulting in higher negative cash from investment activities
- Negative cash from financing activities as we are holding more cash

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Working capital: key figures

(in mio €)	1H 2008	1H 2009
Inventories	474	393
Accounts receivable	550	514
Accounts payable	-372	-297
Working capital	652	611

- Strong reduction of working capital in spite of a very weak demand
- Inventory reduction partly helped by lower wire rod prices
- Close follow up on accounts receivable in all regions

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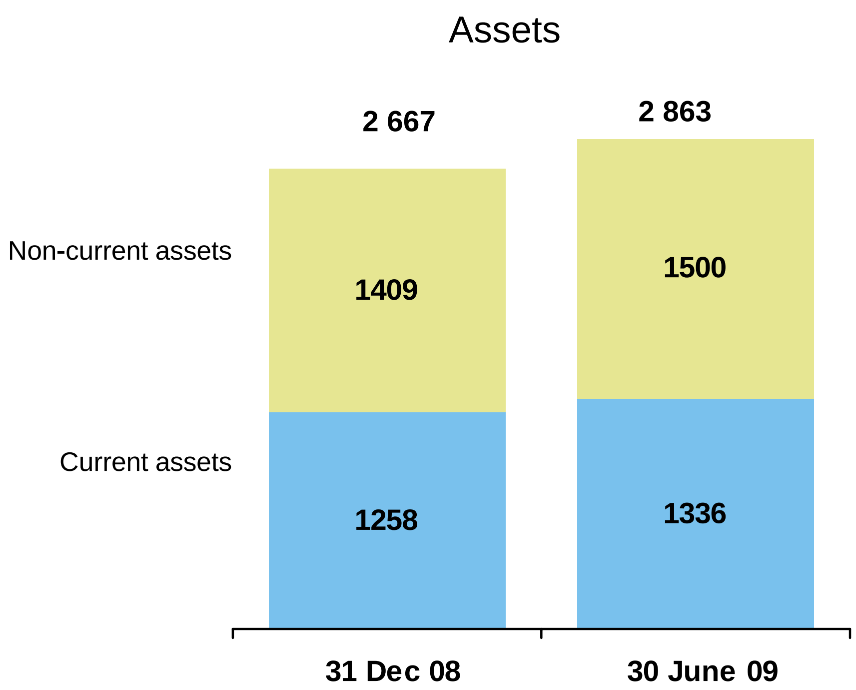
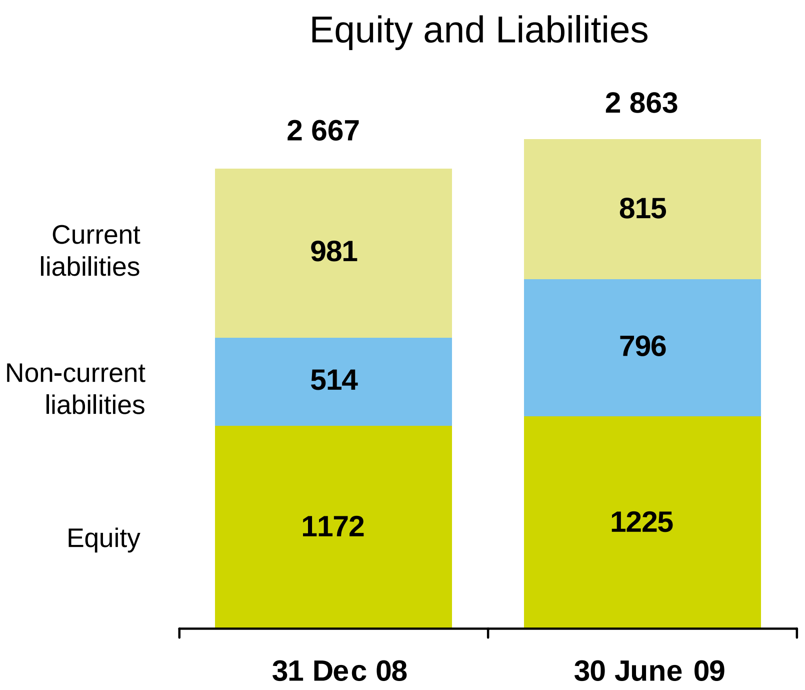
Consolidated balance sheet: key figures





- Increase in non current assets mainly due to PP&E and inclusion of Peru/Ecuador
- Current assets increase due to high level of cash which more than offsets the reduction in inventory
- Increase in non-current liabilities due to issuing of retail bond

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Balance sheet: key figures

(in mio €)	1H 2008	1H 2009
Net financial debt	534	622
Gearing (net debt to equity)	44.8%	50.7%

- Higher net debt versus same period last year, reflecting last year's investment program
- Net debt slightly reduced versus Dec 31st 2008
- Gearing remains in line with our long term target

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Ratios: key figures

(in mio €)	1H 2008	1H 2009
EBITDA on sales	17.3%	12.1%
EBIT margin on sales before non-recurring items	12.5%	7.2%
EBIT on sales	11.2%	6.6%
Sales on capital employed (asset rotation)	1.6	1.3
Return on capital employed	18.0%	8.5%
Return on equity	22.8%	8.7%

- Most ratio's are below our long-term target.
- Taking into account the specific global economic situation and one time items, these margins show a healthy underlying business

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Key figures per share

In €	1H 2008	1H 2009
Share price at 30 June	98.05	73.21
Number of existing shares at 30 June	19 670 000	19 783 625
Book value	60.55	61.93
Result for the period attributable to the Group	6.40	2.24
Weighted average number of shares	19 692 333	19 728 625
Cash flow attributable to the Group	10.46	5.60

- No share buy back done in the first half of 2009

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Outlook

- In line with earlier guidance, market visibility remains limited, especially in the mature markets.

- Raw materials price indices point towards stabilization
  - No further negative margin effect expected;
  - Substantially lower material prices year-on-year will have a corresponding impact on the sales of the second half year.

- Strategic importance of a strong presence in emerging markets, as well as growing portfolio of product innovations and strong balance sheet

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Financial calendar

Third quarter trading update 2009	13	November	2009
2009 results	26	February	2010
2009 annual report available on internet	31	March	2010
First quarter trading update 2010	12	May	2010
General meeting of shareholders	12	May	2010
Dividend payable (coupon nr. 11)	19	May	2010
2010 half year results	30	July	2010

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