Bekaert First Half 2017 Results

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Bekaert achieves strong sales and profits in H1 2017

- Consolidated sales of € 2.1 billion (+15%) and combined sales of € 2.4 billion (+14%)
- Underlying gross profit of € 382 million (18% margin) compared with € 347 million (19% margin)
- Underlying EBIT of € 176 million (8.4% margin) compared with € 157 million (8.6% margin)
- EBIT of € 197 million (9.4% margin) compared with € 143 million (7.9% margin)
- Underlying EBITDA of € 277 million (13.2% margin) compared with € 259 million (14.2%)
- EBITDA of € 297 million (14.2% margin) compared with € 242 million (13.3% margin)
- ROCE of 13.1% compared with 12.7% (underlying) and 14.6% versus 11.6% (reported)
- Net debt of € 1 230 million. Net debt on underlying EBITDA was 2.2, unchanged from the same period last year and slightly up from 2.1 at year-end 2016.
- EPS: € 1.53 compared with € 0.59

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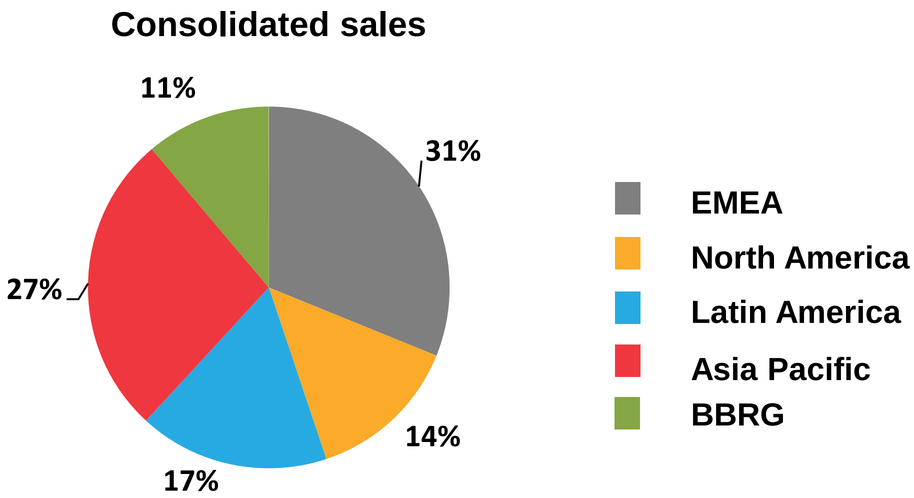
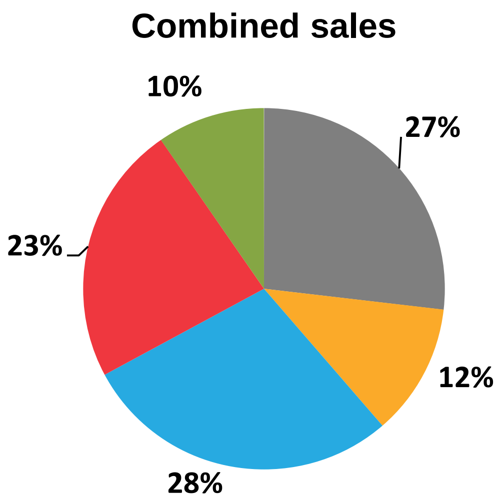
Sales per segment first half 2017: consolidated and combined

1st half 2017	Consolidated sales		Combined sales	
	in millions of €	variance	in millions of €	variance
EMEA	653	+7%	646	+6%
North America	287	+9%	287	+9%
Latin America	356	+8%	692	+9%
Asia Pacific	565	+9%	565	+9%
BBRG	234	+130%	234	+131%
Total	**2 095**	**+15%**	**2 424**	**+14%**





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Bekaert achieves strong sales and profits in H1 2017

Record first half consolidated sales: € 2 095 million, up 15% from H1 2016

- strong organic sales: +6.5%
- M&A: +6.5%
- favorable currency movements: +2%

Consolidated sales	1H 2016	1H 2017	Share	Variance	Organic	FX	M&A
EMEA	608	653	31%	+7%	+7%	-	-
North America	264	287	14%	+9%	+6%	+3%	-
Latin America	328	356	17%	+8%	+1%	+8%	-
Asia Pacific	517	565	27%	+9%	+10%	-1%	-
BBRG	102	234	11%	+130%	+7%	+4%	+119%
Total	**1 819**	**2 095**	**100%**	**+15%**	**+6.5%**	**+2%**	**+6.5%**

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Bekaert achieves strong sales and profits in H1 2017

Underlying EBIT: € 176 million, up 12% at a margin of 8.4%

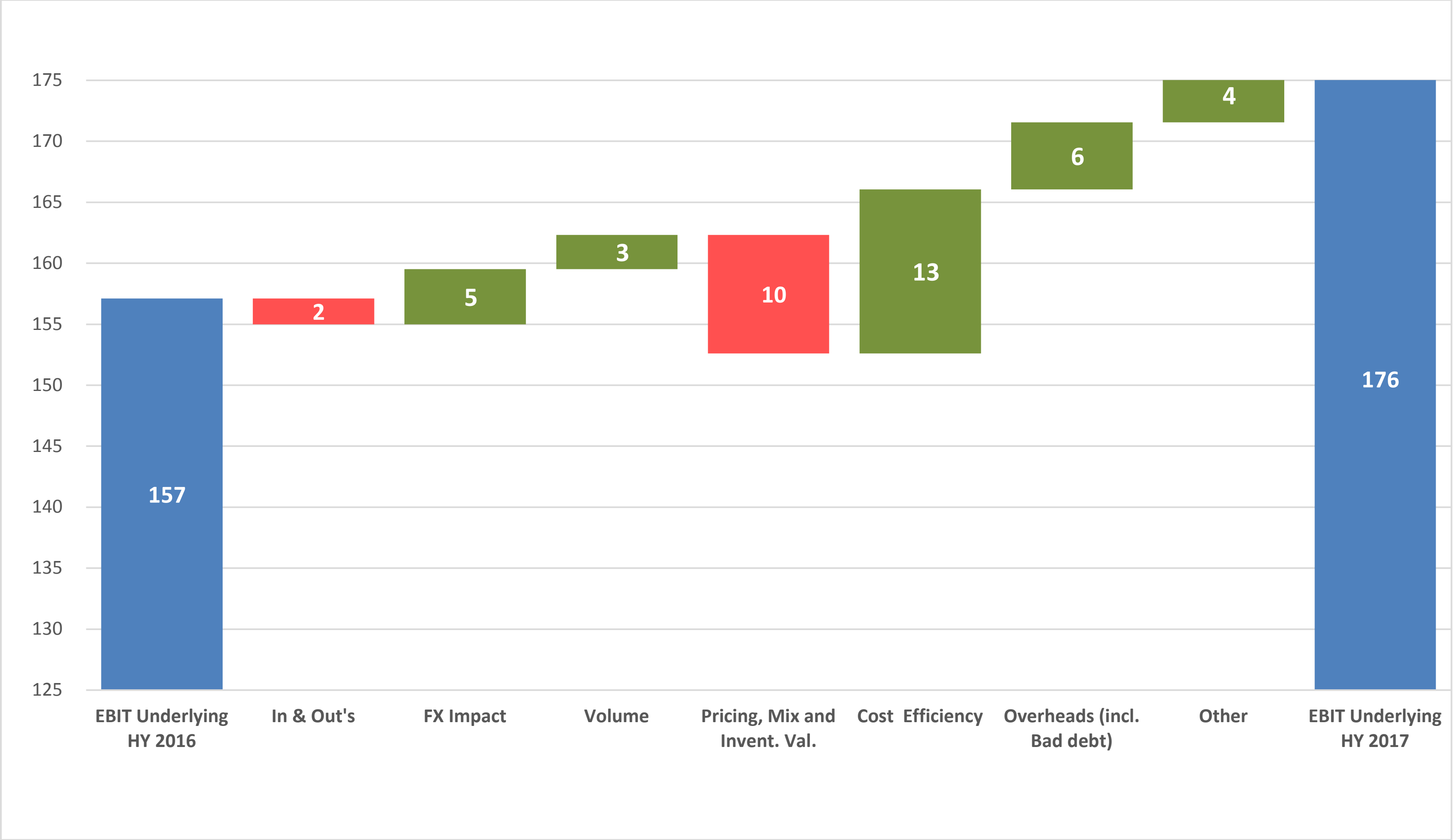
The main factors contributing to the strong performance in H1 2017 were:

- \+ firm demand from automotive, industrial steel wire and construction markets;
- \+ turn-around in profitability in North America;
- \+ incremental benefits from the transformation programs which all focus on creating value.

The margin was slightly down from 8.6% in H12016 due to:

- \- the incorporation of the Bridon activities at lower than average margins;
- \- increased difficulty in passing on wire rod price increases to customers;
- \- a deterioration of Latin American markets due to political and economic instability;
- \- tailing off demand at the end of Q2 due to stock reduction actions.

EBIT-underlying bridge



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Notes

- In accordance with ESMA guidance on non-GAAP measures, terminology has been adapted to indicate clearly the difference in measures used; what was called “REBIT” formerly, is now referred to as “underlying EBIT”.

- One-off items, formerly called ‘non-recurring items’ are presented by function (cost of sales, selling, administrative, R&D).

Consolidated income statement: key figures

(in mio €)	Underlying 1H 2016	Underlying 1H 2017	Reported 1H 2016	Reported 1H 2017
Sales	1 819	2 095	1 819	2 095
Cost of sales	-1 472	-1 714	-1 478	-1 717
Gross profit	**347**	**382**	**341**	**378**

- Sales growth of 15 % reflecting:
  - +1 % organic volume growth
  - +5.5 % net of passed-on higher wire rod prices and price-mix
  - +6.5 % incremental sales from the Bridon merger
  - +2% positive impact of exchange rate movements.

- Gross Profit growth of € 35 million (+10%) resulting in a margin of 18.2%, mainly reflecting
  - The contribution of last year's merger with Bridon : +€ 23 million
  - And the impact from exchange rates : +€ 12 million

Consolidated income statement: key figures

(in mio €)	Underlying 1H 2016	Underlying 1H 2017	Reported 1H 2016	Reported 1H 2017
Gross profit	**347**	**382**	**341**	**378**
Selling expenses	-83	-95	-83	-95
Administrative expenses	-73	-80	-80	-81
R&D expenses	-32	-32	-31	-32
Other operating revenue and expenses	-3	2	-4	27
EBIT	**157**	**176**	**143**	**197**

- Overheads as a percentage on sales dropped from 10.3% to 9.9%
- The increase in selling expenses (€ 12.8 million) reflects to a large extent the impact of M&A (€ 9.4 million) and adverse FX effects (€ 1.8 million), partly offset by a net reversal in bad debt allowances (€ -2.6 million).
- The administrative expenses increased by almost € 8 million; the increase stems from the impact of M&A (€ 14.6 million), partially offset by the fact that last year included some one-off items (€ 7.0 million) and by cost control measures in the current year.
- The small increase in the R&D expenses was M&A-related.
- Reported other operating results increased by € 30.6 million, mainly reflecting the result on the divestment of 55.5% of the shares in the formerly wholly-owned subsidiary in Sumaré (€ 25.1 million) (*)

(*) *The final result is lower than the initial estimate communicated at the transaction date due to a consolidation adjustment relating to the fair valuation of the retained interest and due to variances between estimated and actual net assets disposed.*

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Consolidated income statement: key figures

(in mio €)	Underlying		Reported	
	1H 2016	1H 2017	1H 2016	1H 2017
EBIT	157	176	143	197
EBIT margin	8.6%	8.4%	7.9%	9.4%
EBITDA	259	277	242	297
EBITDA margin	14.2%	13.2%	13.3%	14.2%
ROCE	12.7%	13.1%	11.6%	14.6%

Underlying EBIT :

- Underlying EBIT increased by € 19 million (up 12%) to € 176 million at a margin of 8.4%, despite the integration of the Bridon activities
- Depreciation and amortization remain at a level of € 100 million on a half year basis.
- ROCE increased to 13.1 % driven by the increase in the underlying EBIT (Capital Employed of the Bridon merger already reflected in the balance sheet of half year 2016).

EBIT :

- EBIT includes a € 25.1 million result on the divestment of 55.5% of the shares in the formerly wholly-owned subsidiary in Sumaré, partly offset by expenses related to previously announced restructuring programs (€ 4.1 million).

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Segment reporting: EMEA

(in mio €)	Underlying		Reported	
	1H 2016	1H 2017	1H 2016	1H 2017
Consolidated sales	608	653	608	653
EBIT	81	81	74	80
EBIT margin	13.3%	12.3%	12.1%	12.3%
Depreciation, amortization and impairment losses	30	31	30	31
EBITDA	111	111	104	111
EBITDA margin	18.2%	17.1%	17.1%	17.0%
ROCE	24.8%	24.1%	22.6%	23.9%

- Sales increase of 7.4%, resulting from an organic volume growth (+4.0%), a small positive currency impact (+0.3%) and the aggregate of price/mix effects and higher wire rod prices (+3.2%).
- Strong sales with volume increases in all segments except Specialty Wires.
- Underlying EBIT margin at the 2016 full year level.

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Segment reporting: North America

(in mio €)	Underlying		Reported	
	1H 2016	**1H 2017**	**1H 2016**	**1H 2017**
Consolidated sales	264	287	264	287
EBIT	13	21	13	21
EBIT margin	5.0%	7.2%	5.0%	7.2%
Depreciation, amortization and impairment losses	6	7	6	7
EBITDA	19	28	19	28
EBITDA margin	7.4%	9.6%	7.4%	9.6%
ROCE	12.7%	17.9%	12.7%	17.9%

- Sales increased by 8.7%, mainly due the aggregate of price/mix effects and higher wire rod prices (+4.5%) and a positive currency impact (+3.0%), while the organic volume growth was modest (+ 1.1%).
- Strong increase in EBIT, especially in Rubber Reinforcement and Specialty Wires.
- As a result, the margin on sales increased to 7.2% and ROCE improved significantly to 17.9%.

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Segment reporting: Latin America

(in mio €)	Underlying		Reported	
	1H 2016	1H 2017	1H 2016	1H 2017
Consolidated sales	328	356	328	356
EBIT	33	28	32	54
EBIT margin	9.9%	8.0%	9.9%	15.1%
Depreciation, amortization and impairment losses	13	11	13	11
EBITDA	45	40	45	65
EBITDA margin	13.8%	11.1%	13.7%	18.2%
ROCE	16.3%	16.9%	16.2%	32.1%

- Sales increased by 8.4% as a result of currency impacts (+7.6%), and the aggregate of price/mix effects and higher wire rod prices (+3.3%), while volume was 2.5% down.
- Weaker EBIT reflecting the overall economical and political uncertainties and increased price pressure due to imports benefiting from stronger currencies.
- Reported EBIT includes the result on the divestment of 55.5% shares in the Sumaré plant in Brazil.
- Underlying ROCE improved to 16.9%.

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Segment reporting: Asia Pacific

(in mio €)	Underlying		Reported	
	1H 2016	1H 2017	1H 2016	1H 2017
Consolidated sales	517	565	517	565
EBIT	58	61	58	57
EBIT margin	11.1%	10.7%	11.3%	10.1%
Depreciation, amortization and impairment losses	51	47	50	47
EBITDA	108	108	108	105
EBITDA margin	21.0%	19.0%	20.9%	18.5%
ROCE	11.4%	12.5%	11.6%	11.7%

- Sales increase of 9.3% resulting from the aggregate of price/mix effects and higher wire rod prices (+9.9%) and a small adverse FX impact (-0.6%), while volume was at the strong level of last year thanks to an extremely strong first quarter.
- Underlying EBIT improved with € 3 million and reached € 61 million,
- Reported EBIT included restructuring expenses relating to the Huizhou plant closure in China (€ 2.7 million) and to the change in manufacturing footprint in Malaysia (€ 0.8 million).

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Segment reporting: BBRG

(in mio €)	Underlying		Reported	
	1H 2016	1H 2017	1H 2016	1H 2017
Consolidated sales	102	234	102	234
EBIT	10	11	2	11
EBIT margin	9.6%	4.7%	2.3%	4.5%
Depreciation, amortization and impairment losses	7	11	5	11
EBITDA	16	22	8	21
EBITDA margin	16.2%	9.4%	7.6%	9.1%
ROCE	8.3%	4.3%	2.0%	4.1%

- The 1H 2016 numbers did not include the Bridon entities.
- Sales increase of 130%, predominantly as a result of the incorporation of the Bridon entities (119%), volume growth in the former Bekaert entities (+9%), favorable currency impacts (+4%) and the aggregate of price/mix effects and higher wire rod prices (-2%).
- Weak results (EBIT, EBITDA, ROCE) reflect the difficult conditions in the Steel Ropes markets (mainly Oil & Gas). Advanced Cords continued to perform strongly.

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Consolidated income statement: key figures

(in mio €)	1H 2016	1H 2017
EBIT	**143**	**197**
Interest income / expense	(28)	(41)
Other financial income and expenses	(53)	(35)
Result before taxes	62	120
Income taxes	(33)	(42)
Result after taxes (consolidated companies)	**30**	**78**

- Higher net interest expense mainly due to the net debt incurred at the Bridon merger transaction.
- Other financial results were negatively affected by the adjustment in fair value of the conversion option embedded in the convertible bonds (both the previous and the new one) (€ -20.6 million in 2017 vs € -41.6 million in 2016).
- Higher income tax expense reflecting on the one hand the improved operating result (€- 1.5 million) and on the other hand higher withholding and deferred taxes.

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Consolidated income statement: key figures

(in mio €)	1H 2016	1H 2017
Result after taxes (consolidated companies)	30	78
Share in the results of joint ventures and associates	13	9
Result for the period	**42**	**88**
Attributable to non-controlling interests	9	1
Attributable to the Group	**33**	**87**

- Lower results in the Brazilian joint ventures
- Results attributable to non-controlling interests reflects the lower profitability in the companies where minority stakes are held by third parties; this relates mainly to the companies in Chile and Peru and to BBRG.

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Cash flow: key figures

(in mio €)	1H 2016	1H 2017
Gross cash flows from operations	201	205
Cash flows from operations	115	6
Cash flows from investment activities	(1)	(81)
Cash flows from financing activities	(51)	17

- The improved operational performance reflected in Gross cash flows from operations was almost entirely offset by higher pay-outs for provisions and employee benefit obligations and income taxes.
- The resulting cash generation was completely absorbed by higher working capital levels compared to last year-end.
- Capital expenditure more than doubled compared to last year, Cash flows from investment activities somewhat tempered by the proceeds from the Sumaré transaction.
- Gross financial debt increased by approx. € 100 million since year-end 2016.

Working capital: key figures

(in mio €)	1H 2016	Year-end 2016	1H 2017
Inventories	689	724	783
Accounts receivable	941	819	918
Accounts payable	(661)	(701)	(715)
Working capital	968	843	985

- The increase in Working Capital by € 142 million was mainly in the outstanding accounts receivable balances (+ € 138 million organic increase)
- Currency movements had a lowering effect on Working Capital by € -47 million
- Average working capital on sales at 21.8%, down from 22.6% at year-end 2016.

Consolidated balance sheet: key figures

(in mio €)	Year-end 2016	1H 2017
Non-current assets	2 137	2 092
Current assets	2 168	2 173
Total assets	4 304	4 265
Equity	1 598	1 506
Non-current liabilities	1 504	1 483
Current liabilities	1 202	1 276
Total equity and liabilities	4 304	4 265

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Balance sheet: key figures

(in mio €)	1H 2016	**Year-end 2016**	**1H 2017**
Net financial debt	1 148	1 068	1 230
Gearing (net debt to equity)	76.9%	66.8%	81.7%
Net debt on EBITDA (underlying)	2.2	2.1	2.2
Net debt on EBITDA (reported)	2.4	2.2	2.1

- Gearing further increased due to the increase in net debt.
- Net debt on underlying EBITDA remained flat while net debt on reported EBITDA slightly improved.

Ratios: key figures

	Underlying		Reported	
	1H 2016	1H 2017	1H 2016	1H 2017
Gross profit margin	19.1%	18.2%	18.7%	18.1%
EBITDA margin	14.2%	13.2%	13.3%	14.2%
EBIT margin	8.6%	8.4%	7.9%	9.4%
Sales on capital employed (asset rotation)	1.5	1.6	1.5	1.6
Return on capital employed (ROCE)	12.7%	13.1%	11.6%	14.6%
Return on equity (ROE)			5.7%	11.3%

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Moving forward

Developments - Actions - Outlook

We see continued positive opportunities in the near future arising from:

- the underlying strength and growth perspectives in the automotive sector;
- the margin improvement actions in Bridon-Bekaert Ropes Group;
- the confidence we have in the effectiveness of our improvement actions in North America;
- investments to expand and upgrade production capacity. We intend to invest € 250 million in property, plant and equipment in FY 2017, around € 100 million higher than last year;
- the growing impact of our transformation programs as they increase in speed and scope across the organization.

Developments and Actions

On the downside, the recent integration of the Sumaré activities into the ArcelorMittal-Bekaert joint venture partnership in Brazil and the projected normal seasonality of the second half of the year will have an impact on results.

We also remain cautious about:

- fast changing raw materials price trends;
- the lack of signs of improvement in oil and gas markets in the short term;
- market developments in North America due to the uncertainty arising from US Trade and other policies;
- the continued difficult economic and political environment in Latin America;
- the effects of changes to feed-in tariffs and the technology shift in solar markets in China.

Outlook

We reiterate our view that we will broadly repeat in 2017 our underlying absolute EBIT of 2016.

We remain confident about our underlying strategy and the impact of our transformation actions, and believe that these will allow us to move towards a 10% margin over the coming years.

Our transformation journey - update

Our transformation journey includes:

BeCare
No harm to anyone @Bekaert

BMS
Install manufacturing excellence

a manufacturing excellence program aimed at gaining competitiveness by improving the company's safety, quality, delivery performance and productivity;

BCE
Drive customer excellence

a customer excellence program to drive growth and margin performance;

Supply Chain
Supply Chain Management

a supply chain excellence program to improve our planning and inventory management capability;

Fit for Growth
From good to great to best in class

and a global program aimed at building business capabilities to enable the growth ambitions of the Group.

> We will increase spend during the second half in some areas of our transformation program as we invest to enable further improvement of our core capabilities, greater efficiency and speed, and prepare the business for further growth.

New Appointment
Bekaert Group Executive

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Rajita D’Souza - Chief Human Resources Officer

Rajita D’Souza will join Bekaert on 1 September 2017 as our new Chief Human Resources Officer and will be a member of the Bekaert Group Executive.

Rajita is an Indian national who joins us from The Goodyear Tire and Rubber Company, where she has been Vice President Human Resources for EMEA over the past 6 years. Throughout her career so far, Rajita has worked in various HR leadership positions with increasing responsibility and scope, in global companies like General Electric, SABIC and Goodyear.

During this period, she has worked and lived with her family in India, The United Kingdom, The United States, Spain, The Netherlands, and Belgium.

Rajita brings with her a wealth of operational and strategic HR experience which will be very valuable, as we continue on the transformational journey of our company.

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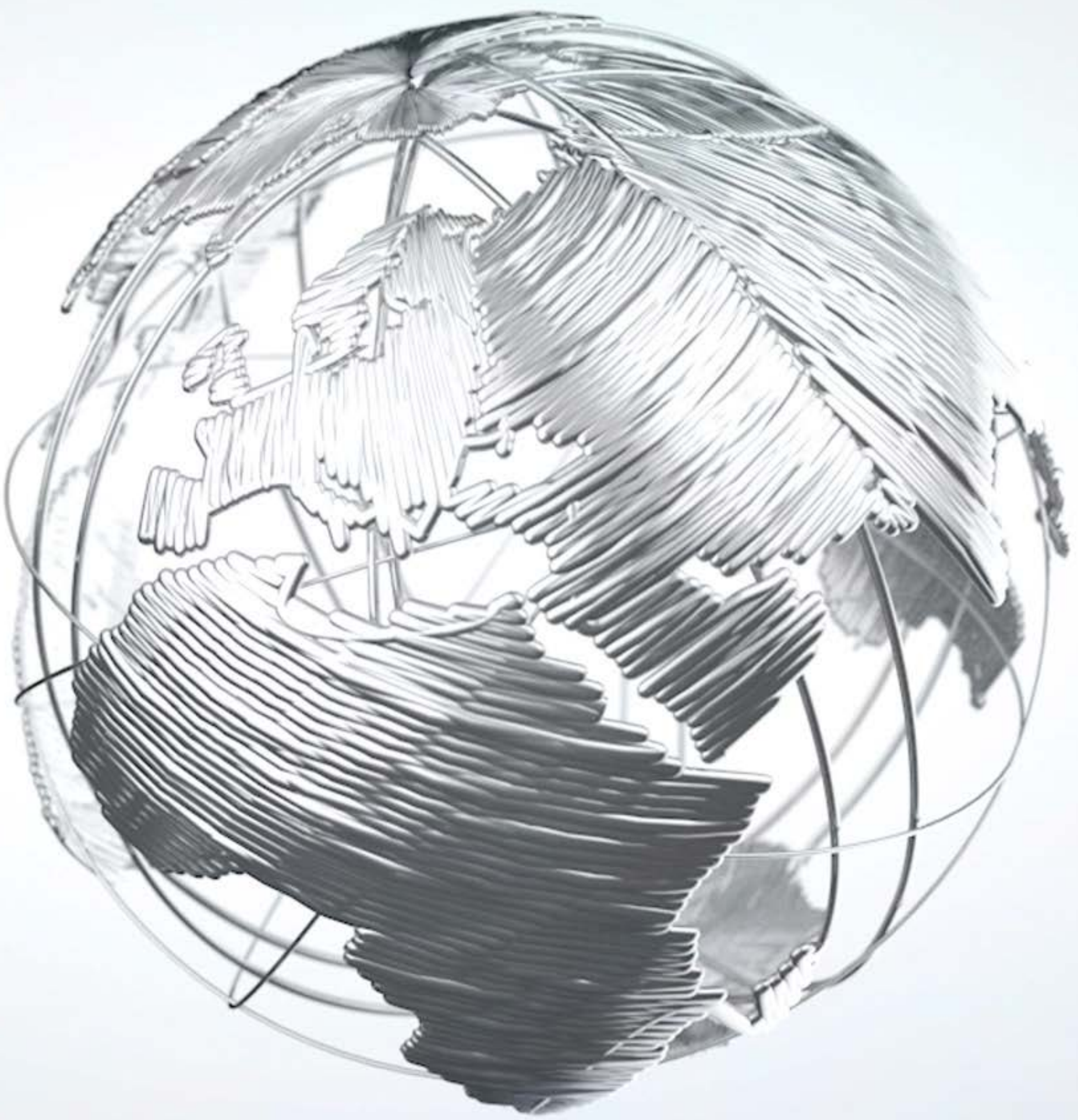

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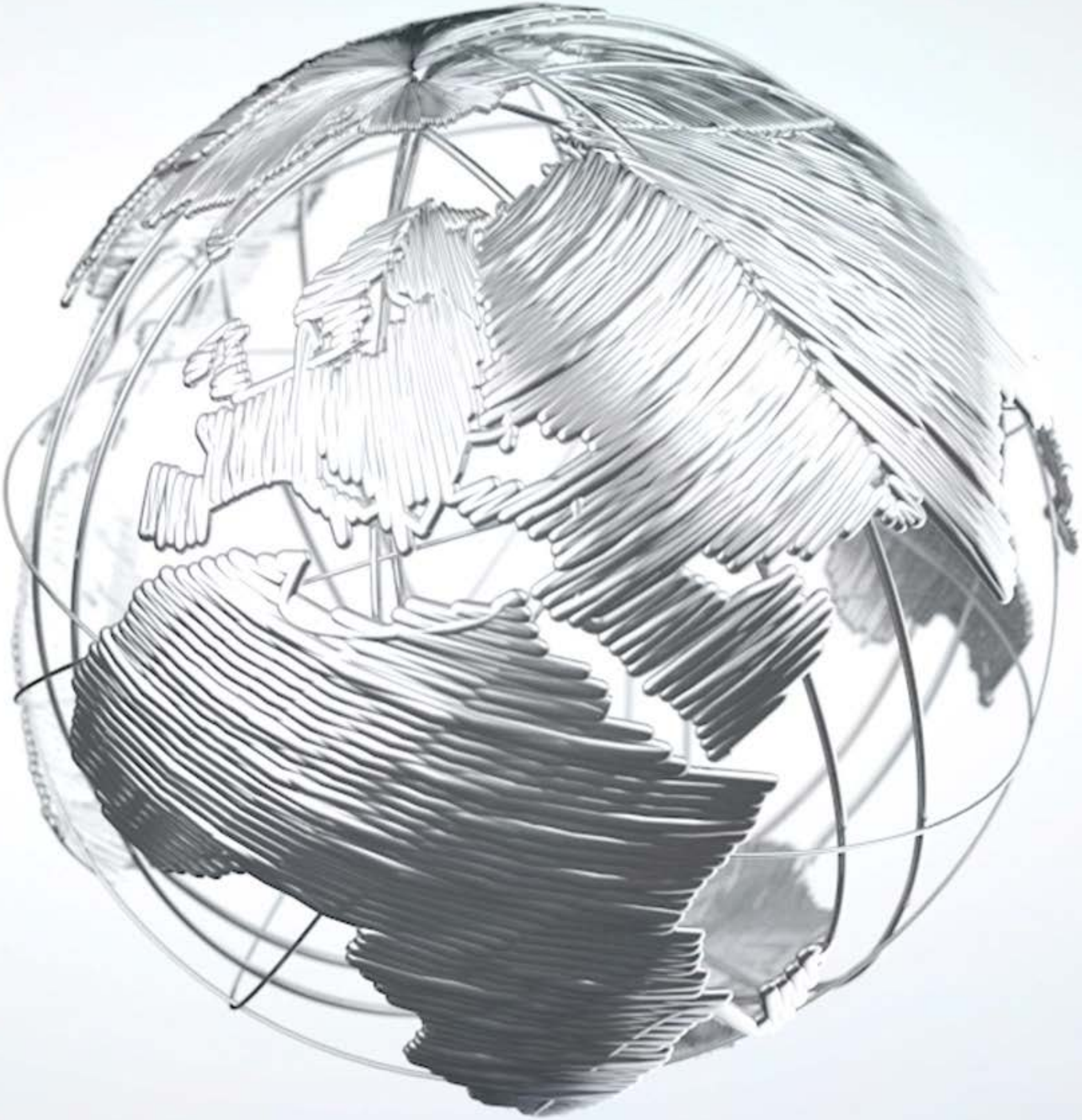

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