



Bekaert in essence

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Suspension springs absorb the bumps and give a more comfortable ride. Bekaert works closely with suspension spring manufacturers to develop springs with an extended service life.

Company profile

In selected applications of its two core competences – advanced metal transformation and advanced materials and coatings – Bekaert develops an array of high-tech products, systems and services for customers in various sectors.

While Bekaert markets virtually no end-user products, it keeps its finger on the pulse at all times, so that it can anticipate its customers' needs. In its quest to offer them ever greater added value, it is steadily moving up the value chain in a whole range of products.

Advanced wire products

The advanced wire products range from wires for use in the manufacture of industrial springs and in the reinforcement of flexible pipes, through steel fibers for concrete reinforcement, profiled wires, textile machine wires, book-binding wires and weaving wires, to champagne cork wires, silicon-sawing wire and various types of lacquered and coated wires.

High-tensile wires are woven into steel cord products like tire cord and bead wire, which are used in car and truck tires. Steel cord is also used as reinforcement in other polymer applications, such as high-pressure hoses, polyurethane drive belts and conveyor belts.



Advanced wire products:
€ 2 750 million combined sales (91%)
with 14 100 employees



Advanced materials

The advanced materials segment covers applications in fiber technologies, combustion technologies and composites.

In fiber technologies, Bekaert develops ultra-thin metal fibers, chiefly in stainless steel, for filter media, conductive plastics and textile applications. In combustion technologies, Bekaert specializes in environment-friendly gas burners and combustion systems. In composites, Bekaert manufactures glass-fiber-reinforced membrane pressure vessels for desalination plants.



Advanced materials:
€ 141 million combined sales (5%)
with 890 employees

Advanced coatings

The advanced coatings segment comprises industrial coatings for various materials, applied by vacuum technologies or thermal spraying. Bekaert also supplies special equipment for the glass industry for applying coatings to large areas of flat glass. In specialized films, Bekaert concentrates on window films which keep out the heat of the sun. These films are used both in vehicles and in residential, office and government buildings etc.



Advanced coatings:
€ 133 million combined sales (4%)
with 730 employees

better together

Bekaert believes that *better together* is the key to success.

Bekaert is active worldwide in selected applications of its two core competences: advanced metal transformation and advanced materials and coatings. The combination of these competences makes Bekaert unique.

The power of combination is also reflected in the way Bekaert works.

The 17 000 employees around the world work together as one company, serving customers in over 120 countries. Their combined efforts enable the company to offer a wide array of high-tech products, systems and services, designed to give customers an edge in their markets. Together they create added value. They build win-win relationships, based on equal partnerships, in an atmosphere of mutual trust and respect.

In pursuit of its goal of sustainable profitable growth, Bekaert aims for market leadership and technological leadership and strives to be world number one or two.

Bekaert in 2005

Combined sales: € 3,1 billion
Consolidated sales: € 1,9 billion
Operating result: € 136 million
Consolidated net result: € 190 million
Employees: 17 000

euronext® Brussels: BEKB
www.bekaert.com

Geographical presence

Bekaert aims to have a presence in all major markets. In 2005, it strengthened its position in Central Europe, Latin America and Asia and took action in Western Europe and North America to bring its production capacity into line with market demand and enhance its position.

The global sales network is evolving constantly to suit the changing markets and the specific requirements of customers. Through its network of highly qualified, specialist and performance-driven staff, Bekaert seeks to create value for customers around the world.

It is here – in close collaboration with local customers – that new products and services originate, before they are disseminated to other markets or deployed in other types of application.

The production plants are distributed geographically so that Bekaert can respond swiftly to customer demand. The plants are tailored to their markets' specific requirements, but the same high quality standards apply globally.

With its long international history, doing business on a global scale has become second nature to Bekaert. Over the years, Bekaert has developed the skills needed to adapt, integrate and organize in an international context. This helps Bekaert to establish bridgeheads quickly, for both sales and production, even in markets which are difficult to access. It also enables Bekaert swiftly and effectively to identify and respond to changes in the market at an early stage.



A world map with three red callout boxes highlighting regional data. The boxes are for Europe (top left), Asia (middle right), and Rest of the world (bottom center).

Europe:

€ 1 018 million combined sales
(33%) with 6 934 employees

33%

Asia:

€ 298 million combined sales
(10%) with 2 684 employees

10%

Rest of the world:

€ 54 million combined sales
(2%) with 95 employees

2%

Milestones of 2005

- January** Bekaert and Gilde sign an agreement for the sale of Bekaert Fencing NV, the European fencing division, at an enterprise value of € 281.5 million. The division is sold because its future is best safeguarded by its complete demerger from Bekaert, because fencing activities in Europe no longer fit with Bekaert's global strategy and because it requires a different approach to markets and customers in Europe from that adopted for Bekaert's other businesses.
- April** In line with the investment program approved by the Board of Directors in 2004, Bekaert systematically extends its capacity in China and opens its third steel cord plant in Weihai (Shandong province).
- May** Bekaert makes an offer for Carclo plc's ECC card clothing division. Agreement is reached in early June: Bekaert acquires ECC, a major international player in the production and marketing of card clothing (used in the construction of textile machinery), for € 13 million.
- June** Bekaert acquires Southwest Screens & Filters SA, a leading player in industrial process filters based on metal fibers, for an enterprise value of € 6 million.
- August** Euronext announces that it is refining the selection criteria for the BEL20 index: Bekaert's inclusion in the index for the foreseeable future is confirmed.
- September** Bekaert is obliged to bring its production capacity into line with the market conditions. In consequence, most of the production of fine galvanized wire is relocated from Zwevegem (Belgium) to Slovakia, two low-carbon wire production lines in Hemiksem (Belgium) will be closed and the plant at Lanklaar (Belgium) will concentrate on a selection of high-quality steel cord products.

November

Bekaert opens a new plant for advanced materials and coatings in Suzhou (China), in which it is investing € 20 million.

In record time, the Belgo Bekaert Arames joint venture in Bahia (Brazil) sets up a new plant for industrial wire products, destined mainly for the automotive industry.

Bekaert purchases, for € 13.5 million, Shell's 25% stake in the Bekaert Combustion Technology NV joint venture, which specializes in the development of environment-friendly burners based on Bekaert metal fibers.

Bekaert announces plans to increase its production capacity for advanced wire products in China again, by at least 50%.

December

Bekaert announces the phased shutdown of the advanced wire products plant in Muskegon (Michigan, USA). Part of the production is relocated to other plants.

Moravia Steel's Trinecke Zelezarny plant in the Czech Republic is awarded the Bekaert quality prize for the wire rod supplier making the most progress in raising its quality performance in the past year.

The Board of Directors announces its intention to propose to the General Meeting of Shareholders that Bert De Graeve, Chief Financial and Administration Officer, succeed Julien De Wilde, whose mandate as Chief Executive Officer will expire on 10 May 2006.

Board of Directors



Bernard van de Walle de Ghelcke



Baudouin Velge



Julien De Wilde
Chief Executive Officer



Maxime Jadot



Hubert Jacobs van Merlen



Baron Georges Jacobs CBE



Sir Anthony Galsworthy



Baron Buysse CBE, CMG
Chairman



Gary J. Allen CBE



Pol Bamelis



Baron Leon Bekaert



François de Visscher



Count Charles de Liedekerke



Roger Dalle

Message from the Chairman and the Chief Executive Officer



Baron Buysse CBE, CMG
Chairman

Julien De Wilde
Chief Executive Officer

Dear reader,

2005 was another excellent year for Bekaert. This is reflected in the figures with sales growth of 10%. Bekaert posted a consolidated operating result (EBIT) of € 136 million, representing an EBIT margin on sales of 7.1%. The consolidated net result amounted to € 190 million.

Although growth in the global economy overall was slightly lower than in 2004, Bekaert was able to advance its position around the world.

In Asia – and particularly in China – Bekaert focused on broadening the basis of its activities. In Latin America, we were able to sustain the momentum built up over the previous year, which attests to the strength of the partnerships. In Western Europe and North America, we took action to increase our effectiveness further, while in Central Europe we extended our production platform to meet the growing competition and reinforce our position in this growth market.

Our share price reflected the company's performance, rising to € 78.95 on 30 December 2005, its highest level since 7 March 1996.

In August, Euronext announced that it was refining the selection criteria for the BEL20 index. It was confirmed that the Bekaert share would continue to be included in this important index.

In the light of the company's strong performance in 2005 and its confidence in the future, the Board of Directors will propose that the General Meeting of Shareholders approve the distribution of a gross dividend of € 3.00 per share. This gross dividend is composed of a basic amount of € 2.00 (an increase by 6.7% from last year's basic amount) and an exceptional payment of € 1.00 on account of the gain on the sale of Bekaert Fencing NV.

In December 2005, the Board of Directors resolved to propose to the General Meeting of Shareholders that Bert De Graeve, Chief Financial and Administration Officer, succeed Julien De Wilde, whose mandate as Chief Executive Officer will expire on 10 May 2006. The Board of Directors wishes him every success in his new post.

Bekaert has always played a pioneering role in corporate governance, an issue to which we again gave due attention in 2005. The Board of Directors approved the Bekaert Corporate Governance Charter.

2005 was Bekaert's 125th anniversary year. The one feature which has remained remarkably constant during its history has been continuous change. In recent years, the pace of change has accelerated and is having an effect at more and more levels. Our global objective is to satisfy ever more effectively the diverse needs of our customers, by providing specific solutions, unique technology, consistent quality, efficient delivery and fair pricing.

In response to developments in the market, Bekaert aims to offer its customers added value in an appropriate form. Bekaert's distinctive features are its customer and market focus and its technological leadership.

Because our European fencing division no longer fitted with our corporate strategy, we sold Bekaert Fencing NV at the beginning of the year, thereby realizing a gain of € 54 million. The business was transferred smoothly and efficiently.

Much of the growth which Bekaert achieved last year – mainly in Latin American and Asia – was organic, but we also made a number of carefully chosen acquisitions, thereby advancing our position in various niche markets. With the acquisition of ECC Card Clothing, for example, we took a significant step forward in growing our operations in the textile sector. Similarly, the acquisition of the activities of Conflandey Inc. in the United States strengthened our position on North American wire markets. We also consolidated our position in fiber technologies with the acquisition of Southwest Screens & Filters SA, which has production plants in Belgium and Indonesia. Lastly, having purchased the remaining shares in Bekaert Combustion Technology NV, we can raise the pace of growth in this activity platform and respond effectively to the increasingly rigorous environmental legislation in Europe and the United States.

In 2005, Bekaert's corporate identity was given expression in a future-oriented brand image. The Bekaert logo now includes the baseline *better together*. As well as highlighting our increasingly customer-focused business culture, this baseline also conveys our progress towards more open communication, better cooperation between our staff, wider share ownership and even greater concern for corporate governance.

In the area of innovation, putting the *better together* philosophy into practice has yielded benefits for Bekaert for many years. It underpins both the synergy between Bekaert's two core competences – advanced metal transformation and advanced materials and coatings – and the increasing cooperation between the business segments and the research and development, engineering and business development departments. It also underpins Bekaert's policy of open innovation, under which we form partnerships around the world with internationally renowned universities and organizations promoting cooperation in clearly defined areas of research.

Joining forces in this way enables Bekaert to innovate more quickly, more intensively and with greater market focus. Thanks to this internal and external joining of forces, Bekaert was again able to introduce a variety of innovative products in 2005.

To ensure an optimum response both to our customers' needs and to significant market trends, Bekaert is continuously expanding its geographical presence and in consequence has a powerful international mix of disciplines in-house. It combines solid professionalism and extensive commercial and operational expertise. The corporate culture is a culture based on hard work. A fresh wind is blowing from the new production plants and new markets. Bekaert welcomes young talent for its readiness to grasp new opportunities as they arise. We can thank our sustained growth in 2005 to the dynamism of these many disciplines and to the commitment, wide-ranging competences and enthusiasm of all our people around the world.

Our task in the future will be to promote cross-fertilization between these disciplines. Sharing knowledge – across activities and continents – is a constant challenge for every single Bekaert employee. Openness and willingness to work together and learn from one another are key elements in our business culture. Our goal is to satisfy and anticipate our customers' needs even more effectively than we do at present. It is thanks to our customers and their confidence and openness that Bekaert has been able over the past 125 years to grow into the company it is today. We sincerely thank our customers for the confidence they have placed in us, for the good relationships we have been privileged to build with them, for their constructive criticism of our work and for the cooperation which has grown out of it.

Bekaert will continue to strive for sustainable profitable growth in 2006. We shall vigorously pursue our program in Asia – we are planning to increase our capacity in China by at least 50% – and are considering opportunities in Russia and India. Our goal is to consolidate and even advance our positions around the world.

How far we succeed in achieving that goal will depend crucially on our flexibility and our willingness to adapt to each new situation as it arises. One thing is certain: the next 125 years will also bring many changes.

We thank our shareholders for their confidence in our company's strength and resilience, which has enabled Bekaert to grow and change. Last but not least, we thank the thousands of employees, who together constitute Bekaert, for the professionalism and enthusiasm they have brought to serving our customers and thus helping to build the company's future.



Julien De Wilde
Chief Executive Officer



Baron Buysse
Chairman

"The only profit center is the customer. If there's no order, there's no customer and until the customer has paid his bill, there are only costs."
Peter Drucker, management guru

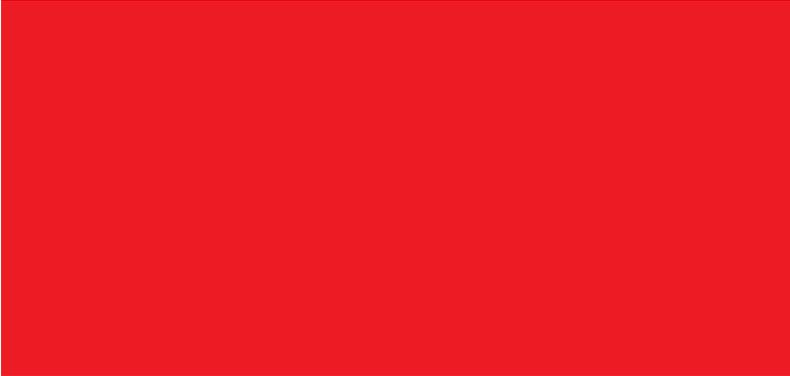
Bekaert Group Executive



Julien De Wilde
Chief Executive Officer



Bert De Graeve
Group Executive Vice President



Georges Brys
Group Executive Vice President



Henri-Jean Velge
Group Executive Vice President



Marc Vandecasteele
Group Executive Vice President

Strategy

In pursuit of its long-term strategic goal of sustainable profitable growth, Bekaert is aiming for worldwide market and technological leadership in selected applications of its two core competences: advanced metal transformation and advanced materials and coatings. The combination of these competences makes Bekaert unique.

Market leader

Because Bekaert can only achieve sustainable profitable growth if it is a major player in the markets in which it operates, Bekaert will continue to work on consolidating and extending its position as a market leader worldwide.

Bekaert aims to be world number one or two and has already achieved this position with many of its products, which together account for over half of sales.

The goal is continuing, sustainable growth, through which the company intends to pursue the global development of its operations. It seeks to strengthen its position with selected acquisitions which give faster access to new geographical markets, areas of activity, competences or technologies. Joint ventures are also seen as a useful route to growth as they enable the company to combine its strengths with those of selected partners.

Technological leader

Bekaert intends to achieve sustainable profitable growth by continuing to strengthen its technological leadership as a lever with which to consolidate and extend its market position.

Bekaert works closely with its customers, tailoring products or processes to their future needs.

For that reason, Bekaert gives very high priority to research and development (R&D). Our growing international team at the technology center in Belgium develops high-tech products with the aim of offering more added value to the customer.

With its technological leadership and wealth of expertise in terms of customer sectors, markets, products and processes, Bekaert aims to offer products and services with clear added value which help customers reduce their total cost of ownership.

The engineering department, which supplies machines and process equipment, also plays an important role in Bekaert's drive for technological leadership, working constantly to give the company a competitive edge in markets around the world.

Global presence

Bekaert endeavors to locate its production plants where they can provide the most effective possible response to all its customers' needs.

In new and growing markets such as Asia, Bekaert concentrates on building its position in the wire products it is universally famous for, including steel cord for tire reinforcement and steel fibers for concrete reinforcement. In Western Europe and North America, Bekaert is working to achieve leadership in more niche markets, such as champagne cork wire, bookbinding wire, rotating sputter targets (used in applying coatings to glass) and diamond-like coatings (for example on engine components of Formula One and NASCAR cars).

In pursuit of its goals of operational excellence and quality, Bekaert gave fresh impetus to its Total Quality Management program in 2005 by initiating new projects designed to increase customer focus, retain motivated and competent staff, minimize waste and expense and foster internal cooperation.

As well as internationalizing production and sales, Bekaert also adopts a global approach in other areas, such as purchasing. This enables the company to grasp opportunities which arise anywhere in the world and guarantee uniform quality everywhere, because the end-products are subject to the same quality standards worldwide. The focus on safety and prevention of accidents at work was also intensified around the world.

Bekaert has continued to evolve as a global player in every respect.