

I N F O R M A T I O N F O R
S H A R E H O L D E R S

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2003

Information for shareholders

Shares

Shares in issue

The number of shares in issue decreased by 51 330 from 22 121 630 in 2002 to 22 070 300 in 2003, as a result of the repurchase of shares in connection with the stock option plan. The repurchased shares were cancelled to avoid future dilution of the voting rights on Bekaert shares of the existing shareholders upon exercise of the options. The shares were repurchased at an average price of €42.57.

- Number of shares (31 December 2003) 22 070 300
- Number of VVPR strips (31 December 2003) 3 551 040

Registered and bearer shares

The shares are registered or made out to bearer in multiples of 1, 10, 50, 100 and 1 000. Shareholders wishing to convert from registered to bearer shares and viceversa should contact the legal department by telephone (+32 56 230511) or send an e-mail to registered.shares@bekaert.com

Distribution of shareholdings

Of the total number of shares, 13 475 were registered as at 31 December 2003. Bekaert has received notification under the Law of 2 March 1989 of holdings representing 40.28% of the share capital. The remainder are spread over institutional and individual investors.

Notifications received from the companies which act in concert (see also note 33 to the Financial statements):

Notifier	Number of shares	%
Stichting Administratiekantoor	4 265 940	19.33
Common attorney, Mr. Oberson	2 223 140	10.07
Beauval Enterprises Corp.	1 100 000	4.98
Tirhold Inc.	1 079 630	4.89
HLF S.p.r.l.	76 820	0.35
N.V. BSI	57 470	0.26
Velge & C° N.V. in liquidation	19 000	0.09
N.V. De Sneppe	17 460	0.08
Millenium 3 S.A.	16 000	0.07
S.A. Berfin	15 000	0.07
S.A. Subeco	12 600	0.06
Brocsa S.A.	6 770	0.03
Total	8 889 830	40.28



Market

Bekaert share		Euronext® Brussels		Market	Continuous
	ISIN	BE0003780948		MEP	BRU
	Euronext	BE0003780948		Mnemo	BEKB
	Sedol	5827431			
Bekaert VVPR strip		Euronext® Brussels		Market	Fixing
	ISIN	BE0005569406		MEP	BRU
	Euronext	BE0005569406		Mnemo	BEKS

Sector classification Engineering – General, sector 267 (FTSE)

Indices

	Euronext® Brussels	BEL20®	1.20%	111 shares
		Next150	1.37%	
		Next Prime Index	2.15%	
		General Industrials	37%	
		Belgian All shares	0.82%	
		Continuous	0.85%	
	Bank Corluy	Vlam21	9.10%	122 shares
	FET	IN.flanders®	2.66%	292 shares
	Stoxx	TMI Small	0.31323%	
		Style Index Small Cap Value	0.74338%	
		TMI EURO Small	0.74475%	
		Style Index TMI Value	0.03536%	
		TMI Ex UK	0.02659%	
		Total Market Index	0.01680%	
	TMI Euro	0.03484%		
	Euro Style Index TMI Value	0.07758%		
	TMI Ex UK Small	0.50708%		
	Euro Style Index Small Cap Value	0.07758%		
MSCI	Belgium	2%		
Bloomberg	Industrial Index	0.23%		
	Components Equipments Index	25.63%		
Ethibel	Ethibel Sustainability Indexes			
Kempen/SNS	Smaller Europe Socially Responsible Investment			

Agencies

Reuters	BERTt.BR	
Bloomberg	BEK.BB	IR Channel BEKB.BE



Closing price & volume



Relative position on Euronext® Brussels BEL20® (2003)



Relative position on Euronext® Brussels BEL20® (1999-2003)



Share listing

After an initial rise following the announcement of the acquisition of the Drôtovňa plant in the Slovak Republic, the share price fell sharply in the first quarter, reaching a low in March 2003 against the background of growing geopolitical uncertainty and the mood of crisis on the stock markets. The price picked up in the second quarter, with demand for steel cord products remaining strong and the first-quarter report indicating a good performance, and moved back into line with the BEL20® index. The doubling of steel cord production capacity in the growing Chinese market was announced in May.

The interim results, showing margins, operating profit and net result significantly higher than the year before, were well received. The cautious outlook for the second half of the year held the price at around €40 in the third quarter, but it responded positively to the first signs of recovery of advanced wire products in the United States and Europe, rising to its highest level since May 2002 and outperforming the BEL20® index by over 7%.

The highest price of €50.75 was quoted on 23 December 2003 and the lowest of €31.00 on 12 March 2003. The weighted average closing price in 2003 was €41.22.

YEAR	VOLUME (daily average)	PRICE 31/12	PRICE high	PRICE low	PRICE average	STRIPS 31/12	Velocity (Adjusted)	Capitalisation
1994	25 320	56.46	70.59	50.82	-	-	-	1 268
1995	35 750	59.99	61.66	46.11	-	-	-	1 347
1996	54 150	49.95	81.00	44.81	-	-	-	1 122
1997	38 570	54.66	68.67	45.92	-	-	-	1 228
1998	34 730	42.27	77.47	41.89	-	-	-	949
1999	37 939	55.10	57.50	34.80	43.17	0.05	33.6%	1 237
2000	21 450	49.85	58.50	42.50	50.46	0.06	30.5%	1 112
2001	18 362	43.27	51.00	28.00	40.51	0.15	27.4%	959
2002	27 309	43.15	50.95	35.50	45.57	0.55	39.3%	955
2003	28 950	50.50	50.75	31.00	41.22	0.79	44.0%	1 115

Market capitalisation

Capitalisation on 31 December 2003	€1 115 million
Capitalisation - high	€1 123 million
Average capitalisation	€912 million
Capitalisation – low	€686 million

Velocity

Annual velocity Euronext® Brussels	33.0%
'Band adjusted velocity' Euronext® Brussels	44.0%

In 2003, the number of shares traded increased by 6 % and amounted to 29 000 per day.

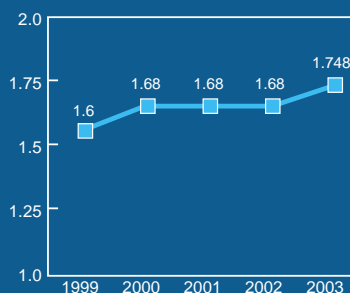
Turnover

Annual turnover	€304 million
Turnover per day	€1.2 million
Transactions per day	137

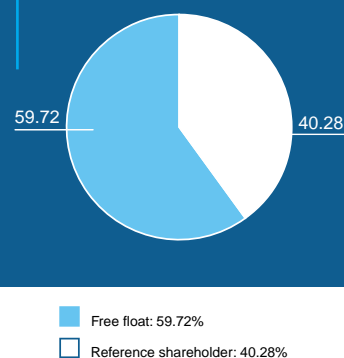
Relative position on Euronext®:
Next150



Gross dividend (in euros)



Distribution of shareholdings



Dividend policy

It is the policy of the Board of Directors to propose a profit appropriation to the Annual General Meeting of Shareholders which, insofar as the profit permits, provides a stable or growing dividend while maintaining an adequate level of cash flow in the company for investment and self-financing in order to support growth. In practice, this means that Bekaert seeks to maintain a pay-out ratio of around 40% of the consolidated net result over the longer term.

Dividend per N.V. Bekaert S.A. share

For 2003, a dividend increase of 4% to 1.748 euro will be proposed.

Dividend = €1.748 gross – €0.437 (25% withholding tax) = €1.311 net.

Dividend with VVPR strip = €1.4858 net.

Subject to approval by the General Assembly of Shareholders, the net dividend will be payable in euros as from 19 May 2004 on presentation of coupon no. 5 at branches of *ING Bank*, *Fortis Bank*, *KBC*, *Bank Degroof* and *Dexia Bank* in Belgium, *Société Générale* in France, *ABN-AMRO Bank* in the Netherlands and *UBS* in Switzerland.

Investor relations

Several group and individual meetings were held with financial analysts and investors. These meetings, held in Belgium, Canada, Denmark, France, Germany, Ireland, Luxembourg, the Netherlands, Norway, Spain, Sweden, United Kingdom and the United States, provided information on financial results and corporate strategy. There was also an analysts' day, with visits to several plants. Another analysts' day is scheduled for 17 December 2004.

The annual report for the 2003 financial year is available on the Internet from 19 April 2004, in Dutch, French and English, at www.bekaert.com and can be downloaded as an Adobe™.pdf file.

Introduction of segment reporting

Segment reporting is required by the International Financial Reporting Standards (IFRS), on which Bekaert's financial reporting has largely been based since 2000. This has been supplemented for 2003 with financial segment information in accordance with the standard IAS 14.

The objective of the **IAS 14** standard is to establish principles for reporting financial information by segment (i.e. classified by type of product or service and geographical area), to help users of financial statements:

- better understand the enterprise's past financial performance;
- better assess the enterprise's risks and returns profile;
- make more informed judgements about the enterprise as a whole;
- to ensure a reasonable level of comparability and comprehensibility of the information.

Bekaert has opted for a **primary segmentation** by business segments. While the company is fully aware of the significance of its global geographical presence, it considers geographical segmentation as secondary information.

The segmentation is based on detailed analysis of the various parameters which serve to define a particular segment, giving most weight to the strategic importance of the segment and hence its importance to Bekaert's risk profile. Other factors taken into consideration were the nature of the products and services, the nature of the production processes, the possibility of achieving similar long-term financial returns within the various activity platforms, the distribution channels, customers and market sectors, and the currency risks and political and economic risks in each region. Due account was also taken of the system of internal financial reporting to the Bekaert Group Executive, the Chief Executive Officer and the Board of Directors.

Bekaert's risks and returns profile is determined especially by its two core competences – advanced metal transformation and advanced materials and coatings – from which it develops a range of unique combinations of products for applications requiring specific functionalities. Because of Bekaert's unique position, other forms of segmentation based on existing product lines or industry sectors are inappropriate and would not contribute to a better understanding of the enterprise as a whole.

These core competences shape the basis for the primary segmentation of Bekaert's financial reporting, whereby each competence is divided into two reportable business segments. Each business segment can in turn represent several activity platforms.

Core competence: advanced metal transformation

- Business segment: advanced wire products
 - Activity platforms:
 - wire Europe
 - wire North America
 - wire Latin America
 - wire Asia
 - building products
 - steel cord China
 - steel cord others
 - other advanced wire products.
- Business segment: fencing systems Europe

Core competence: advanced materials and coatings

- Business segment: advanced materials
 - Activity platforms:
 - fibre technologies
 - combustion technologies
 - composites
- Business segment: advanced coatings
 - Activity platforms:
 - industrial coatings
 - specialised films

The segments are discussed in greater detail in 'Company profile' on page 1.

Further relevant information is given in the graphs for each industry segment on the combined net sales per activity platform.

Secondary segmentation is by the company's geographical spread of sales and sales by business segment, at both consolidated and combined level. Financial key data, such as total assets and investments, are also given at consolidated level by geographical region.

Bekaert obtained from the CBFA (Belgian Banking, Finance and Insurance Authority) the exemption allowing the application of the not yet by the European Commission approved IFRS 1 Standard in its move to full IFRS/IAS introduction in the 2003 annual accounts. The CBFA has motivated its decision by referring to IFRS 1 being developed to complement the SIC 8 shortcomings; by the imminent approval by the European Commission, and by indicating that Bekaert would have to refer to IFRS 1 for any aspects where SIC 8 would not offer sufficient guidance.

Evolution of share capital

Year	Shares	Capital	Transaction
in BEF			
1880			Formation of family company
1924	300	3 000 000	Formation of public limited company (N.V.)
1929	15 000	15 000 000	Capital increase due to capitalisation of reserves and contribution in cash
1932	15 005	15 005 000	Merger with S.C. Espérance, Fontaine-L'Evêque
1935			Conversion to private limited company (P.V.B.A.)
1941	48 000	48 000 000	Capital increase due to contribution in cash and in kind and capitalisation of reserves
1952	48 000	480 000 000	Capitalisation of reserves and increase in nominal value of shares to BEF 10 000
1965	49 200	1 623 600 000	Capitalisation of reserves and increase in nominal value of shares to BEF 33 000
			Merger with N.V. Bekaert Steelcord
1969	787 200	1 623 600 000	Conversion to public limited company (N.V.) and 16-for-1 share split
1970	807 200	2 800 000 000	Capital increase due to contribution in cash of BEF 70 000 000 under pre-emptive right and capitalisation of reserves of BEF 1 106 400 000 without share issue
1972	1 614 400	2 800 000 000	2-for-1 share split
			Bekaert flotation, first quotation on 11 December 1972
1975	1 614 665	2 800 459 775	Conversion of 265 convertible bonds
1976	1 614 910	2 800 884 850	Conversion of 245 convertible bonds
1978	1 640 705	2 845 639 175	Conversion of 25 795 convertible bonds
1979	1 758 313	3 049 689 055	Conversion of 117 608 convertible bonds
1980	1 760 972	3 054 302 420	Conversion of 2 659 convertible bonds
1982	1 890 628	3 279 255 580	Conversion of 129 656 convertible bonds
1983	2 245 732	4 000 000 000	Issue of 355 104 new shares subject to reduced withholding tax ('AFV shares')
1988	2 245 732	6 750 000 000	Capitalisation of reserves
1994			AFV shares redesignated VVPR shares
in euros			
(€1 = BEF 40.3399)			
1999	22 457 320	170 000 000	Capitalisation of reserves and conversion into euros
			Conversion of VVPR shares into ordinary shares, issue of VVPR strips
			10-for-1 share split
2000	22 300 888	170 000 000	156 432 shares repurchased and cancelled
2001	22 157 374	170 000 000	143 514 shares repurchased and cancelled
2002	22 121 630	170 000 000	35 744 shares repurchased and cancelled
2003	22 070 300	170 000 000	51 330 shares repurchased and cancelled

Definitions

Added value	Result from operations + remuneration, social insurance and pension charges + depreciation, amortisation and impairments on assets.
Associated companies	Companies in which Bekaert has an interest of 20-50% and which are accounted for under the equity method.
Book value	Equity including minority interests.
Capital employed (CE)	Working capital + net intangible assets + goodwill + net property, plant & equipment. The average CE is used for ratios.
Cash flow	Consolidated net Group result + depreciation and amortisation.
Dividend yield	Gross dividend as a percentage of the share price on 31 December.
EBIT interest coverage	Result from operations divided by net interest charges.
Equity	Equity including minority interests, for calculation of ratios.
Financial autonomy	Equity at year-end/total assets.
Gearing	Ratio of net debt to equity at year-end.
Joint ventures	Companies under joint control which are accounted for under the equity method.
Net capitalisation	Net debt + equity + minority interests.
Operating cash flow (EBITDA)	Result from operations (EBIT) + depreciation and amortisation.
Pay-out	Gross dividend as a percentage of consolidated net Group result.
Price / earnings ratio	Share price divided by consolidated net Group profit per share.
ROCE	Result from operations relative to average capital employed.
ROE	Profit relative to average equity including minority interests.
Sales (combined)	Sales of consolidated companies + 100% of sales of joint ventures and associated companies.
Subsidiaries	Companies in which Bekaert has an interest of more than 50%.
Velocity	Number of shares traded relative to the rolling average number of shares in issue for the past twelve months, excluding high-low.
Velocity (adjusted)	Velocity adjusted for the free-float band. With a 60% free float, for example, velocity is adjusted to the upper limit of the 50-75% band. Used for BEL20®.
Velocity (trading)	Number of shares traded per month relative to the total shares in issue over the past twelve months.
Working capital	Inventories + trade receivables – trade payables – advances received – remuneration and social insurance charges – withholding taxes on remuneration.

Historical review^(*)

(in millions of euros)

Consolidated balance sheet	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Non-current assets	964	1 002	1 060	1 223	1 125	1 184	1 229	1 416	1 164	1 154
Intangible assets	6	8	11	27	31	32	27	61	55	48
Goodwill	15	23	16	28	37	51	21	93	72	71
Property, Plant & Equipment	737	758	848	902	850	852	841	910	778	758
Investments under equity method	202	207	116	197	198	239	288	301	205	189
Other investments	4	5	69	70	9	10	52	51	54	88
Current assets	642	645	682	704	730	832	864	821	748	757
Inventories	256	296	280	301	300	321	351	343	312	323
Amounts receivable	270	286	282	329	305	366	424	388	353	338
Financial assets	108	54	106	53	108	119	77	74	74	83
Deferred charges & accrued income	8	9	14	22	17	26	12	16	9	13
Deferred tax assets							1	9	10	15
TOTAL ASSETS	1 606	1 647	1 742	1 927	1 855	2 016	2 094	2 246	1 922	1 926
Equity	801	816	857	935	893	1 013	1 031	939	758	779
Minority interest	69	67	73	36	41	49	49	43	44	43
Non-current liabilities	299	264	406	424	398	412	406	682	597	539
Employee benefit obligations	81	90	94	111	111	113	141	187	176	171
Provisions	13	18	75	43	31	39	40	39	54	44
Financial liabilities	185	138	221	248	238	246	217	450	343	322
Other amounts payable	20	18	16	22	18	14	8	6	24	2
Current liabilities	360	416	344	466	458	472	498	492	457	500
Financial liabilities	69	115	70	146	166	119	202	209	152	177
Trade payables	152	155	133	170	147	187	170	156	185	192
Other current liabilities	139	146	141	150	145	166	117	118	112	123
Accrued charges & deferred income							8	10	8	8
Deferred tax liabilities	77	84	62	66	65	70	110	90	66	65
TOTAL EQUITY & LIABILITIES	1 606	1 647	1 742	1 927	1 855	2 016	2 094	2 246	1 922	1 926

Consolidated income statement	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Sales	1 471	1 504	1 532	1 739	1 767	1 765	1 756	1 796	1 863	1 797
Cost of sales	(1 199)	(1 232)	(1 279)	(1 444)	(1 486)	(1 436)	(1 411)	(1 467)	(1 490)	(1 424)
Gross profit	272	272	253	295	281	329	345	329	373	373
Distribution and selling expenses	(82)	(82)	(87)	(95)	(98)	(96)	(102)	(116)	(110)	(111)
General and administrative expenses	(71)	(70)	(79)	(83)	(75)	(87)	(95)	(114)	(109)	(101)
Research and development expenses	(24)	(26)	(28)	(28)	(29)	(32)	(34)	(33)	(36)	(36)
Other revenue	12	10	13	24	14	20	22	22	20	20
Other expenses	(8)	(8)	(53)	(25)	(23)	(33)	(20)	(28)	(74)	(33)
Result from operations	100	96	19	88	70	101	116	60	64	112
Interest income and expenses	(23)	(19)	(19)	(23)	(30)	(24)	(26)	(30)	(29)	(32)
Non-operating income and expenses	97	(3)	43	10	(6)	8	10	5	(101)	(11)
Results from ordinary activities	174	74	43	75	34	85	100	34	(66)	69
Income taxes	(24)	(18)	(3)	(16)	(14)	(23)	(23)	5	7	(8)
Result after taxes	150	56	40	59	20	62	77	39	(59)	61
Result of companies accounted for under the equity method	14	23	17	14	16	23	29	13	19	32
Minority interests	(3)	(4)	(0)	(4)	(2)	(5)	(5)	(4)	(6)	(8)
Extraordinary income and expenses							1	0	0	0
Consolidated result	161	75	57	69	34	80	102	48	(46)	85

(*) From 2000 onwards, revised accounting principles have been applied: prior-year figures are for information only and have not been restated.

Consolidated cash flow statement	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Result from operations	100	96	19	88	70	101	115	60	64	112
Depreciation and amortisation	96	95	107	120	129	135	131	132	167	96
Income taxes	(5)	(10)	(12)	(12)	(15)	(13)	(24)	(11)	(13)	(19)
Gross cash by operating activities	191	181	114	196	184	223	222	181	218	189
Changes in working capital	(21)	(24)	(8)	(12)	(19)	0	(70)	56	39	(18)
Others							5	(29)	(8)	(21)
Cash provided by operations	170	157	106	184	165	223	157	208	249	150
New portfolio investments	147	(12)	82	(120)	(15)	(21)	(69)	(189)	(5)	(34)
Dividends received	10	8	7	8	4	6	17	15	14	19
Others							(7)	2	2	5
Cash portfolio activities	157	(4)	89	(112)	(11)	(15)	(59)	(172)	11	(10)
Investments in intangibles							(10)	(45)	(7)	(9)
Capital expenditures	(95)	(115)	(140)	(126)	(111)	(63)	(103)	(122)	(78)	(109)
Others							6	13	14	(12)
Cash industrial activities	(95)	(115)	(140)	(126)	(111)	(63)	(107)	(154)	(71)	(106)
Cash for interests	(13)	(17)	(9)	(15)	(24)	(12)	(31)	(28)	(30)	(22)
Dividends	(35)	(37)	(35)	(35)	(34)	(38)	(40)	(40)	(43)	(45)
Others	(116)	(37)	41	50	70	(84)	69	195	(118)	34
Cash financial activities	(164)	(91)	(3)	0	12	(134)	(2)	127	(191)	(33)
Increase / decrease in cash	68	(53)	52	(54)	55	11	(11)	9	(2)	1

Additional key figures	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Bekaert (combined)										
Sales	2 148	2 225	1 915	2 406	2 520	2 488	2 726	2 815	2 810	2 618
Capital expenditures	146	172	191	161	147	139	151	222	119	140
Personnel	16 762	16 677	16 161	17 257	16 725	16 452	17 202	17 461	16 836	17 183
Consolidated										
Capital expenditures (P, P&E)	102	119	141	125	106	100	103	122	78	109
Capital expenditures (intangibles)	4	4	4	20	18	11	10	45	7	10
Depreciations and amortisations	95	95	106	118	128	132	131	145	149	127
Depreciations goodwill	4	4	9	4	4	2	3	5	11	7
Operational cash flow (EBITDA)	198	195	135	211	201	233	247	207	226	239
Cash flow	258	173	173	192	168	220	238	200	205	222
Capital Employed (CE)	1 011	1 082	1 189	1 293	1 262	1 295	1 332	1 485	1 256	1 231
Working Capital (WC)	254	292	313	336	345	360	442	421	351	354
Net debt	146	199	185	342	296	246	340	544	366	364
Added value	656	664	653	735	721	740	737	714	774	749
Personnel charges	458	470	517	525	520	503	489	502	549	507
Personnel	11 007	11 612	11 706	11 351	10 926	10 329	10 242	10 438	10 071	11 204
Joint ventures and associates										
Sales	677	721	382	667	753	723	970	1 019	947	821
Results from operations	109	101	39	63	64	82	112	96	106	111
Result of the year	43	62	43	32	36	51	72	40	55	78
Capital expenditures	44	53	49	36	41	38	48	100	41	31
Depreciations	51	47	23	31	37	45	52	47	49	41
Depreciations goodwill							4	4	4	3
Equity Group's share	201	206	116	197	198	239	261	276	185	179
Personnel	5 755	6 065	4 454	5 906	5 799	6 123	6 960	7 023	6 765	5 979

Per share	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
EBITDA	8.80	8.67	6.02	9.38	8.96	10.39	11.09	9.36	10.21	10.83
EBIT	4.46	4.29	0.84	3.92	3.12	4.49	5.19	2.69	2.90	5.07
EPS (Earnings per share)	7.15	3.32	2.51	3.07	1.52	3.56	4.56	2.15	(2.09)	3.85
EPS before goodwill	7.31	3.50	2.94	3.23	1.71	3.83	4.86	2.58	(1.40)	4.32
Cash flow	11.50	7.70	7.69	8.53	7.48	9.79	10.67	9.02	9.29	10.07
Sales	65.50	66.97	68.24	77.43	78.66	78.58	78.75	81.05	84.24	81.42
Book value	38.74	39.30	41.42	43.25	41.61	45.76	48.44	44.32	36.29	37.26
Gross dividend	1.49	1.49	1.49	1.49	1.49	1.60	1.68	1.68	1.68	1.7480
Net dividend	1.12	1.12	1.12	1.12	1.12	1.20	1.26	1.26	1.26	1.3110
Net dividend with VVPR strip	1.30	1.26	1.26	1.26	1.26	1.36	1.43	1.43	1.43	1.4858

Performance	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Consolidated										
EBITDA / sales	13.4	12.9	8.8	12.1	11.4	13.2	14.1	11.6	12.1	13.3
EBIT / sales	6.8	6.4	1.2	5.1	4.0	5.7	6.6	3.3	3.4	6.2
Sales / capital employed	1.4	1.4	1.3	1.4	1.4	1.4	1.3	1.3	1.4	1.4
ROCE (EBIT / capital employed)	9.8	9.2	1.7	7.1	5.5	7.9	8.8	4.2	4.7	9.0
Result after taxes / sales	10.9	5.0	3.7	4.0	1.9	4.5	5.8	2.7	(2.5)	4.7
ROE (return on equity)	20.1	9.0	6.24	7.6	3.7	8.6	10.2	5.0	(4.4)	11.4
ROE (before goodwill)	20.5	9.5	7.3	8.0	4.2	9.3	10.8	5.9	(2.7)	12.7
Financial autonomy	54.2	53.6	53.4	50.4	50.4	51.0	51.6	43.7	41.8	42.7
Gearing (net debt / equity)	16.8	22.6	19.9	35.2	31.7	23.9	31.5	55.4	45.6	44.2
Net debt / net capitalisation	14.4	18.4	16.6	26.0	24.1	19.3	24.0	35.6	31.3	30.7
Net debt / EBITDA	0.7	1.0	1.5	1.6	1.5	1	1.4	2.6	1.6	1.5
EBIT interest coverage	8.6	10.2	1.3	4.3	2.52	4.9	4.7	2.2	2.6	6.2
EBITDA interest coverage	16.9	20.7	9.0	10.3	7.3	11.2	10.0	7.6	9.3	13.2
Working capital / sales	16.6	18.1	19.7	18.7	19.3	20.0	22.7	23.9	20.7	19.6
Joint ventures and associates										
EBIT / sales	16.1	14.0	10.2	9.5	8.5	11.3	11.5	9.4	11.2	13.6
ROE	7.0	11.1	15.0	7.2	8.1	9.4	12.9	14.5	10.0	18.7
Average participation	32.6	37.1	39.5	43.8	44.4	45.1	47.2	41.4	41.7	45.2

Valuation	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Price / earnings (31 December)	8	18	20	18	28	15	11	20	NR	13
Price / earnings (average)						12	11	19	NR	11
Price / cash flow	4.9	7.8	6.5	6.4	5.7	5.6	4.7	4.8	4.6	5.0
Price / book value	1.46	1.53	1.21	1.26	1.02	1.20	1.03	0.98	1.19	1.36
Price / sales	0.86	0.90	0.73	0.71	0.54	0.70	0.63	0.53	0.51	0.62
Dividend yield	2.7	2.5	3.0	2.7	3.5	2.9	3.4	3.9	3.9	3.5
Dividend pay-out ratio	21	45	59	48	98	45	37	78	NR	45

Statement on corporate governance

Bekaert attaches great value to good corporate governance and is aware that good governance of listed companies is an important factor in investment decisions. Bekaert accordingly complies with internationally accepted standards and rules and the recommendations of the Banking, Finance and Insurance Commission and Euronext® Brussels in this area. As a member of the Belgian 'Instituut voor Bestuurders' (Institute for Directors), Bekaert is helping to shape a coherent vision of corporate governance based on solid research, cultural norms and practical management needs.

General Meeting of Shareholders

The Articles of Association stipulate that the Annual General Meeting shall be held on the second Wednesday in May. Shareholders wishing to attend the General Meeting must notify the company of their intention at least three full working days before the meeting. Each shareholder may be represented by a proxy who is entitled to vote in his own right. However, legal persons may be represented by a proxy who is not a shareholder. Registered shareholders will receive an invitation in advance, together with the agenda and the annual report. The meeting can only consider and adopt resolutions on the items appearing on the agenda, but ample time is always allowed for questions. All shares carry the same rights and each share entitles the holder to one vote.

A total of 89 shareholders were present in person or by proxy at the Annual General Meeting on 14 May 2003, representing a total of 7 039 507 shares or 31.8% of the total number of issued shares. Three holders of subscription rights also attended the meeting, representing 2 115 subscription rights or 0.6% of the total number of issued subscription rights. The meeting approved the financial statements and profit appropriation for 2002 and discharged the Directors and the statutory auditor of responsibility. Baron Leon Bekaert, Baron Paul Buysse, Count Charles de Liedekerke and Messrs. Julien De Wilde and Maxime Jadot were re-elected as Directors for a term of three years ending at the close of the Annual General Meeting in 2006. The meeting acknowledged Baron Maurice Velge's resignation from the Board due to his reaching the mandatory retirement age, and Mr. Hubert Jacobs van Merlen was appointed as Director for a term of three years ending at the close of the Annual General Meeting in 2006. The annual remuneration of the members of the Board of Directors for 2003 was maintained at €52 058, of which €37 184 was fixed and €14 874 was variable, based on attendance at six meet-

ings. The remuneration of the statutory auditor for 2003 was maintained at €99 261. All resolutions were adopted unanimously, except the resolution to discharge the Directors and the statutory auditor, on which one shareholder, representing 47 961 shares, voted against.

An Extraordinary General Meeting held on 14 May 2003 renewed the Board's authority to repurchase the company's own shares for a period of 18 months. Also, a provision was included in the Articles of Association authorising the Board of Directors to transfer its management powers to an executive committee in accordance with the Belgian Act of 2 August 2002. The Board of Directors has not made use of this possibility to date.

Composition of the Board of Directors

The Board of Directors of N.V. Bekaert S.A. presently consists of thirteen members, seven of whom represent the principal shareholders. Only the Chief Executive Officer, who is responsible for the day-to-day management of the company, has an executive function. All other members are non-executive directors.

The members of the Board of Directors are elected for a three-year term and are eligible for re-election. New candidates must notify the Board of Directors at least two months prior to the Annual General Meeting.

The selection of new candidates for Board membership is formally entrusted to the Nomination, Compensation and Pensions Committee (NCPC). The selection criteria relate to the contribution which the candidate can make to the Board of Directors on the basis of talent, interest, background and willingness and ability to devote adequate time to the office. In the case of a nomination for re-election, the quality of the actual contribution to the Board is considered. Membership of the Board of Directors is subject to a minimum age limit of 35 and a maximum age limit of 67. Only in the case of the Chairman and the Chief Executive Officer is membership of the Board their principal occupation. The candidates proposed by the NCPC are nominated by the Board for appointment by the General Meeting.

Following their re-election as Directors on 14 May 2003, the Board accordingly reappointed Baron Paul Buysse as Chairman and Mr. Julien De Wilde as Chief Executive Officer.

Name	Position	Term expires	Principal employer (*)	Membership of committees
Members representing principal shareholder				
Baron Leon Bekaert	Director	2006	Director of several companies	SC
Roger Dalle	Director	2004		NCPC
Count Charles de Liedekerke	Director	2006	Executive Vice President of Lafarge S.A. (F)	SC
François de Visscher	Director	2004	President of de Visscher & Co. (USA)	A&F
Hubert Jacobs van Merlen	Director	2006	President and Chairman IEE SA, Luxembourg	
Maxime Jadot	Director	2006	Head of Investment Banking at Fortis Bank (B)	SC/NCPC
Baudouin Velge	Director	2004	Chief Economist at VBO/FEB (B)	A&F
Management				
Julien De Wilde	Chief Executive Officer	2006	N.V. Bekaert S.A.	SC/A&F
Other members				
Baron Paul Buysse	Chairman	2006	N.V. Bekaert S.A.	SC/A&F/NCPC
Gary J. Allen	Director	2005	Chairman of IMI plc (UK)	A&F/NCPC
Pol Bamelis	Director	2004	Chairman of Agfa-Gevaert N.V. (B) Director of several companies	SC
Baron Jan Huyghebaert	Director	2005	Chairman of Almanij N.V. (B)	NCPC
Baron Georges Jacobs	Director	2005	President of the Executive Committee of UCB (B)	

Situation as of 31 March 2004

(*) An extensive curriculum vitae of all board members is available on the Bekaert website.

SC: Strategic Committee - A&F: Audit & Finance Committee - NCPC: Nomination, Compensation and Pensions Committee

Functioning of the Board of Directors

The Board met on seven occasions in 2003. Six were regular meetings, at which the average attendance rate was 97.4%, and one was held in the presence of a notary public for the purpose of issuing subscription rights within the limits of the authorised capital. A two-day regular meeting was held on 9 and 10 October 2003 in Istanbul and the Beksa plant at Izmit in Turkey.

All resolutions were adopted by consensus. The Board of Directors did not make use in 2003 of the options provided by the Articles of Association of holding meetings and adopting resolutions via teleconferencing or videoconferencing or by unanimous written consent, nor its freedom to enlist the assistance of independent experts at the company's expense.

In addition to its statutory powers and powers under the Articles of Association, the Board of Directors approved in 2003 the by the management proposed strategy. It approved

major investments and acquisitions and the issue of subscription rights in accordance with the company's stock option plan (SOP1), which was introduced in 1999. The Board monitored the implementation of the strategy and performance against three-year plans and one-year budgets and drew up the 2002 annual accounts.

The Chief Executive Officer monitors the activities of the subsidiaries, joint ventures and associated companies. Their boards generally consist of management personnel, but in a few instances they include members of the Board of Directors of the parent company, who in that case represent the Chief Executive Officer.

The Board of Directors is assisted by three committees:

Strategic Committee (SC)

(for membership see table)

The Strategic Committee has six members. It is chaired by Baron Paul Buysse, Chairman of the Board, and further consists of the Chief Executive Officer and four Directors, three of whom represent the principal shareholders. The Group Secretary acts as its secretary. The SC held four meetings in 2003. The SC advises the Board of Directors on Group strategy and on specific strategic proposals from management.

The Chairman formally reports the recommendations of the SC to the Board for approval.

Audit and Finance Committee (A&F)

(for membership see table)

The Audit and Finance Committee has six members. It is chaired by Baron Paul Buysse, Chairman of the Board, and further consists of the Chief Executive officer, three Directors, two of whom represent the principal shareholders, and the Chief Financial & Administration Officer (who also acts as secretary). This composition ensures that the necessary dialogue takes place between the Board of Directors and management. The A&F Committee met on three occasions in 2003.

The Committee advises on the Group's financial position, the full year and half year results, the proposed dividend, the annual report, the Group's indebtedness, the valuation rules, the hedging of foreign currency exposure and forward purchasing of strategic materials, internal financial and operational audits, the selection and remuneration of the statutory auditor and compliance with its recommendations and advice on appropriate financial procedures for the Group.

The full A&F Committee meets twice a year to receive the reports of the internal and external auditors. A number of meetings are also held each year between the Chairman of the A&F Committee, who is also the Chairman of the Board of Directors, and the external auditors.

Particular attention was devoted in 2003 to reporting in accordance with the International Financial Reporting Standards.

The Chairman formally reports the recommendations of the A&F to the Board for approval.

The A&F Committee approves the Board of Directors' operating budget and monitors actual expenditure.

Nomination, Compensation and Pensions Committee (NCPC)

(for membership see table)

The Nomination, Compensation and Pensions Committee has five members. It is chaired by Baron Paul Buysse, Chairman of the Board, and further consists of four Directors, two of whom represent the principal shareholders. The Chief Executive Officer acts as secretary. The Committee met three times in 2003.

The Committee discusses the remuneration of the Chief Executive Officer, senior management remuneration policy and the offer of stock options or subscription rights to the Chairman, the Chief Executive Officer, the senior management of the Group and the other beneficiaries of the company's stock option plans.

The Chairman formally reports the decisions and recommendations of the NCPC to the Board for approval.

Conflicts of interests within the Board of Directors

As prescribed by company law, the members of the Board of Directors are expected to give the Chairman prior notice of any agenda items in respect of which they have a direct or indirect conflict of interests of a financial nature with the company and to refrain from participating in the discussion of and voting on those items. One such conflict of interests arose in 2003.

Extract from the minutes of 25 July 2003

The Chairman informs the members of the Board that he received a letter, dated 24 July 2003, from Mr. Hubert Jacobs van Merlen reporting a conflict of interests in connection with the Board's discussion and decision relative to the indemnification of his civil Director's liability by the Company. The conflict arises from the fact that Mr. Hubert Jacobs van Merlen will be the beneficiary of the indemnification. Mr. Hubert Jacobs van Merlen also informed the Company's independent auditors in writing on 24 July 2003. Mr. Jacobs van Merlen thereupon leaves the Board room.

Resolution

The Board resolves that the company will fully indemnify Mr. Hubert Jacobs van Merlen from and against any and all financial consequences of his civil liability as director of the Company, except if such liability results from his fraudulent intent or wilful misconduct.

Mr. Hubert Jacobs van Merlen thereupon returns to the Board room.

Remuneration of the Board of Directors

The annual remuneration of the members of the Board of Directors consists of a fixed fee and a variable fee, plus reimbursement of expenses incurred in the performance of their duties. The Annual General Meeting on 14 May 2003 determined that the annual remuneration of the members of the Board of Directors would remain unchanged at €52 058, consisting of a fixed fee of €37 184 and a variable fee of €14 874, based on attendance at six meetings. With the exception of the Chairman and the Chief Executive Officer, the members of the Board of Directors receive no stock options nor any other benefit in kind. With the exception of the Chairman and the Chief Executive Officer, the members of the Board of Directors who are members of the committees of the Board (SC, A&F, NCPC) receive a fee of €1 487 for each meeting they attend.

The total remuneration, including pensions, paid in 2003 to the Directors of N.V. Bekaert S.A. in respect of their service on the Board, on committees and on the boards of subsidiaries, amounted to €2.22 million, of which €1.85 million were fixed fees and €0.37 million were variable fees.

Daily management of the company

The daily management of the company is the responsibility of the Chief Executive Officer, who reports to the Board of Directors. He is assisted by the Bekaert Group Executive (BGE), consisting of himself as chairman and four members with responsibility for the various business activities and for finance and administration. The BGE, which meets on average twice per month, is responsible for developing, implementing and monitoring the strategy of each business activity, of the various functional units and of the Group, the strategy in the various functional areas, the short-term and long-term plans, and the results of the various business activities and the Group.

Senior management remuneration policy

The Nomination, Compensation and Pensions Committee decides on the nomination and remuneration of the Group Executive Vice Presidents and Group Vice Presidents on the proposal of the Chief Executive Officer. The committee discusses in depth the remuneration policy, the levels and the individual evaluations of senior management staff.

Senior management remuneration consists of a base salary, a variable bonus, subscription rights or options, a pension plan and life insurance and other customary insurance (such as incapacity). Appointments to the boards of certain subsidiaries are also remunerated. Senior management staff are provided with all equipment needed to perform their duties.

Remuneration is benchmarked at regular intervals through external comparative studies by independent consultants.

The variable remuneration of senior management staff is based on individual performance and the results achieved in the area for which they are accountable.

The number of subscription rights for or options on N.V. Bekaert S.A. shares offered to senior management staff depends on the achievement of pre-defined targets relative to Bekaert's group result.

Post-employment benefits consist of a defined-benefit plan funded through V.Z.W. Bekaert Pensioenfonds and a defined-contribution plan funded through an external insurance company.

The total remuneration paid to all Group Executive Vice Presidents and Group Vice Presidents for 2003 was as follows:

in thousands of euros	Total (*)	Average
Base salary	3 310	172
Variable bonus	952	51
Remuneration as directors of subsidiaries	732	38
End-of-career compensation	715	37
Total gross remuneration	5 710	297
Number of subscription rights/options	9 230	486

Not included: company car, life / incapacity / hospitalisation / repatriation / accident insurance and miscellaneous.

(*) Relates to 18 individuals for the full year and 2 for part of the year.

Policy on profit appropriation

It is the policy of the Board of Directors to propose a profit appropriation to the Annual General Meeting of Shareholders which provides, in so far as the profit permits, a stable and growing dividend while maintaining an adequate level of cash flow for investment and self-financing. In practice, this means that Bekaert seeks to maintain a payout ratio of around 40% of the consolidated net result over the longer term.

Relationships with principal shareholders

Stichting Administratiekantoor Bekaert was established in order to rationalise the principal shareholders' interests. The Stichting, which is jointly controlled by a number of physical persons and companies representing the principal shareholders, holds 4 265 940 shares or 19.33% of the issued share capital of N.V. Bekaert S.A. Stichting AK Bekaert and the physical persons and companies referred to on page 42 of this annual report, act in concert, and together own 8 889 830 shares or 40.28% of the issued share capital of N.V. Bekaert S.A.

Stock option plans

1) Subscription rights were again issued in 2003, within the limits of the authorised capital, under the stock option plan introduced in 1999 (SOP 1). The Board of Directors executed a notarial deed on 6 October 2003 to issue 33 580 subscription rights to senior management and executive employees of the company and a number of subsidiaries, excluding the pre-emptive rights of the existing shareholders. Each subscription right is convertible into one N.V. Bekaert S.A. share at an exercise price of €40.89. Up to the end of 2003, a total of 369 270 subscription rights had been issued under SOP 1. An overview is shown on page 89 of this annual report.

2) Under a second stock option plan (SOP 2), which is restricted to a maximum of 50 individuals and was approved by the Board of Directors in 2000, for the Chairman, the Chief Executive Officer and senior managers of the company and its subsidiaries, whether employees or self-employed, a total of 2 780 options were granted in 2003 subject to the same conditions as those applying to employees under SOP 1. If and when these options are exercised, N.V. Bekaert S.A. will purchase own shares on the stock exchange. By the end of 2003, a total of 20 120 options had been granted under SOP 2. An overview is shown on page 90 of this annual report.

Repurchase of own shares

A total of 51 330 N.V. Bekaert S.A. shares were repurchased in 2003 at an average price of €42.57 and subsequently cancelled, in order to avoid a possible future dilution of the voting rights of the existing shares as a result of the conversion of subscription rights into shares. Following the cancellation of the shares, the Articles of Association of N.V. Bekaert S.A. were amended accordingly.