

Bekaert in 2005

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Large infrared heaters are used to dry coatings on high-quality paper. International Bekaert teams develop solutions tailored individually to each project which combine maximum performance and minimum operating cost for the customer.

Putting the customer first

Bekaert's focus in 2005 was again on the customer. The evolution of Bekaert's corporate culture – from production-driven to customer-

driven – over the past few years is encapsulated in its new baseline: *better together*. Bekaert aims to work with its customers, all around

the world and in all its activities, to create win-win situations.

better together

better together sums up what Bekaert stands for. It is an article of faith for all Bekaert staff, whatever their function and wherever in the world they are working.

better refers to the constant striving for excellence which informs all of Bekaert's activities.

together refers to Bekaert's presence, both international and local, because proximity to its customers means that relationships with them are built on trust. Bekaert's goal is to respond even faster and even more effectively to specific local conditions.

better together results in win-win situations which benefit both customers and Bekaert. That translates into satisfied customers and sustainable profitable growth, which in turn means satisfied employees and satisfied shareholders.

Coping with the after-shocks

The exceptional circumstances of 2004 affected 2005 as well. There was a dramatic increase in demand for steel, fueled by the economic growth in several regions, most notably China. The result was extreme price volatility, with prices rising to record levels. Despite these difficult market conditions, however, Bekaert still managed to satisfy its customers' requirements.

The steel industry made substantial investments in China, Brazil, Russia and India in 2005, but rising demand kept pace with the growth in production capacity and the hoped-for fall in raw material prices failed to materialize. Wire rod prices remained high, with no easing of coke, scrap and iron ore prices. Energy prices also stayed high in 2005, which fed through into production costs.



Accolade for Central-European supplier

The 2005 Bekaert Quality Prize for the supplier making the most progress in the past year in raising the quality of the supply of its wire rod, Bekaert's most important raw material, was awarded to Moravia Steel's Trinecke Zelezarny plant in the Czech Republic.

Moravia Steel produces over two million tons of liquid steel a year, which is used to manufacture long products such as wire rod, rails, engineering bars and seamless tubes.

Wire rod prices are expected to remain high in 2006. The impact of rising energy prices on economic

growth will also be felt in Bekaert's operations.

Focused on the customers' needs

Bekaert continued in 2005 to respond to the geographical shift in its markets which started several years ago, as automobile makers and tire manufacturers – both high-volume users of advanced wire products – move to regions which have important growth potential, such as Central Europe, Latin America and Asia.

Bekaert is following its customers into these markets and has strengthened its position in the past year by substantially expanding its production capacity in Central Europe and Asia.

Production capacity in North America and Western Europe was optimized, enabling the plants to focus on products with higher added value.

Bekaert now has a global production platform which is fully equipped to meet customer demand for service, logistics and quality around the world.

To further optimize its services to customers, Bekaert launched a series of projects under its Total Quality Management program last year. The same parameters apply to these projects worldwide, to

provide a basis of comparison between plants and allow them to share the learning experience.

Innovation, inventory reduction and delivery-time reduction projects have been undertaken in conjunction with certain customers. Visible progress was achieved by the North-American plants in three areas: delivery times, service level and number of complaints. The number of customer visits has been increased on a structural basis and procedures have been introduced to allow the voice of the customer to carry increasing weight within the organization.

Chile: customer focus brings an extra bonus

The shift from a production-driven to a customer-driven culture has achieved remarkable results at the Inchalam plant in Chile. Delivery times are shorter and punctuality is better, with the plant delivering on time to 98% of its customers. Flexibility has also improved, translating into greater customer satisfaction. Shorter delivery times, combined with lower inventory levels, mean lower costs and hence higher profits.

Bekaert plants around the world are adopting this best practice in their production processes. Every change they make is assessed in the light of two criteria: throughput time and on-time delivery.

"better together marks a significant shift in our corporate mindset. For 125 years, our decisions have been guided by the question: Is this the way to maximum productivity? But better together means we all have to ask ourselves every day: Am I creating the most value for the customer?, because we're creating value for Bekaert at the same time." Henri-Jean Velge, Group Executive Vice President.

Higher priority for customer-driven innovation

To further reinforce its market and technological leadership and expand into niche markets where it can offer high added value, Bekaert intensified its efforts in the area of innovation last year. A growing international team is working on high-tech product development at the technology center in Belgium.

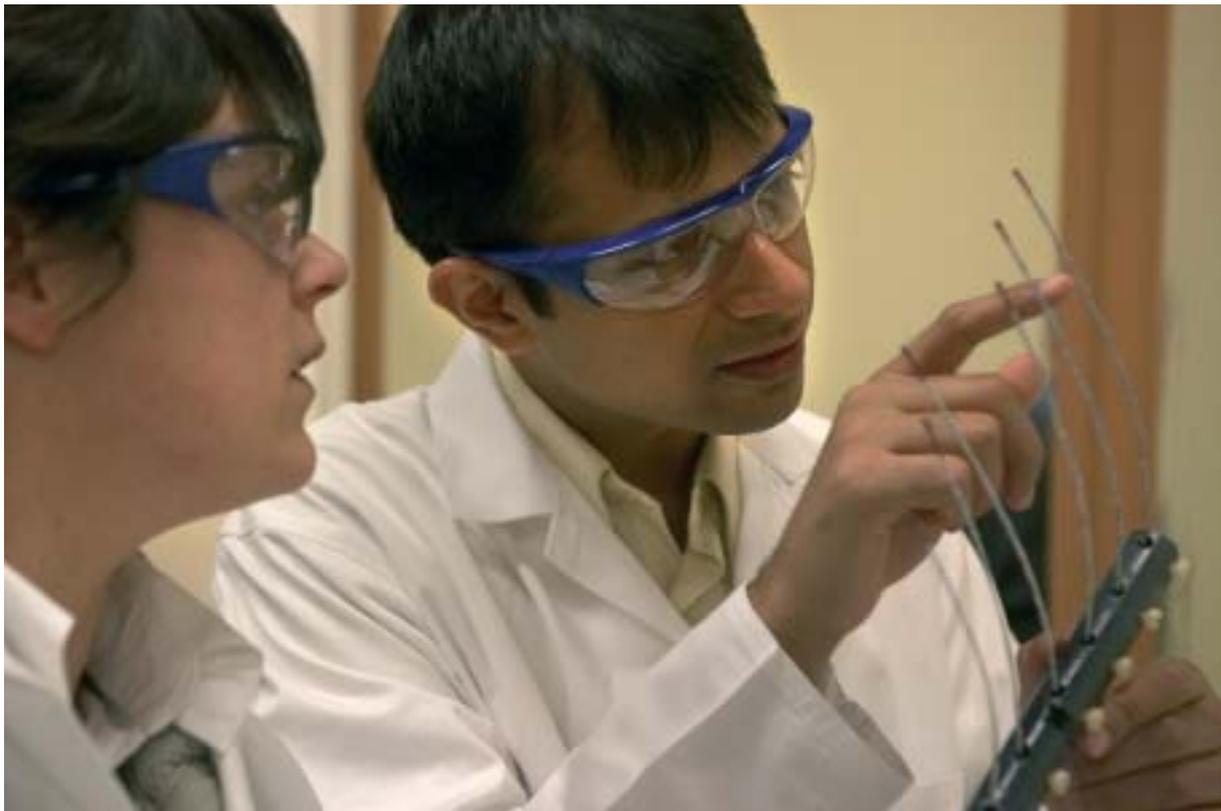
Bekaert seeks to extract maximum advantage from the synergy between its two core compe-

tences. Innovative coatings, for example, can be used to impart specific properties to advanced wire products, to improve their corrosion and/or abrasion resistance or extend their service life. This strategy enables Bekaert to offer its customers unique advantages.

The emphasis was on ten key projects, all designed in response to customer needs, from which Bekaert is already reaping the rewards in a number of areas.

For example, Bekaert launched a new type of window film, the patented Panorama® Hillite® Mega Performance Window Film, which keeps out the sun's heat and ultraviolet radiation, but lets light through.

Bekaert also works with customers on developing lighter vehicle tires, which have significant environmental benefits. The development of Mega Tensile, a steel cord which achieves an extremely high tensile



Improving the corrosion resistance of wire products is the subject of continuous research at Bekaert.

"In this rapidly changing world, better together is the only way to create, with our committed and talented staff, value for our customers, our employees and our shareholders." Bert De Graeve, Group Executive Vice President

strength, has been a breakthrough. Bekaert leads the field in the development of high-performance products of this kind.

A number of new wire products were also successfully launched, including a special spring wire for clutch systems in trucks fitted with diesel engines.

The Bekaert sawing wire activity has attained cruising speed. This high-tech wire is used in the electronics industry for slicing silicon ingots into wafers, a growing

market in which Bekaert is striving for global leadership.

With the homologation of a new steel cord product with special coatings for use in elevators, Bekaert has broadened its portfolio by entering into partnerships with several major elevator manufacturers.

In North America, Bekaert successfully launched a black fencing product for horse farms on which the horses cannot injure themselves.

Bitufor® was chosen by the Ministry of Public Works in Chile as the most innovative road repair product. Incorporating structural reinforcement with an asphalt topping, Bitufor® provides a fast and efficient method of renovating existing roads.

Open innovation

Bekaert used to be rather inward-looking when it came to innovation, but that has changed in recent years. Its research and development function bears witness to this evolution. To step up the pace of innovation, Bekaert has identified eight strategic R&D partners around the world, including the Massachusetts Institute of Technology in the United States, the universities of Leuven and Gent in Belgium and the Fraunhofer Institute in Germany. It has also signed contracts with around 40 high-tech companies internationally, with the aim of developing technological intelligence to give it a competitive edge.

To support the growing effort devoted to innovation, research and development at Bekaert is increasingly having recourse to external funding. The Institute for the Promotion of Innovation by Science and Technology in Flanders (IWT) is an especially important partner for Bekaert in that regard.

Exploration through corporate venturing

Bekaert is keen to continue investing in businesses operating in markets which tie in with its core competences. Bekaert is seeking to strengthen its position in attractive related markets such as clean energy, water purification, health care and mobility, as well as its traditional activities.

To that end, Bekaert manages a portfolio of investments in venture capital funds. In 2005, it also took direct minority holdings in three start-ups with high potential. Going beyond just taking a seat on the boards of directors, Bekaert has entered into technological cooperation agreements with these young enterprises, under which it provides engineering and production support for their managements in order to maximize their chances of success.

Serving customers around the world



Bekaert's 17 000 personnel around the world offer customers a wide range of high-tech products, systems and services.

Bekaert can thank its employees for its position as market leader and the technological leadership it has achieved in many sectors and with many products. Thousands of expert and dedicated people, all

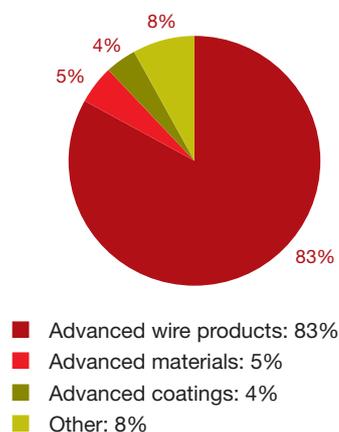
over the world, are contributing to Bekaert's success.

They work with customers, on the basis of mutual respect and trust, to devise specific solutions and

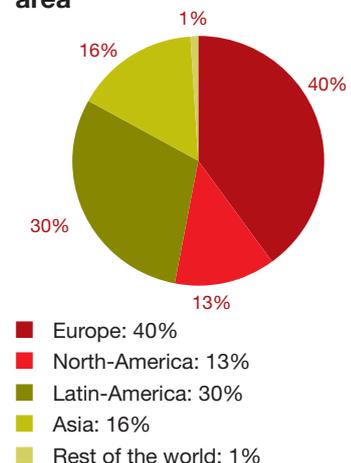
build win-win relationships. Focusing on their customers' needs helps them to broaden their expertise and technological know-how.

At the end of 2005, Bekaert employed 17 000 people worldwide, of which 11 000 in the consolidated companies. After the decrease associated with the sale of the European fencing division in early 2005, the number of employees followed a rising trend – above all in consequence of the expansion of activities in Asia and the recent acquisitions.

Personnel by segment



Personnel by geographical area



From local to global

Bekaert's approach – building a competent local management team and a strong local workforce at each site – testifies to the company's respect for and faith in the capabilities of its employees worldwide. It is an approach which is greatly appreciated by the company's partners, its customers and the public authorities and eases Bekaert's integration into the local economy. Bekaert accordingly invests heavily in local recruitment in all regions and seeks to profile

itself as an attractive employer in those markets.

In 2005, Bekaert also reviewed and extended its international mobility policy, which facilitates the dozens of international transfers that take place each year. A global policy on performance-related pay was developed, based on individual and team results in terms of certain defined critical competences: customer focus, self-management, innovation, result orientation

to succeed and talent focus.

High priority was also given last year to motivating the staff in a time of change in the mature markets and maintaining good industrial relations.



Engineering, the company's internal machinery and process equipment supplier, seeks to gain a competitive advantage for Bekaert worldwide. With its global network of contacts, Engineering plays a key role in the major investment programs which are currently in progress. Engineering also designs advanced production lines which lower the total cost of ownership.

The human-resources policy is built on five pillars: international diversity; fair, performance-related remuneration systems; professional teamwork in the service of the customer; personal willingness to learn; leadership and concern for the individual employee. These values are reinforced by focused recruitment and effective training and retraining programs.

The full curriculum of training courses and personal development support was reviewed in 2005 and brought into line with the needs of the markets around the world in which Bekaert is active. The object is to ensure that Bekaert is able to acquire and exchange knowledge faster in the future.

Bekaert conducted trials with the central management of spares inventories and equipment maintenance at several plants in Central Europe and China last year. The project was a success and the system will be extended in 2006 to a number of plants in North and Latin America.

"better together is about creating value by working continuously with customers, partners, suppliers, shareholders and – last but not least – other Bekaert people around the world." Mark Goyens, Chief HR Officer.

A contract was signed in January 2005 for the sale of Fencing Systems Europe to investment company Gilde NV. The conditions were ideal for the demerger of this entity. In 2004, Bekaert had embarked upon a comprehensive review of its European fencing division, as part of its continuous assessment of its operations in the light of constantly changing market conditions. This review had indicated that the division's future would be best safeguarded as a fully independent entity.



Advanced wire products

All in all, 2005 was a good year for advanced wire products.

Despite the unstable raw material prices, demand for most advanced wire products remained high in the first half of the year. Several wire rod manufacturers invested in extra capacity, which increased supply.

Bekaert noted a slackening of demand on some markets in the second half of the year. Faced with falling orders, customers in the automotive sector in particular

– including several tire manufacturers and car producers – decided to structurally reduce their inventory levels, which adversely affected demand for most advanced wire products on the mature markets of Western Europe and North America. In response to a number of structural market trends, Bekaert had to make certain changes to its production facilities.

In growth markets, Bekaert not only followed its customers, but also anticipated their future moves.

Bekaert's growth in Turkey, Indonesia, India and China was in line with market demand. As well as expanding its production capacity, Bekaert also extended its range of services in various regions.

To further improve its competitive position, Bekaert is constantly looking for opportunities to expand its activities in advanced wire products in promising markets, either alone or with local partners.



Bekaert Murfor® masonry reinforcement makes for stronger buildings.

Bekaert recorded strong growth in the construction sector in 2005, thanks not only to the quality of its products, but also to the unique global sales structure it has developed. Engineers and technology managers work closely with customers on solutions which meet the specific needs of the local markets.

Bekaert also benefited last year from the efforts it has made in recent years to position its products

for the construction sector more distinctly as top-quality products. This helped Bekaert to strengthen its position in the steel fiber market, where the enhanced structural performance of its Dramix® product and the greater ease of use on site, combined with the higher level of service, deliver significant added value in certain markets and applications.

Demand is also growing for Bekaert Murfor®, the masonry

reinforcement solution, which increases the earthquake-resistance of buildings in zones of high seismic activity.

The international spread of its customer base and the wide variety of its products for diverse market segments enable Bekaert to absorb economic fluctuations to which the construction sector is subject.

Bekaert expands its carding activities worldwide

Bekaert entered the carding market years ago, when it started producing carding wire. Carding, a process which involves separating, cleaning, combing and recombining the fibers, is a preparatory step in textile manufacture. The cylinders of the carding machines are covered with card clothing, a consumable which incorporates carding wire.

At the end of 2002, in order to extend its activities in this market, Bekaert acquired Sobelcard in Zwevegem (Belgium), whose products consist mainly of semi-manufactures for card clothing producers.

In China, the largest and fastest-growing market in the world for short-staple products such as cotton, Bekaert entered into a joint venture (75%-25%) with Wuxi Owl Textile Accessories Co. Ltd., a leading card clothing producer, in early 2005 and started setting up a production plant in Wuxi (Jiangsu province).

In June 2005, Bekaert acquired Carclo plc's ECC Card Clothing division, a major producer and distributor of card clothing with branches in the United Kingdom, France, Turkey, the United States, Canada, China and India. The company generates annual sales of € 24 million.

The textile machinery manufacturing industry worldwide is undergoing a wave of consolidation, leading to profound changes and challenging market conditions. Bekaert is determined to secure a substantial position in this market, in both carding products for non-woven applications, which are used predominantly in Europe and North America, and card clothing for spinning mills, for which Asia is an important growth market.

The focused expansion of Bekaert's global card clothing business is consistent with its strategy of sustainable profitable growth because Bekaert aims to be a leading supplier to textile machinery manufacturers and is moving to a higher level in the value chain. Bekaert's objective is to offer its customers unique carding solutions based on well-judged combinations of advanced wire products and advanced coatings.

Europe and North America

The slowing of demand in Western Europe and North America was above all a feature of the second half of the year.

Industrial demand in the United States slowed towards the end of the year. The automotive sector is going through hard times and its inventory levels have been structurally reduced. The tire market contracted and competition from cheap imports increased. In the fencing products market, the traditional seasonal peak failed to materialize and there was a marked fall in demand.

Demand for some wire products also declined, causing problems for a number of local competitors, but Bekaert's market share held firm.

Rita and Katrina, the two hurricanes which struck late in the year, temporarily depressed demand for steel cord products in the affected regions. Unable to obtain sufficient raw materials, the tire manufacturers were unable to maintain their production schedules. At the same time, there was a sharp rise in demand for specific wire products needed in the reconstruction pro-

grams, for power transmission and telecommunications as well as for infrastructure tasks. Bekaert was able to meet customers' urgent orders at extremely short notice.

In Europe, low-carbon wire product prices were under pressure, with growing competition in the bookbinding wire and thin annealed tie wire segments, for example. Imports from low-pay countries accounted for a growing proportion of sales of finished products based on low-carbon wire. This effect was exacerbated by the strong euro, which se-

verely hampered exports of certain products to regions outside the eurozone.

With the Hemiksem plant in Belgium losing competitiveness, Bekaert decided to close two of the plant's low-carbon wire production lines, affecting 85 jobs.

Some of the activities of the wire plant in Zwevegem (Belgium), which was also finding it difficult to compete, were transferred to Slovakia. The 37 employees affected were offered new positions within Bekaert.

Thanks to the quality of its products and the considerable added value it offers the customer, Bekaert was able to maintain its position in other wire products.

Bekaert succeeded in advancing its position in high-carbon wire

products in Europe, where demand for these high-added-value items is relatively stable.

Bekaert was the customer's supplier of choice for a number of interesting projects. One of these was the Falcon project, for which Bekaert supplied a large proportion of the armoring wire for the 10 000 km data communication cable laid from Egypt to Asia. Another was the Alnheim project, involving the mooring of oil platforms using a single heavy cable woven from a new generation of high-tensile wires.

In December, Bekaert decided to embark on the phased closure in the United States of the wire plant in Muskegon (Michigan), where a workforce of 65 produce specialized high-carbon wires, used mainly in the automotive industry. The performance of the plant had

been falling short of expectations for some time, partly due to intense competition from imports. Consistent with Bekaert's strategy of focusing primarily on products with higher added value, some of the Muskegon plant's activities will be closed down and some will be transferred to other sites.

To advance the position of the wire activities in North America, Bekaert purchased several machines and other equipment from Conflandey Inc. early in 2006. Conflandey Inc. is the largest supplier of stitching wire to most of the printers and bookbinders in North America. Bekaert plans to move the machinery and equipment to its plant in Shelbyville (Kentucky, United States), which produces preformed staple wire and fine speciality wires for all kinds of applications. Bekaert strives for maximum efficiency in both inventory manage-



Each truck tire contains over 10 kg of ultrahigh-tensile steel cord. As well supporting the weight of the vehicle, steel cord reinforcement also helps to transmit steering, driving and braking forces to the road.

"better together isn't just about putting yourself in the customer's place. It's about thinking in terms of the customer's operations. I'm in no doubt that both the customer and Bekaert will benefit."
Marc Vandecasteele, Group Executive Vice President.

ment and services, two of the keys to successful servicing of existing and new customers.

The trend on the tire market in Western Europe contrasted sharply with the market in Central Europe. The latter region has enjoyed rapid economic growth in recent years, which is expected to continue for the foreseeable future. Tire production is expanding dramatically and all the major tire producers are increasing their capacity in the region. The pace of radialization, the increase in the proportion of vehicles running on radial tires, which are reinforced with steel cord, is rising steadily.

Bekaert has occupied a strong position in the region for several years, with its two steel cord plants in Slovakia providing a high-capacity production platform in close proximity to its customers.

Bekaert realigned its production capacity in anticipation of the move by the automobile makers and tire manufacturers into the growth markets. Capacity was increased in Central Europe, but it was decided to reorganize the production facilities in Belgium and the United States. With the Lanklaar plant in Belgium becoming steadily less profitable, Bekaert decided to commit the facility to

the manufacture of a limited range of high-quality steel cord products. The reorganization and changes to working procedures at Lanklaar affected 125 jobs.

Production capacity was also reduced at the Dyersburg (Tennessee, United States) plant in response to structural changes in the market. The workforce was slightly reduced, through non-renewal of temporary contracts and voluntary redundancies.

China: a world apart



In late 2005 Bekaert organized the *Bekaert 2005 China Tire Enterprises CEO Forum* in Shanghai. It was attended by the CEO's of major Chinese tire manufacturers and several guest speakers.

Bekaert built its first steel cord plant in China in the early 90s. In May 2003, Bekaert decided to increase its annual output of steel cord products for tire reinforcement to 120 000 tons, taking Bekaert's total consolidated capital expenditures to around € 160

million a year. Bekaert currently has advanced wire products plants in the provinces of Jiangsu, Liaoning and Shandong.

The Chinese economy has experienced massive growth in recent years, and it has become apparent

in the past three years that China is well on the way to becoming the largest steel cord market in the world within the foreseeable future. The tire market grew significantly in 2005, accompanied by commensurate growth in demand for steel cord products.

These growth figures reflect, on the one hand, the evolving local market, with rising consumer demand for cars. On the other, they are indicative of the increasing need for efficient transport, as evidenced by the growing number of trucks on the roads and the ongoing investment in freeways. The proportion of trucks running on radial tires is also rising: around 60% of truck tires are now reinforced with steel cord, and this percentage is expected to rise significantly in the next few years. China is also a growing exporter of tires to the rest of the world.

In China, too, Bekaert's strategy is to form partnerships with its many customers, deploying its highly trained representatives to provide them with personal guidance on technical issues.

At the same time, Bekaert works closely with customers on product development through its technology center in Jiangyin (Jiangsu province), where a substantial portfolio of steel cord products has been developed in recent years. Bekaert is planning to expand the capabilities of the technology center still further, so that it can provide the best possible support for its customers. To strengthen the links with customers and suppliers, Bekaert opened a new training and conference center adjacent to the technology center in Jiangyin. Bekaert also donated advanced laboratory equipment to the Chinese rubber industry association's Materials Research and Testing Center in Beijing, which plays an important role in the standardization of testing and comparison of materials used for rubber reinforcement.

To meet the rapidly rising demand for steel cord and to support its sustained drive for market leadership, Bekaert decided in 2005 to increase its production capacity again by at least a further 50%. This new investment program will also mean more work for the engineering department in Jiangyin, which will supply machinery. The total capital cost will be comparable to that of previous investment programs in China.

Bekaert is also active in other advanced wire products in China, where sales of these products are growing vigorously.

Bekaert also increased its advanced wire products capacity in China in 2005. A third steel cord plant was officially opened in Weihai (Shandong province) and production of steel cord reinforcement for *off-road* tires started in Shenyang (Liaoning province).



"better together means that we all must excell in real active listening and in a speedy response to the specific needs and expectations of each individual external and internal customer. This will lead to a more satisfied customer and to sustained leadership for Bekaert." Herman Vandaele, President Bekaert Asia

Latin America: sustaining the momentum

Bekaert turned in a strong performance in Latin America in 2005. With a population of 500 million, the region has attractive growth potential and presents numerous opportunities for Bekaert. Per capita steel consumption is around one-fifth of that in Western Europe.

One key factor in Bekaert's success in Latin America is its excellent relations with its partners.

Bekaert has the advantage of being able to combine locally based businesses with the strength of an international organization.

Bekaert provides its customers with a one-stop shop for wire products: the joint ventures can supply both conventional and highly innovative items. Significant growth is expected in the future in some product segments, such as cable wire for the mining industry.

The Latin American market for steel cord products did not grow as rapidly in 2005 as had been hoped. Exports from Brazil to the United States were also held back by the strength of the real.



In November, the Belgo Bekaert Arames joint venture in Bahia (Brazil) opened a new plant for industrial wire products which it had built in record time. The plant will manufacture products intended primarily for the automotive industry. Bekaert wants to help major customers to expand in the region by providing a just-in-time delivery service to their new facilities in the north-east of Brazil.

"better together actually describes a way of doing business. We must strive constantly to create win-win situations at all levels". Rick McWhirt, President Bekaert North America and General Manager steel cord products North and Latin America

Advanced materials and coatings

In the advanced materials and coatings segment, Bekaert concentrates on products with high added value for specific niche

markets. The company made breakthroughs in a number of sectors last year, including film coatings and diamond-like coatings,

but demand for some products weakened.

At work in Asia

Bekaert's activities in advanced materials and coatings are not confined to the mature markets. Bekaert is also working in these segments in Asia.

A milestone was reached in 2005 with the opening of a new plant in Suzhou (Jiangsu province, China), which was attended by Ms. Tan Ying, Vice-Mayor of Suzhou, and Mr. Yves Leterme and Mrs. Fientje Moerman, Minister-President and Vice-Minister-President, respectively, of the Flemish Government.

The plant, which represents an investment of € 20 million, took less than six months to build and will employ 70 people in the start-up phase. Bekaert will use the plant to develop its businesses in fiber technologies, combustion technologies, industrial coatings and specialized film coatings.



Long-life filter media

Bekaert is world leader in the production of filter media based on ultrafine stainless-steel fibers. Because they are reusable, Bekaert filter media offer a greatly extended service life. Substantial growth was achieved in this business in 2005.

One of the applications in which Bekaert filter media based on metal fibers are used is gas filtration

in the chemical industry. Following a breakthrough in 2005 in the filtration of the hot gas produced in the aluminum smelting process, Bekaert won a valuable order at the end of the year from Alcan Gove, the Australian subsidiary of Alcan, which owns a bauxite mine and an aluminum smelter on the island of Gove. The Bekaert solution was chosen on the grounds of

low emissions, filter reliability and compact dimensions.

Consistent with its strategy of moving upward in the value chain, Bekaert stepped up the pace of growth in fiber technologies in 2005 with the acquisition of Southwest Screens & Filters SA, one of the leading global players in industrial metal-fiber process filters. The

main application for the company's products is in the plastics industry, where they are used to remove impurities from the molten raw material to enhance the quality of the finished fiber or film. In addition to its production plant in Sprimont (Belgium), Southwest Screens & Filters SA also has a production facility near Jakarta (Indonesia).

The company generates annual sales of € 10 million.

In China, Bekaert has the exclusive distribution rights to the filter systems produced by Beijing Melalin S&T Co. Ltd., which cooperates closely with Tsinghua University. These systems provide the solution for the problems encountered

in the gas phase of the melamine production process.

Environment-friendly burners and gas combustion systems

Bekaert manufactures environment-friendly gas burners and combustion systems for practically all the major players. This business recorded significant growth in 2005 and Bekaert made further progress in widening the geographical scope of its operations in this field.

Following the agreement reached at the end of 2005 with Shell on the sale of its 25% interest in the Bekaert Combustion Technology NV joint venture, Bekaert is now

the sole shareholder in this company. In recent years, Bekaert has secured a leading position in the market for environment-friendly gas burners for domestic condensing boilers, including central heating boilers, by responding effectively to the increasingly rigorous environmental regulations in various countries, especially in Europe.

2005 saw the delivery to central heating boiler manufacturers of the first models of the promising

Bekaert Furinit® burner, which reconciles the demand for more compact boilers with the increasingly stringent environmental requirements (high efficiency and low CO and NO_x emissions). As well as lending themselves readily to standardization, Bekaert Furinit® burners are extremely compact, making them the ideal solution for today's smaller homes, and can be used with various types of gas.

Composites

Bekaert produces glass-fiber-reinforced membrane pressure

vessels for reverse-osmosis desalination plants which signifi-

cantly reduce the customer's total cost of ownership.

Sputter hardware and targets

In industrial coatings, Bekaert has attained worldwide leadership in sputter hardware and targets, used by glass manufacturers to apply coatings to large areas of flat glass in their production processes. Bekaert can boast unique combined expertise in rotating sputter

hardware and rotatable sputter targets. Because rotatable sputter targets contain more usable metal than planar targets, they have a longer life – which means less frequent coating line shutdowns and hence lower production costs for the customer.

In early 2005, Bekaert won its largest order for sputter technology so far from a major glass manufacturer, even though the strongly project-driven activity in sputter products had a difficult year.

"better together is about efficient alliances and partnerships, successful integration of acquisitions and an efficient internal organization based on cross-functional cooperation." Georges Brys, Group Executive Vice President

Diamond-like coatings

Global sales of Bekaert diamond-like coatings, which offer a unique combination of extremely low frictional resistance and extreme hardness, showed steady growth in 2005.

Diamond-like coatings are used in several niche markets. They are applied, for example, to CD and

DVD molds (a market which is presently stagnant) and to molds used to produce plastic bottles (a growing market). In the world of Formula One and NASCAR, Bekaert has long led the field in coatings for engine components, which reduce wear and friction and hence increase power.

In March 2005 Bekaert acquired the remaining shares in Sorevi SA, which specializes in applying diamond-like coatings to industrial equipment in order to extend service life.

Window films

Bekaert window films are used in buildings and vehicles to keep out heat and ultraviolet radiation and to hold the glass together in the event of breakage. This latter function is particularly important in government buildings and embassies, where security is paramount.

A promising new product for architectural applications, Panorama® Hilight® Mega Performance Window Film, was successfully launched in 2005. This transparent window film, consisting of a polyester film with a high-tech coating only a few nanometers thick, sets new performance standards in solar control. It also filters out harmful ultraviolet radiation and prevents fading of furniture and decorations. The range of applications is immense, from homes to stores to art galleries.

There are already over a hundred qualified Bekaert dealers in China selling Quantum window film. Around 90% of Chinese new-car buyers have window film installed, and Bekaert wants a share of this growing market. Window films greatly enhance the in-car environment and, because they reflect the sun's heat, reduce the need for air-conditioning.



Specialized installers applying window film to keep out the sun's heat and ultraviolet radiation and provide protection in the event of breakage.