Bekaert is a benchmark in many different sectors, not only for the high added value our company delivers at the technological level, but also for the way we manage our customer relations – driven by results, with an eye to the future, working flexibly with a variety of partners to arrive at solutions.

This cooperation with customers, local authorities and colleagues from various business units in all parts of the world is a source of inspiration and dynamism. Thinking and planning together, exchanging ideas and working together to make them a reality – that is how we translate our better together philosophy into practice.

This philosophy is inspired by our 127 years of materials expertise, our tradition of operational excellence, our willingness to play a global role and our constant alertness to trends and developments – factors that deservedly make Bekaert the acknowledged market leader.
Baron Buysse CMG CBE
Chairman of the Board of Directors

Bert De Graeve
Chief Executive Officer
Message from the Chairman and the Chief Executive Officer

Dear reader,

The figures confirm it: Bekaert had another good year in 2007. Our consolidated sales were 8.2% higher, the result for the period amounted to €161.6 million, an increase with 9.5%, and earnings per share amounted to €7.63. These strong results, achieved in highly competitive and rapidly changing markets, can be attributed first and foremost to our winning combination of customer service, excellent product quality, technological leadership, experience and local presence – indisputable strengths that distinguish Bekaert from many other companies. Nor have we hesitated to create and optimize growth opportunities, both in specific product segments and in growth markets such as China. Moreover we have enhanced shareholder value through a substantial, €111 million share buy back program and a dividend of €2.76 per share, an increase with 10.4%.

Our baseline, better together, is more topical than ever. We regard the challenges facing our customers and partners as our challenges too. Our results indicate that our customers value our approach.

Strengthening our position in traditional markets with targeted investments

Bekaert achieved good growth in Europe in 2007. We are now building for the future with targeted research, development of innovative products, additional investment in Hlohovec (Slovakia) and an expansion of fiber production capacity in Zwevegem (Belgium). In the course of 2008 we intend to increase production capacity – in Zwevegem – for windshield wiper components and profiled wire for reinforcing flexible pipes.

North America did not have an easy year, with the slowdown in economic growth further exacerbated by the sub-prime mortgage crisis. The impact of these market conditions was felt mainly in sales of our products for the construction and automotive industries. Although we had to close our plant in Dyersburg (Tennessee, United States) to bring our production capacity more closely into line with the market, Bekaert will continue to support its market position in this strategically important region.

Making best use of growth opportunities in emerging countries

In Latin America, we succeeded in developing and securing our production platform close to the customers. The acquisition of 100% of Vicson, S.A. (Valencia, Venezuela), which indirectly also increased our interest in Productora de Alambres Colombianos Prolaco S.A. in Colombia, also greatly strengthened our position in this region.

The takeover talks with steel cord manufacturer Uralkord in Russia did not achieve the result we had hoped for, but Bekaert, believing in this region’s potential, decided in January 2008 to build a new steel cord plant in the Lipetsk region south of Moscow.

In India, we signed a strategic cooperation agreement with steel producer Mukand. This creates an opportunity for further expansion of our activities on the subcontinent, which is becoming increasingly important as an economic force. Cooperation with Mukand also offers Bekaert the prospect of growing to become a world player in stainless steel wire as well. In Indonesia, we expanded our capacity for steel cord and other wire products.

Our activities in China continue their steep growth curve: sales of steel cord products were up 48% in 2007. To support this growth, about €100 million has been invested to this region in the past year. In 2007, we again increased production capacity at our plants in Shenyang (Liaoning province) and Jiangyin (Jiangsu province) and significantly expanded our workforce in China, which has passed the 5,000 mark. We also strengthened our relationship, based on mutual trust, with our Chinese partners.

We repositioned our advanced materials activities in 2007, integrating our stainless steel wire activities in order to strengthen the value chain. We also took
The challenges facing our customers and partners are our challenges too.
action to raise the profitability of our advanced coatings and window film activities.

Forward-looking strategy
Global presence and unlocking the potential in both the traditional and emerging markets is an absolute priority for Bekaert. The experience of the past year has confirmed once again that it is not enough to protect our position as market leader: we have to work constantly to reinforce that position, by tailoring our product portfolio to suit both traditional and growth markets.

On all our markets and in all our activities, we place the emphasis on sustainability. We optimize both our portfolio and our production processes in the interests of people, the environment and the community.

Research and development remain a strategic priority, and in 2007 we raised the Research & Development budget to €57 million. This sum was shared between our technology centers in Belgium and China, which will be further extended in 2008. We aim to ensure that we achieve or retain the status of preferred supplier for our customers around the world. Several new products were successfully launched in 2007. Steel fibers for high-performance diesel particulate filters, Dramix® Green steel fibers for concrete reinforcement and Ultra Tensile steel cord were just a few of the products with which we demonstrated our technological leadership and secured our market leadership.

Operational excellence and notably cost awareness continue to add to the profitability of our company.

better together is working
We are pursuing our strategy of sustainable profitable growth together with our customers and suppliers, our employees, shareholders and other stakeholders. We thank them all for their contributions to our company’s success.

We sincerely thank our customers for their confidence in Bekaert. We are especially proud of being chosen by our customers as best supplier in 2007 and the recognition represented by Eaton Corporation’s Supplier Excellence Award in the United States and the Double Coin Award in China. For our part, these awards justify our belief in the importance of placing the customer at the center of our production and innovation processes.

We also thank our suppliers for their confidence in Bekaert, their striving for excellent quality and their commitment to our partnership.

We thank our shareholders in particular for their support and their belief in Bekaert’s strategy, growth and future potential.

And where would we be without the enthusiasm and expertise of our employees? We owe all 20,400 of them a special debt of gratitude. As proved by Bekaert’s nomination for the Top Employer award in Belgium, talent attracts talent.

Respect for our employees also means that we, as a company, continue to work hard to achieve maximum safety. We did reduce the number of industrial accidents involving absence from work in 2007, but we can do even better. Safety will be a high priority for everyone in the coming year.

Bekaert holds all the aces. We believe firmly in the sustainable future of our company. And we are confident that we, working with you and keeping faith with our better together philosophy, can ensure that Bekaert continues to grow as a leading international player by responding to the opportunities which arise.

Bert De Graeve
Chief Executive Officer

Baron Buyse
Chairman of the Board of Directors
The Board of Directors is the company’s supreme decision-making body in all matters other than those in respect of which decision-making powers are reserved to the General Meeting of Shareholders by law or the articles of association. The Board of Directors delegates its management and operational authority to the Bekaert Group Executive. The main task of the Board of Directors, under the leadership of the Chairman, is to determine the company’s general policy and supervise its activities. The Board of Directors has 14 members.
Thanks, Gary

Gary J. Allen is to stand down from the Board of Directors at the Annual General Meeting on 14 May 2008, having worked for over 20 years building Bekaert’s success. During that time, he has also made an exceptionally valuable contribution to the work of the Nomination and Remuneration Committee and the Audit and Finance Committee. We thank him most sincerely and wish him every success in the future.
Dominique Neerinck  
Chief Technology Officer  
Group Executive Vice President  
Industrial coatings

Henri-Jean Velge  
Group Executive Vice President  
Advanced wire products/Wire  
Advanced materials

Bert De Graeve  
Chief Executive Officer

Bruno Humblet  
Chief Financial Officer  
Group Executive Vice President  
Specialized films

Geert Roelens  
Group Executive Vice President  
Advanced wire products/Steelcord  
Appointed to succeed Marc Vandecasteele from 1 March 2008
Thanks, Marc

After a richly varied career with Bekaert spanning 37 years, the last ten of which as a member of the Bekaert Group Executive, Marc Vandecasteele is retiring. On behalf of the Bekaert Group Executive, we thank him for all he has done for the company. Under Marc’s guidance, Bekaert’s steel cord activities achieved remarkable growth. He played a leading role in advancing our position in the BRIC countries, especially China. Total quality management, in both production and sales processes, was one of Marc’s top priorities and he was instrumental in the development of the Quality House model which has become the reference within Bekaert. At the personal level, we shall miss his human warmth, his infinite patience and his unfailing diplomacy.

From 1 March 2008, Marc will be succeeded by Geert Roelens as Group Executive Vice President and member of the Bekaert Group Executive.
Bekaert’s long-term strategic objective is **sustainable profitable growth**. In pursuit of that objective, the company aims for global market leadership and technological leadership in specific applications of its two core competences: advanced metal transformation and advanced materials and coatings.

The best way to achieve sustainable profitable growth is for a company to be a leader on the markets on which it operates. This is why we aim for a global presence where there are markets for our products and systems. Our extensive sales network now covers over 120 countries.

The growth we achieve in this way enables us to invest in promising new developments which will be the foundations of sustainable profitable growth in the future.

The routes to the success of our strategy are global market leadership and technological leadership.
Strategy towards sustainable profitable growth

Global market leadership
Because, in today’s rapidly changing market environment, the life-cycle of industrial products is becoming ever shorter, our product portfolio has to be continuously renewed if we are to secure the future of our company. Funding this investment requires market leadership and high volumes, which is why Bekaert constantly defends – and where possible extends – its position as global market leader in many applications.

Bekaert’s market leadership is inextricably linked to the high standards of quality assurance we apply to all products and processes, an approach that is mirrored in our relations with all stakeholders, especially customers, partners and employees.

Through capital investments and carefully selected acquisitions and joint ventures, we gain faster access to new markets, activities and/or technologies. Examples in 2007 included our joint venture with Mukand (India), our investments in China and the consolidation exercise in Latin America (Venezuela and Colombia). In our traditional markets, we invest in products with high added value. In the interests of our global manufacturing footprint, our position in these markets is strategic.

The stronger our company’s market position becomes, the wider and more innovative the product portfolio we can offer our customers and prospects. Our market leadership thus benefits from and is reinforced by our technological leadership and vice-versa.

Technological leadership
We engage in research and development in close cooperation with our lead customers. At the Bekaert Technology Center in Belgium and the Bekaert Asia R&D Center in China, our teams of engineers and scientists work on the further development of our diverse but balanced product range.

Bekaert facilitates considerable research in the context of our open innovation program in association with internationally renowned research centers such as Tsinghua University (China), the Fraunhofer Institut (Germany), the University of Cincinnati (United States) and the Holst Open Innovation Center (founded by IMEC in Belgium and TNO in The Netherlands).

The shift of emphasis towards sophisticated products and solutions with high added value is a safeguard for the future.
A global player with customer focus

Global market leadership in:
- Dramix® fibers for concrete reinforcement
- champagne cork wire
- steel cord for radial tire reinforcement
- nylon coated wires, such as bookbinding wire
- sawing wire for cutting silicon
- profiled wire for reinforcement of flexible pipes
- steel fibers used in textile, filtration and conductive plastic applications

Technological leadership by:
- an in-house engineering department, which develops machinery and process equipment
- a € 57 million investment in research and development in 2007
- about € 4 million investment in corporate venturing in 2007
- an international research team employing 360 staff in Belgium and China
- a technological portfolio of 2,076 patents, of which 363 inventions

Operational excellence
Operational excellence is a prerequisite for global market leadership and technological leadership. We strive constantly to improve our production processes. Total quality management is part of Bekaert’s DNA.

We work with our customers to find cost-efficient solutions. We also work constantly to ensure safe working conditions.

Reducing our ecological footprint is an essential policy objective. Best practices are shared with other Bekaert plants, thereby extending the learning process worldwide.
An international group

North America

<table>
<thead>
<tr>
<th>Year</th>
<th>Combined sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>24%</td>
</tr>
<tr>
<td>2007</td>
<td>16%</td>
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Latin America

<table>
<thead>
<tr>
<th>Year</th>
<th>Combined sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>26%</td>
</tr>
<tr>
<td>2007</td>
<td>36%</td>
</tr>
</tbody>
</table>

Combined sales are sales generated by consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.
A global player with customer focus

Europe
- 2002: 41%
- 2007: 31%

Asia
- 2002: 8%
- 2007: 15%

Other regions
- 2002: 1%
- 2007: 2%
Global presence

A global presence in all our current and potential markets is an essential element of our business strategy. We have a presence in all regions in which our customers are active, so that we can respond as effectively as possible to their needs. Our wide geographical coverage enables us to identify and respond swiftly to new trends and opportunities.

Given our long international experience, doing business at a global level has become second nature to Bekaert. Wherever we are active, we seek to integrate our operations seamlessly with the local economy. Forming joint ventures, as we have done in Latin America, speeds up this process. In other regions such as China, we make it a priority to develop good relations with local partners and agencies. Our plants are run almost 100% by local personnel.

Market demand changes over time: some markets become saturated, new market segments emerge and other markets suddenly take off. Our customers also change: some relocate while others extend their international presence. Whatever their stage of development and wherever they are based, Bekaert aims to provide the best possible support for their growth. That is one reason why Bekaert’s geographical coverage changes, as we constantly align our production platform in response to customer demand and market trends. Another reason is that it enables us to continuously strengthen our position.

Global dynamic

Over the past five years, the share of our traditional markets in our activities has declined in relative (not absolute) terms. In Europe we disposed of the fencing operations and a number of other activities which were not part of our core business. Carding products for the textile sector are declining, due to the market shifting to Asia.

Products with higher added value are gaining ever more significance. For example, the acquisition of Cold Drawn Products Limited in the United Kingdom in 2006 strengthened our competitive position in the market for flexible-pipe reinforcement products for the offshore industry.

In North America, we disposed of the wire activities in Muskegon (Michigan) in 2006 and closed the steel cord plant in Dyersburg (Tennessee) in 2007. On the other hand, we made several promising acquisitions, such as Delta Wire (bead wire for tires), and investments including Specialty Films (window film) and Titan Steel & Wire Co. (advanced wire products).
A global player with customer focus

For the past five years, Latin America has been our largest market and a growth market, where we have achieved rapid organic growth with a wide range of wire products. Bekaert strengthened its position in 2007 by acquiring full ownership of Vicson, S.A. (Venezuela) and thereby an indirect majority interest in Proalco S.A. (Colombia).

We have made good progress in Asia in the past five years. As a leading supplier of steel cord to the burgeoning Chinese tire market, we are growing very fast.

North America
2020 employees
544 million combined sales*

Latin America
5,882 employees
1,248 million combined sales*

Europe
6,510 employees
1,057 million combined sales*

Asia
5,933 employees
517 million combined sales*

Other regions
35 employees
53 million combined sales*

*Combined sales are sales generated by consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.
Close to the customer

Bekaert strives constantly to strengthen its global manufacturing footprint. This strategically spread network means we can service our customers locally, whether local or global players. We are able to respond flexibly to the customer’s wishes, speak to him in his own language and respect his culture.

But in our better together philosophy, ‘close to the customer’ means more than geographically close. We also seek to understand the customer’s plans, priorities, way of working and end-user relationship. With the benefit of that understanding, we then work constantly to offer added value in a long-term cooperative relationship.

**Voice of the customer**

To provide a structured framework in which to apply this approach in practice, we developed voice of the customer (VOC) exercises, which involve analyzing in detail the processes by which the customer receives, processes and sells Bekaert products. This enables us to play a proactive role, showing how these processes can be made faster, more effective or more efficient.

In the course of these voice of the customer exercises, we identify not only the basic needs of the customer or potential customer, but also their latent needs. With the benefit of our accumulated expertise, we seek to offer our customers tangible added value and effectively strengthen their competitive position. At the same time, we want to safeguard for the future the status of preferred supplier we have secured among many of our customers.

**Customer-focused innovation**

The VOC exercises provide Bekaert with a fertile seedbed for successful innovation. Our aim is to offer our customers innovations that strengthen their processes or reduce the total cost of ownership, through improvements in the production process, products with a longer service life or cheaper technological solutions.

Bekaert greatly values co-development with customers, because it proceeds from highly specific issues,

**From product-out to market-in**

As well as cost-effective production methods, Bekaert also guarantees its customers the best possible operational service. We talk to them about their requirements in terms of product quality and production methods and processes. We also discuss planning and budgeting, transport and inventory management and implement improvements where necessary. In essence, our approach has evolved from what might be described as product-out to market-in.
A global player with customer focus

operational situations or objectives that are identified by the customer, enabling us to gain an edge in customer-focused innovation.

Total solutions made to measure
Consistent with our market-in approach, we are increasingly offering customers total solutions. More than supplying just the product, we analyze the customer’s entire project, which also requires knowledge of the individual customer and the customer’s specific market. In Chile, for example, we are currently investigating whether, in addition to supplying vineyard wire, we can also provide installation and maintenance services.

Global account managers, for a forward-looking approach
Bekaert provides a unique point of contact for customers which operate on a global scale. They have their own global account manager at Bekaert, who understands their global market and the challenges they face and can be contacted at any time.

The global account managers strive constantly to advance their customers’ market position, working with them to define a vision of and future course for product development, supply chain management, improvement projects and access to new markets,… Bekaert is thus able, in cooperation with the customer, to anticipate developments and trends.

Voice of the customer: progress on several fronts
Industrial Paraiso, a mattress manufacturer, has been a customer of Vicson, a Bekaert company in Venezuela, for over 35 years. It is a major customer for three types of wire: for conical springs, for mattress edges and for tying the springs together.

Bekaert staff paid extended visits to Industrial Paraiso’s plant in 2007, where they talked to management and staff from the quality, production and sales departments.

This resulted in many improvements: the wire diameter specifications for the conical springs were revised and various new wire types were proposed which reduced both packaging costs and waste. The thickness of the phosphate coating on some wires was reduced, which yielded a cost saving for the customer, and the wire was packed in batches, which improved traceability.

But the most significant improvement was in the relationship between the industrial players, with clearly defined quality requirements and a very strong spirit of mutual trust.
Making things possible with our customers

Optimizing champagne cork pressure

The cooperation between ICAS-HITE-Schneider group and Bekaert dates back three generations. ICAS-HITE, which has its roots in Italy in the 1950s, is now world market leader in the production of muselets (the wire nets over the corks on sparkling wines). It is run by three enterprising families, who have passed down their knowledge from father to son. Production machinery is built in-house. Quality has always been paramount in its strategy.

Bekaert worked with the group in its early years on development of the perfect champagne cork wire: strong but easy to bend, with a soft coating that does not flake off.

In recent years, however, the challenges have become tougher. In the early days, bottling lines operated at 2 000 - 3 000 bottles an hour, but that has now increased to around 30 000. As production speeds rose, so did customers’ quality requirements. The strength of the wire became increasingly critical and corrosion was a burning issue. With rising raw material prices, avoiding waste became increasingly important and full use had to be made of each meter of wire.

In the course of this 40-year relationship, Bekaert has devoted considerable research to supporting ICAS-HITE’s growth. For example, we developed Bekilacq®, a galvanized wire which we can lacquer in any color. In response to requests from champagne producers, we have also researched such issues as the effect that pasteurization of the bottles has on the wire.

More was needed, however, to maintain the rapid pace of growth. In March 2007, we launched a total quality management project at the HITE plant in Spain. Bekaert joined forces with HITE staff to perform an in-depth analysis of all processes and potential bottlenecks. Workshops were organized where they discussed possible improvements. The project was concluded in November.

The result was higher output from the machinery, a significant reduction in waste and remarkably high cost savings, at both Bekaert and ICAS-HITE-Schneider group. No wonder the customer decided right away to repeat the project in the coming year – for another type of wire – at the ICAS plant in Italy.

The total quality management project strengthened cooperation between us and gave us a full understanding of each other’s challenges. For that alone, it was worthwhile. But the results in terms of cost savings and efficiency gains were also substantial.

Carlos Alvarez Sabat, HITE

Muselets made from Bekaert wire roll off the production line by the thousand. Muselet product development: a multidisciplinary affair.
Our products: used in many sectors

Bekaert is active in many sectors with its advanced wire products and advanced materials and coatings. The automotive, construction, offshore, telecom and textile sectors are its most important markets. The diversity of markets and sectors that Bekaert addresses also benefits our customers, because solutions we develop for customers in one sector often form the basis of innovations in others.

Because we supply intermediate products to our industrial customers, our products affect the finished products they supply to their end-consumers. That is why Bekaert keeps its finger on the consumers’ pulse: an appreciation of their views and wishes is vital to our company.

Automotive sector

The automotive sector is Bekaert’s most important market, accounting for around one-third of combined sales. An average car may contain up to 30 kg of Bekaert products. Bekaert is known around the world – it numbers virtually all international tire manufacturers among its customers – for its steel cord for reinforcement of radial tires for cars and trucks. The replacement market accounts for the lion’s share of steel cord sales and only a relatively small proportion is destined for tires for new cars and trucks. Benefiting from the expertise it has accumulated over the years, Bekaert is a pioneer in this segment, working with the customer to set ever-higher product requirements. As a result, the steel cord used in tires is becoming lighter, the tensile strength is increasing and the steel is adhering better to the rubber.

Bekaert also supplies customers in the automotive sector with many other specialized wire products, including spring wires, fine cable wires, welding wires, wires for windshield wiper arms, cables for side-window systems, wire for seat heating elements and many others. Solar-control window film enhances driver and passenger comfort by improving temperature control, reducing glare and providing protection against harmful UV rays. Bekaert holds pole position in the Formula 1 world with its diamond-like coatings on engine components which have unique performance-enhancing properties.
Construction sector
Bekaert also has a strong presence in the construction sector, with products such as Dramix® steel fibers for concrete reinforcement, strands and wires for prestressed concrete elements, plastering mesh and corner beads. We also develop cables and cable wires for applications in elevators and other machinery. Other important products include window films which, as well as keeping out the sun’s heat and filtering out harmful UV rays, hold the glass together in the event of breakage. Window film is applied to some 40 000 square meters of glass every day.

Glass industry
In the glass industry, Bekaert has built a strong reputation in the field of sputter hardware and rotatable sputter targets. This technology has become the standard process worldwide for applying ultra-thin coatings to impart special properties to glass. For the customer, the technology yields substantial cost savings.

Heating systems
Bekaert is the leading supplier of environment-friendly gas burners to manufacturers of domestic heating systems. The burner surface is made of a textile woven from metal fibers, with a structure that ensures optimum mixing of gas and air. As well as achieving very high efficiency, these burners are also extremely environment-friendly.
**Textile sector**

Bekaert supplies **carding products** to customers in the textile industry. Carding is a preparatory step in the production of both woven and non-woven textiles. We also produce high-quality **steel wire for heddles and springs** in Jacquard looms, which raise the warp threads to allow the gripper carrying the weft to pass smoothly across. We also supply the textile industry with **metal fibers** with antistatic properties, which improve safety, and **nylon coated bra wire** for lingerie producers.

**Chemical sector**

The chemical sector benefits from our expertise in **filter media**. We knit metal fibers, around a fiftieth of the thickness of a human hair, into filter media for gases, polymers and liquids. Because they are reusable, these filter media have a far longer service life. Working with customers, we also develop **complete filtration solutions**.

**Agricultural and horticultural sector**

The agricultural and horticultural sector has always been a major user of Bekaert’s **fencing** products. The wine industry buys our **vineyard wire** on which to train their vines and our **metal fiber burners** to burn off excess foliage and thus improve yields. And the consumer? No champagne cork pops until the **muselet** – made of Bekaert wire – is removed.
A global player with customer focus

Other sectors

The printing industry uses 6,000 kilometers of Bekaert bookbinding wire a year, in all kinds of colors, to give their books a quality feel.

Bekaert is a major supplier for telecommunication, submarine energy transmission, green energy, mining, and oil and gas production segments to which it offers reinforcing wire for cables, flat and profiled wire for flexible pipes, sawing wire, and wire for hoisting.

Every year 500 million bottles of champagnes are opened via the muselet made of Bekaert wires.

One out of four tires around the world is reinforced with Bekaert tire cord.

Every year, 5 million m³ concrete is being reinforced with Dramix® steel fibers invented by Bekaert.

Every day, more than 40,000 m² of windows is being covered with Bekaert window film.

Bekaert’s customers annually use 6,000 kilometer of bookbinding wire.

Over 8 million households and industrial infrastructures in Europe are being heated by Bekaert gas burners.