Bekaert had another good year in 2007.

In our traditional European home market, we again invested in products with higher added value and undertook a major expansion of our production capacity in Belgium, while benefiting from the upturn in specific markets where we had built a stronger presence in recent years, such as offshore and energy. More difficult market conditions were encountered in North America, due largely to the credit crunch, the impact of which was felt mainly in sales of products for the automotive and construction sectors.

We were able to strengthen our position in several growth markets. Through acquisitions, joint ventures and investments we raised the pace of our growth in Asia and Latin America, benefiting from the rapidly expanding automotive industry in the former region and higher sales to the construction sector in the latter.

2007 saw the successful global launch of a number of innovative products. Encouraged by breakthroughs such as Dramix® Green concrete reinforcement, Bezinal® wire and Ultra Tensile steel cord, our Technology Center continued on the same customer-driven path. In that spirit, we established a research and development unit – managed from Belgium – closer to our Chinese customers and universities.

2007: a year of achievement
Milestones in 2007

January
- Stena Line, the Swedish ferry operator, chooses Bekaert’s new heat-reflecting window film to reduce energy consumption by its ships’ air-conditioning systems. The film is proving a great success in the construction and automotive sectors.

February
- Bekaert cancels 546,779 shares repurchased under a program whereby a total of 1,160,425 shares would be bought back in the course of 2007. Bekaert started using this form of balance sheet optimization in 2006.

March
- Bekaert acquires all the shares in steel wire manufacturer Titan Steel & Wire Co. Ltd in Surrey, British Columbia (Canada).
- Eaton Corporation (United States) chooses Bekaert to receive its Supplier Excellence Award, for its role as supplier of reinforcing wire from its plants in Rome (United States) and Aalter (Belgium) and for the reliability of its deliveries, the quality of its products, its price management and its prompt service.

April
- To achieve its objectives in China, Bekaert recruits a large number of personnel. With the expansion of the steel cord plant in Jiangyin, Bekaert’s workforce in China passes the 5,000 mark.

May
- Bekaert ceases production of carding equipment in the United Kingdom and closes the plant in Cleckheaton, which specialized in products for the short staple market. The products are used mainly by cotton mills in the growing Asian market and these customers will henceforth be serviced by the Bekaert plants in Pune (India) and Wuxi (Jiangsu province, China). The distribution center for the EMEA region (Europe, Middle East, Africa) will be in Zwevegem (Belgium).
- Baron Georges Jacobs and Dr. Pol Bamels stand down from the Board of Directors on reaching the age limit stipulated by the Bekaert Corporate Governance Charter. The General Meeting of Shareholders appoints Lady Barbara Thomas Judge as an independent director.

June
- In the course of a Belgian trade mission to China and in the presence of H.R.H. Prince Filip and various Chinese dignitaries, Bekaert’s second factory in Shenyang (Liaoning province) is officially opened. The additional production capacity will help the company meet the strong demand for fine cord and steel cord in the Chinese tire market.

July
- The Bekaert Asia Research & Development Center is officially opened. The new innovation center in Jiangyin will enable Bekaert to respond with maximum effectiveness to the innovation needs of local customers.

August
- Bekaert announces that European production of carding equipment for the non-woven market is to be centralized in Zwevegem (Belgium). The activities of the production plant in Roubaix (Northern France) are to be integrated with those of the carding equipment plant in Zwevegem (Belgium), to raise production efficiency and reinforce its market position with an extended product range.
- Following an in-depth analysis and in consultation with joint venture partner OneSteel, Bekaert decides to close the steel cord plant in Geelong (Australia), which supplies steel cord for reinforcing radial tires and hydraulic hoses in Oceania and South-East Asia. The Bekaert steel cord plants in East Asia will supply its customers in the future.
2007: a year of achievement

September
- Bekaert signs a cooperation agreement with Indian steel maker Mukand to set up a plant in Maharashtra (India) to produce stainless wires on a joint-venture basis.
- Bekaert strengthens its strategic position in Venezuela by acquiring all of Siderurgica Venezolana Sivena S.A.’s shares in Vicson, S.A., (Valencia, Venezuela), thus securing 100% ownership of the latter company, which specializes in wire products for manufacturing industry and the construction and agricultural sectors. Via Vicson, S.A., Bekaert also acquires a majority interest in Productora de Alambres Colombianos Proalco S.A. in Colombia, which also makes wire products for its home market.
- The capacity expansion project at Bekaert Binjiang Steel Cord Co., Ltd., in Jiangyin (Jiangsu province, China), which has only been operational since November 2006, is completed, bringing Bekaert’s total steel cord capacity in China to 250,000 tonnes a year.

November
- With its heat-reflective Solar Gard® window film, Bekaert Specialty Films LLC in San Diego (California, United States) supports the Clinton Climate Initiative to reduce energy consumption in public and commercial buildings.
- CRF International, an independent human resources consultancy firm, names Bekaert as Top Employer, based on pay and related benefits, training and promotion opportunities, and working conditions.

December
- In response to the rising demand, Bekaert is to invest 10 million euro in Zwevegem (Belgium) in expanding laminating capacity for wire for flexible pipes and a rolling mill to produce a new type of windshield wiper blade spring which is proving very popular. In both cases, the extra capacity is scheduled to enter service in the course of 2008. Some low-carbon steel activities are to be relocated from Zwevegem to Hlohovec (Slovakia) to improve production efficiency.
- The Board of Directors appoints Geert Roelens, currently General Manager Steel Cord Products Asia (Shanghai, China), as Vice President and member of the Bekaert Group Executive.
Summary of Financial review

Consolidated figures

Sales
In 2007, Bekaert achieved consolidated sales of €2.2 billion, an increase of 8.2%. The consolidated sales’ increase was 8.0% from organic growth and 2.5% from the net movement in acquisitions and divestments. Currency movements had a negative impact of 2.3%.

For more information on combined sales figures, see below.

Profitability
Bekaert posted an operating result (EBIT) before non-recurring income and expenses of €186 million (2006: €163 million). This equates to an EBIT margin on sales before non-recurring income and expenses of 8.6% (2006: 8.1%). The main drivers of this improvement in the results were the strong sales growth, particularly in China, and rising sales of products with high added value.

Non-recurring expenses amounted to €11.7 million (2006: €16.8 million), largely due to the cost of the restructuring programs in Europe and the United States for the carding products and steel cord activities. This translated into an operating result (EBIT) of €175 million (2006: €146 million), which equates to an EBIT margin on sales of 8.0% (2006: 7.3%).

The increase in interest charges was due to the higher market interest rates and the increase in net debt due to the high capital expenditures and the share buy-back program which continued in 2007.

Taxation on profit amounted to €19 million (2006: €18 million).

The share in the results of joint ventures and associated companies amounted to €47 million (2006: €51 million), reflecting the lower results posted by the joint ventures in the Mercosur region (Brazil and Chile) and the restructuring costs relating to the closure of the steel cord plant in Australia, a joint venture with OneSteel.

The result for the period therefore came out at €162 million, compared with €148 million in 2006. After third-party minority interests (€8.7 million as against €4.8 million in 2006), the result for the period attributable to the Group was €153 million (2006: €143 million).

Bekaert ended the year with earnings per share of €7.63 (2006: €6.64), an increase of 15%.

EBITDA amounted to €299 million, compared with €262 million in 2006. The cash flow attributable to the Group was €277 million (2006: €262 million).

• Record sales of €2.174 million (+8.2%)
• Record EBITDA of €299 million (+14%)
• 8.6% EBIT margin on sales before non-recurring items, compared with 8.1%
• 8.0% EBIT margin on sales, compared with 7.3%
• Earnings per share: €7.63 compared with €6.64 (+15%)
• Gross dividend of €2.76 per share compared with €2.50 (+10.4%)

1 All comparisons are made relative to the figures of the financial year 2006.
Balance sheet
As at 31 December 2007, shareholders' equity represented 50% of total assets. Net debt increased to €448 million (2006: €375 million), mainly due to the share buy-back program and the capital expenditure program. The gearing ratio (net debt to equity) was 39%.

In order to increase shareholder value, Bekaert repurchased and cancelled 1,157,645 of its own shares in 2007. This reduced the total number of outstanding shares to 19,831,000 as at year-end 2007. On 5 March 2008 a further 161,000 shares were purchased and subsequently cancelled.

Cash flow
Net cash flow from operating activities amounted to €221 million (2006: €193 million). Operating working capital increased by €42 million to €494 million, mainly reflecting organic growth and new acquisitions. Cash from investing activities amounted to €152 million. Investments in property, plant and equipment totaled €192 million, mainly due to the capital expenditure programs in China, Belgium and Slovakia. Bekaert plans a similar level of investment in 2008.

Acquisitions represented an investment of €15 million. Dividends received from joint ventures amounted to €55 million and the share buy-back program represented a cash outflow of €111 million.

Dividends
In the light of Bekaert’s strong performance in 2007 and confidence in its future, the Board of Directors will propose that the General Meeting of Shareholders on 14 May 2008 approves the distribution of a gross dividend of €2.76 per share, which represents an increase of 10.4%. If this proposal is accepted, the net dividend per share will amount to €2.07 and the net dividend on shares with VVPR strip, entitling the holder to reduced withholding tax of 15%, will be €2.346. The dividend will be payable as from 21 May 2008.
Combined sales figures per segment

In 2007, Bekaert achieved combined sales of €3.4 billion, an increase of 7.0%.\(^2\)\(^3\)

In **advanced wire products** Bekaert recorded a combined sales growth of 8.4%. The negative effect on sales of exchange rate movements, mainly due to the strong euro, amounted to 2.1%.

In Europe, Bekaert strengthened its position in the booming offshore sector, driven by high oil prices, which generated strong demand for flat and profiled wire for reinforcement of flexible pipes. The acquisition of Cold Drawn Products Limited (United Kingdom), which supplies specialty profiled wires, made a substantial contribution to sales growth in this segment. An improved product mix was responsible for most of the 9.9% growth in European wire products sales.

Bekaert’s wire activities in North America held up well despite the difficult market conditions. However, exchange rate movements had an 8% negative effect on sales. On the other hand, the weak dollar created export opportunities, more particularly for reinforcement of flexible pipes in the offshore sector.

In Latin America, Bekaert posted a strong 11.6% sales increase in 2007. This growth was concentrated in particular in the Andina region, where Bekaert significantly strengthened its position in 2007 with the acquisition of 100% of Vicson, S.A. (Venezuela). This indirectly gave it a majority interest in Productora de Alambres Colombianos Proalco S.A. Sales growth in Brazil and Chile was restrained by heightened competition.

For wire Asia, Bekaert benefited from good demand for nylon-coated wire and spring wire. It was another good year for building products, helped in particular by greater market penetration of Bekaert’s steel fibers for concrete reinforcement. The 10.9% growth reflected favorable market conditions in virtually all regions.

Bekaert’s steel cord sales also posted vigorous growth worldwide in 2007, particularly in China. The company recorded lower sales in the other regions, which was anticipated by capacity adaptations in North America.

For other advanced wire products, Bekaert noted a decline in demand for carding products worldwide.

Sales of **advanced materials** were 10.4% higher in 2007. The sales growth in stainless activities was largely due to higher selling prices reflecting the higher prices of nickel-based wire rod compared with 2006. The growth in fiber technology sales was due to a commercial breakthrough for Bekaert’s application of metal fibers for diesel particulate filters. Capacity utilization for composites improved in the fourth quarter.

In combustion technology, a contributor to growth was the acquisition of Aluheat B.V. (Netherlands), which specializes in environment-friendly technologies for condensing boilers for central heating systems. Solaronics, specializing in drying installations used in the paper industry and elsewhere, had a very strong fourth quarter.

Sales of **advanced coatings** were 8.9% lower in 2007.

For specialized films, the company experienced weaker demand in North America. This adverse effect was compounded by exchange rate movements, but was partially offset by higher sales in Asia and Europe. The market for industrial coatings remained extremely competitive and sales were lower, partly due to the cessation of Bekaert’s activities in Raleigh (Durham, United States) and Asia.

For more information we kindly refer you to the Financial review.

\(^2\) Combined sales are sales generated by consolidated companies plus 100% of sales of joint ventures and associates after intercompany elimination.

\(^3\) All comparisons are made relative to the figures of the financial year 2006.
Shareholder information

Approach
Bekaert is committed to providing high-quality financial information to its shareholders. Clarity and transparency are not empty words and it is Bekaert’s intention to engage constantly in an open dialogue with its shareholders.

Bekaert has always chosen to respond promptly to international standards. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) which have been adopted by the European Union. The adoption of new and revised standards has resulted in some changes to the Group’s accounting policies in 2007.

By creating value for the customer, Bekaert also creates value for shareholders and other stakeholders. Both private and institutional investors benefit from our sustained commitment to transparent reporting, be it at shareholders’ or analysts’ meetings. As a consequence, our shareholders have become more and more international.

Bekaert share in 2007
The share price remained relatively stable in the early months of 2007, averaging €95.00 ahead of the good full-year results for 2006.

At the end of February, the share price dropped a little to €90.70, following a price correction on the Chinese exchanges. Shortly after the announcement of the 2006 results in mid-March and supported by Bekaert’s ongoing expansion in China, the share price recovered and reached an all-time high on 17 July 2007 at €113.90. In the summer, however, the credit crunch hit the United States and had a serious impact on the financial markets. Fear of inflation and the effects of an economic recession in the United States, combined with the weakness of the US dollar and the trend in raw material prices, dominated the stock market climate in the second half of the year. The Bekaert share price was highly volatile during this period and fell on 25 September to €88.20.

A turning point came after the third quarter, when the financial markets recovered their confidence. The market responded positively to the ending of the takeover talks with Russian steel cord manufacturer Uralkord and on 15 October the share price rose to €101.80 before dropping back again. A month later, Bekaert announced good sales figures for the first nine months of 2007. The best performing market was again China, where our sales of steel cord products were up 60% in the third quarter. This boosted the share price from €92.00 to €98.50 in mid-November, but it then fell to a low of €82.90 on 17 December, following market sentiment.

Bekaert’s inclusion in BEL20®, the Belgian reference stock market index, was confirmed at the end of December.
Traded volumes
The daily average number of traded shares in 2007 was 57,500. In June and August a daily traded volume of as much as 70,000 shares was reached. The endeavor to achieve greater liquidity was thus achieved. The daily traded volume in 2001 was only 18,000 shares.

Bekaert's dividend policy
It is the policy of the Board of Directors to propose a profit appropriation to the 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 the company seeks to maintain a pay-out ratio of around 40% of the result for the period attributable to the Group over the longer term.

Appropriation of available profit
In the light of the company's strong performance in 2007 and its confidence in the future, the Board of Directors will propose that the General Meeting of Shareholders approves the distribution of a gross dividend of €2.760 per share, an increase of the basic amount by 10.4%. If this proposal is accepted, the net dividend per share will be €2.070, and the net dividend on shares with VVPR strip, giving entitlement to reduced withholding tax of 15%, will be €2.346 per share.

<table>
<thead>
<tr>
<th>per share</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross dividend</td>
<td>1.748</td>
<td>2.000</td>
<td>3.000</td>
<td>2.500</td>
<td>2.760</td>
</tr>
<tr>
<td>Net dividend</td>
<td>1.311</td>
<td>1.500</td>
<td>2.250</td>
<td>1.875</td>
<td>2.070</td>
</tr>
<tr>
<td>Net dividend with VVPR strip</td>
<td>1.486</td>
<td>1.700</td>
<td>2.550</td>
<td>2.125</td>
<td>2.346</td>
</tr>
<tr>
<td>Coupon number</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Date of payment</td>
<td>19/05/04</td>
<td>18/05/05</td>
<td>17/05/06</td>
<td>16/05/07</td>
<td>21/05/08</td>
</tr>
</tbody>
</table>

Less cyclical and dollar sensitive
Bekaert is much less sensitive to fluctuations in the US dollar than generally thought. Most of what Bekaert produces in any given market is also sold locally. Only 16% of consolidated sales are in the United States. Currencies in other markets, such as the Chinese renminbi and the Brazilian real, are increasingly having their ties to the US dollar relaxed. Bekaert increasingly compensates for exchange-rate effects and economic cycles by extending its international presence and steadily broadening its product range.
Evolution Bekaert shares

Bekaert shares have been listed on the stock exchange of Euronext® Brussels (stock code BEKB) since December 1972. The number of shares on 31 December 2007 was 19,831,000 shares.

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price as at 31 December (in €)</td>
<td>50.50</td>
<td>58.75</td>
<td>78.95</td>
<td>94.70</td>
<td>92.00</td>
</tr>
<tr>
<td>Price high (in €)</td>
<td>50.75</td>
<td>59.95</td>
<td>78.95</td>
<td>102.60</td>
<td>113.90</td>
</tr>
<tr>
<td>Price low (in €)</td>
<td>31.00</td>
<td>43.37</td>
<td>55.30</td>
<td>69.20</td>
<td>82.90</td>
</tr>
<tr>
<td>Price average (in €)</td>
<td>41.22</td>
<td>50.06</td>
<td>65.13</td>
<td>81.99</td>
<td>98.19</td>
</tr>
<tr>
<td>Strips as at 31 December (in €)</td>
<td>0.79</td>
<td>0.51</td>
<td>0.62</td>
<td>0.56</td>
<td>0.45</td>
</tr>
<tr>
<td>Daily volume</td>
<td>28,950</td>
<td>33,439</td>
<td>39,639</td>
<td>58,414</td>
<td>57,430</td>
</tr>
<tr>
<td>Daily turnover (in millions of €)</td>
<td>1.2</td>
<td>1.7</td>
<td>2.6</td>
<td>4.5</td>
<td>5.4</td>
</tr>
<tr>
<td>Annual turnover (in millions of €)</td>
<td>304</td>
<td>435</td>
<td>653</td>
<td>1,228</td>
<td>1,433</td>
</tr>
<tr>
<td>Velocity (%, annual)</td>
<td>33</td>
<td>39</td>
<td>46</td>
<td>69</td>
<td>72</td>
</tr>
<tr>
<td>Velocity (%, adjusted free float)</td>
<td>44</td>
<td>65</td>
<td>77</td>
<td>115</td>
<td>121</td>
</tr>
<tr>
<td>Free float (in %)</td>
<td>59.7</td>
<td>57.9</td>
<td>57.2</td>
<td>56.1</td>
<td>61.7</td>
</tr>
</tbody>
</table>

Traded volume and price of Bekaert shares in 2007

Performance versus BEL20®

The share performed slightly better than the BEL20® index overall. The share price at the end of the financial year was € 92.00 and the average closing price was € 98.19.

For more detailed information we kindly refer you to the Bekaert Shareholders’ Guide 2007 and www.bekaert.com