

Press release

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Bekaert further consolidates activities in Latin America

Bekaert establishes regional holding with partner

Today, Bekaert signed a memorandum of understanding with its partners in Ecuador, to establish a holding company covering the businesses in the northern part of Latin America. Bekaert will become the principal shareholder in this holding company.

Bekaert and its Ecuadorean partners¹, represented by members of the Kohn family, intend to merge their interests in:

- Vicson, S.A. in Venezuela (currently 100% owned by Bekaert);
- Productora de Alambres Colombianos Proalco S.A. (Proalco) in Colombia (currently 87.5% shareholding by Bekaert and 12.5% by the Partner);
- Ideal Alambrec S.A. in Ecuador (currently a 50/50 joint venture between Bekaert and the Partner);
- Productos de Acero Cassadó S.A. (Prodac) in Peru (currently a 39.9% investment held 50/50 by Bekaert² and the Partner).

The merger will be effected by the establishment of a holding company in which the parties agreed that 80% of the shares involved will be held by Bekaert and the remaining 20% by the Partner.

Until now, Bekaert accounted for the Ideal Alambrec and Prodac joint ventures using the equity method. As from 2009, these companies will become subsidiaries and therefore will be fully consolidated by Bekaert. Simulated on the basis of the 2007 financial statements, the Group's consolidated figures would be impacted as follows:

- Increase of consolidated sales by € 140 million;
- Increase of the result for the period by € 3.5 million;
- Decrease of the share in the results of joint ventures and associates by € 2.9 million;
- Increase of the result for the period attributable to minority interests by € 2.1 million;
- Decrease of the investments accounted for using the equity method in the balance sheet by € 13.4 million;
- Increase of the net debt by € 25.8 million.

As a consequence of the interest reduction to 80% in Vicson and Proalco, the Bekaert result for the period attributable to minority interests would additionally increase by € 2.4 million.

¹ Hereafter named "the Partner"

² Note on Prodac: in combination with its additional interest of 20% via a Chilean joint venture, Bekaert hereby will acquire a controlling interest of 51.9% in Prodac (Peru). The other main shareholders in Prodac are Bekaert's partners in Chile and in Peru, each holding about 20%.

Bekaert and the Partner anticipate closing the transaction by early 2009.

Tomas Kohn Topfer, Chairman of the Board of Directors of Ideal Alambrec, commented: “We have come to an agreement with Bekaert, our partner for over 35 years, to manage all the wire operations in the related region by means of a holding entity which will provide more opportunities, efficiency and flexibility in our companies, as well as a stronger platform for future growth.”

Bert De Graeve, Chief Executive Officer of Bekaert, stated: “Latin America is for Bekaert a growth market which is in full development. This agreement allows us to strengthen our strategic positions and to join the common interests of our operations in the region.”

Henri-Jean Velge, Group Executive Vice President of Bekaert, commented: “Bekaert will fully support the local management teams pursuing the business strategy and approach of the Group. In line with our tradition, Bekaert will be sustaining the entities' local identity and best practices while maintaining excellent relationships and cooperation with the Kohn family, the customers, and all other stakeholders.”

Appendix: Bekaert in Latin America

Bekaert’s activities in Latin America go back to 1950. Today they represent almost 40% of combined sales by means of successful joint ventures and subsidiaries in Brazil, Chile, Colombia, Ecuador, Peru and Venezuela.



History & Milestones

- 1950 Activities take off in Santiago (Chile) where Bekaert builds a steel wire plant with a Chilean partner.
- 1956 Set-up of Inchalam S.A., a greenfield joint venture investment in Talcahuano (Chile).
- 1968 Bekaert enters the Venezuelan market, taking a stake in a steel wire processing company, Vicson, S.A., together with a Venezuelan partner.
- 1972 Bekaert starts a new factory in Ecuador in a joint venture with the Kohn family.
- 1975 Set-up of the BMB-Belgo Mineira Bekaert Artefados de Arame Ltda joint venture in Vespasiano (Brazil).
- 1992 Vicson, S.A. is expanded with a second plant in San Joaquin (Venezuela).
- 1994 Bekaert further extends its steel wire activities taking an acquisition in Chile and participating in the establishment of Prodac S.A. through conjoint investments with its partners in Ecuador, Chile and Peru.
- 1996 Bekaert enters the Colombian market through a joint venture, Proalco S.A., held by Vicson, S.A. and indirectly by Ideal Alambrec S.A.
- 1997 Bekaert takes a 45% participation in the wire activities of Companhia Siderurgica Belgo Mineira in Brazil. Later, the joint venture will be named Belgo Bekaert Arames Ltda.
- 2007 Acquisition of the remaining shares of Vicson, S.A. (Venezuela) and the majority of shares of Proalco S.A. (Colombia).

Profiles

Bekaert

Bekaert (www.bekaert.com) seeks sustainable profitable growth based on its two core competences: advanced metal transformation and advanced materials and coatings. Bekaert aims to consolidate its position as both market and technological leader around the world. With its broad range of high technological products, systems and services, Bekaert offers high added value for its customers. Bekaert (Euronext Brussels: BEKB) is a European based company, headquartered in Belgium, employing over 22 000 people. Bekaert, present in 120 countries, generates annual combined sales of more than €3.4 billion.

Ideal Alambrec

Ideal Alambrec S.A. manufactures, sells and distributes wire products for construction, agricultural fencing, and industrial applications. The production activities are centralized in the plant in Quito, Ecuador. The company also operates distribution centers in Quito, Guayaquil and Cuenca, and employs 611 people. Ideal Alambrec reported \$ 104 million sales (€76 million) in the year ending 31 December 2007.

Prodac

Productos de Acero Cassadó S.A. (Prodac) manufactures and sells wire products for construction, agricultural fencing, and industrial applications. The production activities are centralized in Lima, Peru. The company employs 502 people and reported PEN 272 million sales (€63 million) in the year ending 31 December 2007.