

## Bekaert: Financial review



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# Consolidated financial statements

## Consolidated income statement

in thousands of € - Year ended 31 December	Notes	2012 <sup>1</sup>	2013
Sales	5.1.	3 460 624	3 185 628
Cost of sales	5.1.	-2 981 872	-2 703 316
<b>Gross profit</b>	<b>5.1.</b>	<b>478 752</b>	<b>482 312</b>
Selling expenses	5.1.	-157 772	-128 207
Administrative expenses	5.1.	-134 984	-124 924
Research and development expenses	5.1.	-69 449	-62 429
Other operating revenues	5.1.	18 287	12 502
Other operating expenses	5.1.	-17 668	-13 337
<b>Operating result before non-recurring items (REBIT)</b>	<b>5.1.</b>	<b>117 166</b>	<b>165 917</b>
Non-recurring items	5.1.	-167 101	-28 647
<b>Operating result (EBIT)</b>	<b>5.1. - 2.</b>	<b>-49 935</b>	<b>137 270</b>
Interest income	5.3.	8 711	6 449
Interest expense	5.3.	-89 066	-70 154
Other financial income and expenses	5.4.	-2 879	-19 822
<b>Result before taxes</b>		<b>-133 169</b>	<b>53 743</b>
Income taxes	5.5.	-67 715	-47 916
<b>Result after taxes (consolidated companies)</b>		<b>-200 884</b>	<b>5 827</b>
Share in the results of joint ventures and associates	5.6.	10 383	30 244
<b>RESULT FOR THE PERIOD</b>		<b>-190 501</b>	<b>36 071</b>
Attributable to			
<i>the Group</i>		-196 876	24 574
<i>non-controlling interests</i>	6.14.	6 375	11 497
<b>Earnings per share</b>			
in € per share	5.7.	2012 <sup>1</sup>	2013
Result for the period attributable to the Group			
<i>Basic</i>		-3.334	0.420
<i>Diluted</i>		-3.328	0.419

<sup>1</sup> Restated, see note 7.9. 'Restatement effects'.

The accompanying notes are an integral part of this income statement.

## Consolidated statement of comprehensive income

in thousands of € - Year ended 31 December	Notes	2012 <sup>1</sup>	2013
<b>Result for the period</b>		<b>-190 501</b>	<b>36 071</b>
<b>Other comprehensive income (OCI)</b>	<b>6.13.</b>		
<i>Other comprehensive income to be reclassified to income statement in subsequent periods</i>			
Exchange differences		-57 955	-86 105
Inflation adjustments		-	758
Cash flow hedges		2 133	854
Available-for-sale investments		7 644	773
Deferred taxes relating to OCI to be reclassified	6.6.	1 646	-2 201
<b>OCI to be reclassified to income statement in subsequent periods, after tax</b>		<b>-46 532</b>	<b>-85 921</b>
<i>Other comprehensive income not to be reclassified to income statement in subsequent periods</i>			
Remeasurement gains and losses on defined-benefit plans		-6 487	21 734
Deferred taxes relating to OCI not to be reclassified	6.6.	487	826
<b>OCI not to be reclassified to income statement in subsequent periods, after tax</b>		<b>-6 000</b>	<b>22 560</b>
<b>Other comprehensive income for the period</b>		<b>-52 532</b>	<b>-63 361</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>-243 033</b>	<b>-27 290</b>
Attributable to			
<i>the Group</i>		-247 572	-23 472
<i>non-controlling interests</i>	6.14.	4 539	-3 818

<sup>1</sup> Restated, see note 7.9. 'Restatement effects'.

The accompanying notes are an integral part of this statement of comprehensive income.

## Consolidated balance sheet

<b>Assets as at 31 December</b>			
in thousands of €	Notes	2012 <sup>1</sup>	2013
<b>Non-current assets</b>		<b>1 746 632</b>	<b>1 608 640</b>
Intangible assets	6.1.	82 259	71 043
Goodwill	6.2.	16 941	16 369
Property, plant and equipment	6.3.	1 377 542	1 239 058
Investments in joint ventures and associates	6.4.	167 595	155 838
Other non-current assets	6.5.	43 732	48 781
Deferred tax assets	6.6.	58 563	77 551
<b>Current assets</b>		<b>1 921 066</b>	<b>1 771 817</b>
Inventories	6.7.	567 665	539 265
Bills of exchange received	6.7.	162 734	110 218
Trade receivables	6.7.	589 109	583 215
Other receivables	6.8.	84 325	83 781
Short-term deposits	6.9.	104 792	10 172
Cash and cash equivalents	6.9.	352 312	391 857
Other current assets	6.10.	60 129	51 213
Assets classified as held for sale	6.11.	-	2 096
<b>Total</b>		<b>3 667 698</b>	<b>3 380 457</b>

<b>Equity and liabilities as at 31 December</b>			
in thousands of €	Notes	2012 <sup>1</sup>	2013
<b>Equity</b>		<b>1 603 593</b>	<b>1 503 876</b>
Share capital	6.12.	176 586	176 773
Share premium		30 194	31 055
Retained earnings	6.13.	1 325 410	1 307 618
Other Group reserves	6.13.	-110 220	-169 170
<b>Equity attributable to the Group</b>		<b>1 421 970</b>	<b>1 346 276</b>
<b>Non-controlling interests</b>	<b>6.14.</b>	<b>181 623</b>	<b>157 600</b>
<b>Non-current liabilities</b>		<b>1 110 294</b>	<b>904 966</b>
Employee benefit obligations	6.15.	180 321	136 602
Provisions	6.16.	42 364	40 510
Interest-bearing debt	6.17.	850 050	688 244
Other non-current liabilities	6.18.	5 571	2 587
Deferred tax liabilities	6.6.	31 988	37 023
<b>Current liabilities</b>		<b>953 811</b>	<b>971 615</b>
Interest-bearing debt	6.17.	342 549	321 907
Trade payables	6.7.	321 760	338 864
Employee benefit obligations	6.7. / 6.15.	122 263	121 117
Provisions	6.16.	19 841	23 912
Income taxes payable		66 898	83 329
Other current liabilities	6.19.	80 500	82 486
Liabilities associated with assets classified as held for sale	6.11.	-	-
<b>Total</b>		<b>3 667 698</b>	<b>3 380 457</b>

<sup>1</sup> Restated, see note 7.9. 'Restatement effects'.

The accompanying notes are an integral part of this balance sheet.

## Consolidated statement of changes in equity

in thousands of €	Other Group reserves <sup>1</sup>							Non-controlling interests <sup>2</sup>	Total
	Share capital	Share premium	Retained earnings	Other reserves	Cumulative translation adjustments	Equity attributable to the Group			
<b>Balance as at 1 January 2012</b>	176 512	29 858	1 557 419	-103 454	33 553	1 693 888	72 534	1 766 422	
<i>Total comprehensive income for the period (as reported)</i>	-	-	-194 940	3 512	-56 023	-247 451	4 539	-242 912	
<i>Restatement in accordance with IAS 19 (revised)</i>	-	-	-1 936	1 815	-	-121	-	-121	
Total comprehensive income for the period (restated)	-	-	-196 876	5 327	-56 023	-247 572	4 539	-243 033	
Capital contribution by non-controlling interests	-	-	-	-	-	-	10 435	10 435	
Effect of acquisitions and disposals	-	-	-5 615	-184	6 383	584	109 003	109 587	
Equity-settled share-based payment plans	-	-	-	4 178	-	4 178	-	4 178	
Creation of new shares	74	336	-	-	-	410	-	410	
Dividends	-	-	-29 518	-	-	-29 518	-14 888	-44 406	
<b>Balance as at 31 December 2012</b>	176 586	30 194	1 325 410	-94 133	-16 087	1 421 970	181 623	1 603 593	
<b>Balance as at 1 January 2013</b>	176 586	30 194	1 325 410	-94 133	-16 087	1 421 970	181 623	1 603 593	
Total comprehensive income for the period	-	-	27 551	20 658	-71 681	-23 472	-3 818	-27 290	
Reclassifications	-	-	4 179	-	2 992	7 171	-7 171	-	
Effect of changes in group structure	-	-	74	-	-	74	-74	-	
Equity-settled share-based payment plans	-	-	-	4 356	-	4 356	-	4 356	
Creation of new shares	187	861	-	-	-	1 048	-	1 048	
Treasury shares transactions	-	-	-	-15 275	-	-15 275	-	-15 275	
Dividends	-	-	-49 596	-	-	-49 596	-12 960	-62 556	
<b>Balance as at 31 December 2013</b>	176 773	31 055	1 307 618	-84 394	-84 776	1 346 276	157 600	1 503 876	

<sup>1</sup> See note 6.13. 'Retained earnings and other Group reserves'.

<sup>2</sup> See note 6.14. 'Non-controlling interests'.

The accompanying notes are an integral part of this statement.

## Consolidated cash flow statement

in thousands of € - Year ended 31 December	Notes	2012 <sup>1</sup>	2013
<b>Operating activities</b>			
Operating result (EBIT)	4. / 5.1.-2.	-49 935	137 270
Non-cash items included in operating result	7.1.	387 788	192 884
Investing items included in operating result	7.1.	-15 338	480
Amounts used on provisions and employee benefit obligations	7.1.	-58 484	-45 329
Income taxes paid	5.5. / 7.1	-59 186	-51 507
<b>Gross cash flows from operating activities</b>		<b>204 845</b>	<b>233 798</b>
Change in operating working capital	6.7.	226 813	78 491
Other operating cash flows	7.1.	7 195	-6 526
<b>Cash flows from operating activities</b>		<b>438 853</b>	<b>305 763</b>
<b>Investing activities</b>			
New business combinations		8 160	-
Other portfolio investments		-32	-
Proceeds from disposals of investments	7.2.	22 769	6 668
Dividends received	6.4.	6 519	13 705
Purchase of intangible assets	4. / 6.1.	-3 986	-2 176
Purchase of property, plant and equipment	4. / 6.3.	-123 356	-94 637
Other investing cash flows	7.1.	8 730	4 474
<b>Cash flows from investing activities</b>		<b>-81 196</b>	<b>-71 966</b>
<b>Financing activities</b>			
Interest received	5.3.	7 494	9 989
Interest paid	5.3.	-85 249	-75 291
Gross dividend paid		-46 127	-58 341
Proceeds from non-current interest-bearing debt	6.17.	93 711	80 036
Repayment of non-current interest-bearing debt	6.17.	-271 322	-202 201
Cash flows from / to (-) current interest-bearing debt	6.17.	-236 898	-34 338
Treasury shares transactions	6.13.	-	-15 275
Other financing cash flows	7.1.	266 449	103 005
<b>Cash flows from financing activities</b>		<b>-271 942</b>	<b>-192 416</b>
<b>Net increase or decrease (-) in cash and cash equivalents</b>		<b>85 715</b>	<b>41 381</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>293 856</b>	<b>352 312</b>
Effect of exchange rate fluctuations		-27 259	-1 836
<b>Cash and cash equivalents at the end of the period</b>		<b>352 312</b>	<b>391 857</b>

<sup>1</sup> Restated, see note 7.9. 'Restatement effects'.

The accompanying notes are an integral part of this statement.



# Notes to the consolidated financial statements

## 1. General information

NV Bekaert SA (the 'Company') is a company domiciled in Belgium. The Company's consolidated financial statements include those of the Company and its subsidiaries (together referred to as the 'Group' or 'Bekaert') and the Group's interest in joint ventures and associates accounted for using the equity method. The consolidated financial statements were authorized for issue by the Board of Directors of the Company on 25 March 2014.

## 2. Summary of principal accounting policies

### 2.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) which have been endorsed by the European Union. These financial statements are also in compliance with the IFRSs as issued by the IASB.

#### New and amended standards and interpretations

##### **Standards, interpretations and amendments effective in 2013**

The following new and revised standards and interpretations adopted in the current period have affected the amounts reported and/or the disclosures in these financial statements.

- IFRS 10, Consolidated Financial Statements (effective from 1 January 2013). IFRS 10 replaces the parts of IAS 27, Consolidated and Separate Financial Statements, that deal with consolidated financial statements. SIC 12, Consolidation – Special Purpose Entities, has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, the only basis for consolidation is control. A new definition of control is introduced which contains three elements (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns.
- IFRS 12, Disclosures of Interests in Other Entities (effective from 1 January 2013). This standard requires more extensive disclosures, including summarized financial information for material joint ventures and subsidiaries with material non-controlling interests.
- IFRS 13, Fair Value Measurement (effective from 1 January 2013). IFRS 13 defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements.
- IAS 1 (Amendment), Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (effective from 1 January 2013). The amendments require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.
- IAS 19 (Revised 2011), Employee Benefits (effective from 1 January 2013). The amendments change the accounting for defined-benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined-benefit obligations and plan assets. Under the new amendments, which eliminate the corridor approach and accelerate the recognition of past service costs, such changes should be recognized when they occur. Furthermore, when determining the net benefit expense of a defined-benefit plan, the interest cost and expected return on plan assets are replaced by a net interest on the net defined-benefit liability/asset which is based on a single discount rate. As Bekaert had already elected not to apply the corridor approach anymore before the revised IAS 19 came into effect, the mandatory retrospective application had limited restatement effects (see note 7.9. 'Restatement effects').
- IFRS 7 (Amendment), Financial Instruments: Disclosures (effective 1 January 2013), relating to Offsetting financial assets and financial liabilities, published in December 2011. The amendment

requires disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements in order to evaluate the effect or potential effect of netting arrangements on the entity's financial position.

The following revised standards have also been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

- IFRS 11, Joint Arrangements (effective from 1 January 2013). IFRS 11 replaces IAS 31, Interests in Joint Ventures. It deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC 13, Jointly Controlled Entities – Non-monetary Contributions by Venturers, has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, whereas IAS 31 provided three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method. Since Bekaert already accounts for its joint ventures using the equity method, the latter requirement did not have an effect on its consolidated financial statements.
- IAS 28 (Amendment), Investments in Associates and Joint Ventures (effective from 1 January 2013). The amendment mainly relates to the accounting treatment of joint ventures in accordance with the equity method.
- Annual Improvements to IFRSs (2009-2011 Cycle) (effective 1 January 2013), published in May 2012. These improvements relate to IFRS 1, First-time Adoption of International Financial Reporting Standards, permitting the repeated application of IFRS 1, borrowing costs on certain qualifying assets; IAS 1, Presentation of Financial Statements, clarifying the requirements for comparative information; IAS 16, Property, Plant and Equipment, clarifying the classification of servicing equipment; IAS 32, Financial Instruments: Presentation, clarifying that any tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12, Income Taxes; IAS 34, Interim Financial Reporting, clarifying interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8, Operating Segments.
- IFRS 9, Financial instruments (effective date not communicated). All recognized financial assets that are within the scope of IAS 39 are required to be subsequently measured at amortized cost or fair value. Only debt investments acquired with the intention of collecting the contractual cash flows until their maturity are measured at amortized cost. Other debt investments and all equity investments are measured at fair value. With regard to the measurement of financial liabilities designated at fair value through profit or loss, IFRS 9 requires that the change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, except if such treatment would create or enlarge an accounting mismatch in profit or loss. IFRS 9 also modifies the requirements with respect to hedge accounting.
- Amendments to IAS 36, Impairment of Assets (effective 1 January 2014), published in May 2013. These amendments relate to recoverable amount disclosures for non-financial assets.
- Annual Improvements to IFRSs (2010-2012 Cycle) (effective 1 January 2014), published in December 2013. These improvements relate to IFRS 2, Share-based payment, defining vesting conditions; IFRS 3, Business Combinations, clarifying how to account for contingent consideration in a business combination; IFRS 8, Operating Segments, clarifying when to aggregate operating segments and how to reconcile the total of the reportable segments' assets to the entity's assets; IFRS 13, Fair Value Measurement, elaborating on short-term receivables and payables; IAS 16, Property, Plant and Equipment, clarifying the proportionate restatement of accumulated depreciation when applying the revaluation method; IAS 24, Related Party Disclosures, clarifying the definition of key management personnel; and IAS 38, Intangible Assets, clarifying the proportionate restatement of accumulated amortization when applying the revaluation method.
- Annual Improvements to IFRSs (2011-2013 Cycle) (effective 1 January 2014), published in December 2013. These improvements relate to IFRS 1, First-time Adoption of International Financial Reporting Standards, clarifying the meaning of 'effective IFRSs'; IFRS 3, Business Combinations, specifying scope exceptions for joint ventures; IFRS 13, Fair Value Measurement, clarifying the scope of portfolio exceptions; and IAS 40, Investment Property, clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.
- IFRIC 21, Levies (effective 1 January 2014), published in May 2013. This interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

**Standards, amendments and interpretations that are not yet effective in 2013 and have not been early adopted**

The Group did not elect for early application of the following new or amended standards, which could have an impact when applied:

At this stage, the Group does not expect first adoption of any other amendments to standards and new interpretations to have a material impact on the financial statements, such as:

- Amendments to IFRS 10, IFRS 12 and IAS 27 (effective from 1 January 2014), defining an investment entity and requiring a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure them at fair value through profit or loss.
- Amendments to IAS 32 (effective 1 January 2014), clarifying the requirements relating to the offset of financial assets and financial liabilities.
- Amendments to IAS 19, Employee Benefits (effective for annual periods beginning on or after 1 July 2014), published in November 2013. These amendments clarify the accounting for contributions to defined-benefit plans by employees or third parties.
- Amendments to IAS 39, Financial Instruments, Recognition and Measurement (effective for annual periods beginning on or after 1 January 2014), published in June 2013. These amendments clarify when to discontinue hedge accounting for hedging relationships in which a derivative has been designated as a hedging instrument in a circumstance in which that derivative is novated to a central counterparty following the introduction of a new law or regulation.

## 2.2. General principles

### Basis of preparation

The consolidated financial statements are presented in thousands of euros, under the historical cost convention, except for investments held for trading and available for sale, which are stated at their fair value. Financial assets which do not have a quoted price in an active market and the fair value of which cannot be reliably measured are carried at cost. Unless explicitly stated, the accounting policies are applied consistently with the previous year.

### Principles of consolidation

#### **Subsidiaries**

Subsidiaries are entities over which NV Bekaert SA exercises control, which is the case when the Company is exposed, or has rights, to valuable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date when the Group acquires control until the date when control is relinquished. All intercompany transactions, balances with and unrealized gains on transactions between Group companies are eliminated;

unrealized losses are also eliminated unless the impairment is permanent. Equity and net result attributable to non-controlling shareholders are shown separately in the balance sheet and income statement, respectively. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity. When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the carrying amount of the assets (including goodwill), liabilities and any non-controlling interests of the subsidiary before its disposal.

#### **Joint arrangements and associates**

A joint arrangement exists when NV Bekaert SA has contractually agreed to share control with one or more other parties, which is the case only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement can be treated as a joint operation (i.e. NV Bekaert SA has rights to the assets and obligations for the liabilities) or a joint venture (i.e. NV Bekaert SA has rights to the net assets). Associates are companies in which NV Bekaert SA, directly or indirectly, has a significant influence and which are neither subsidiaries nor joint arrangements. This is presumed if the Group holds at least 20% of the voting rights attaching to the shares. The financial information included for these companies is prepared using the accounting policies of the Group. When the Group has acquired joint control in a joint venture or significant influence in an associate, the share in the acquired assets, liabilities and contingent liabilities is initially remeasured to fair value at the acquisition date and accounted for using the equity method. Any excess of the purchase price over the fair value of the share in the assets, liabilities and contingent liabilities acquired is recognized as goodwill. When the goodwill is negative, it is immediately recognized in profit or loss. Subsequently, the consolidated financial statements include the Group's share of the results of joint ventures and associates accounted for using the equity method until the date when joint control or significant influence ceases. If the Group's share of the losses of a joint venture or associate exceeds the carrying amount of the investment, the investment is carried at nil value and recognition of additional losses is limited to the extent of the Group's commitment. Unrealized gains arising from transactions with joint ventures and associates are set against the investment in the joint venture or associate concerned to the extent of the Group's interest. The carrying amounts of investments in joint ventures and associates are reassessed if there are indications that the asset has been impaired or that impairment losses

recognized in prior years have ceased to apply. The investments in joint ventures and associates in the balance sheet include the carrying amount of any related goodwill.

### Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the Company's functional and the Group's presentation currency. Financial statements of foreign entities are translated as follows:

- assets and liabilities are translated at the closing exchange rate of the European Central Bank or, in the case of the Venezuelan bolivar fuerte, at the economic rate that is deemed representative for dividend repatriations at the balance sheet date;
- income, expenses and cash flows are translated at the average exchange rate for the year, or, for the Venezuelan entities, at the economic rate at the balance sheet date, as required for entities whose functional currency is the currency of a hyperinflationary economy in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates;
- shareholders' equity is translated at historical exchange rates.

Exchange differences arising from the translation of the net investment in foreign subsidiaries, joint ventures and associates at the closing exchange rates are included in shareholders' equity under 'cumulative translation adjustments'. On disposal of foreign entities, cumulative translation adjustments are recognized in the income statement as part of the gain or loss on the sale. In the financial statements of the parent company and its subsidiaries, monetary assets and liabilities denominated in foreign currency are translated at the exchange rate at the balance sheet date, thus giving rise to unrealized exchange results. Unrealized and realized foreign-exchange gains and losses are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Goodwill is treated as an asset of the acquiree and is accordingly accounted for in the acquiree's currency and translated at the closing rate.

## 2.3. Balance sheet items

### Intangible assets

Intangible assets acquired in a business combination are initially measured at fair value; intangible assets acquired separately are initially measured at cost. After initial recognition, intangible assets are measured at cost or fair value less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of

their useful lives. The amortization period and method are reviewed at each financial year-end. A change in the useful life of an intangible asset is accounted for prospectively as a change in estimate. Under the provisions of IAS 38, intangible assets may have indefinite useful lives. If the useful life of an intangible asset is deemed indefinite, no amortization is recognized and the asset is reviewed at least annually for impairment.

### Licenses, patents and similar rights

Expenditure on acquired licenses, patents, trademarks and similar rights is capitalized and amortized on a straight-line basis over the contractual period, if any, or the estimated useful life, which is normally considered to be not longer than ten years.

### Computer software

Generally, costs associated with the acquisition, development or maintenance of computer software are recognized as an expense when they are incurred, but external costs directly associated with the acquisition and implementation of acquired ERP software are recognized as intangible assets and amortized over five years on a straight-line basis.

### Rights to use land

Rights to use land are recognized as intangible assets and are amortized over the contractual period on a straight-line basis.

### Research and development

Expenditure on research activities undertaken with the prospect of gaining new scientific or technological knowledge and understanding is recognized in the income statement as an expense when it is incurred.

Expenditure on development activities where research findings are applied to a plan or design for the production of new or substantially improved products and processes prior to commercial production or use is capitalized if, and only if, all of the recognition criteria set out below are met:

- the product or process is clearly defined and costs are separately identified and reliably measured;
- the technical feasibility of the product is demonstrated;
- the product or process is to be sold or used in house;
- the assets are expected to generate future economic benefits (e.g. a potential market exists for the product or, if for internal use, its usefulness is demonstrated); and
- adequate technical, financial and other resources required for completion of the project are available.

In most cases, these recognition criteria are not met. Capitalized development costs are amortized from the commencement of commercial production of the product on a straight-line basis over the

period during which benefits are expected to accrue. The period of amortization does not normally exceed ten years. An in-process research and development project acquired in a business combination is recognized as an asset separately from goodwill if its fair value can be measured reliably.

### **Emission rights**

In the absence of any IASB standard or interpretation regulating the accounting treatment of CO<sub>2</sub> emission rights, the Group has applied the 'net approach', according to which:

- the allowances are recognized as intangible assets and measured at cost (the cost of allowances issued free of charge being therefore zero); and
- any short position is recognized as a liability at the fair value of the allowances required to cover the shortfall at the balance sheet date.

### **Other intangible assets**

Other intangible assets mainly include customer lists and other intangible commercial assets, such as brand names, acquired separately or in a business combination. These are amortized on a straight-line basis over their estimated useful life.

### **Goodwill and business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

The identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date. Goodwill is measured as the difference between:

- (i) the sum of the following elements:
  - consideration transferred;
  - amount of any non-controlling interests in the acquiree;
  - fair value of the Group's previously held equity interest in the acquiree (if any); and
- (ii) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, this difference is negative ("negative goodwill"), it is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and any resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

### **Impairment of goodwill**

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit's value may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit in proportion to the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

### **Property, plant and equipment**

The Group has opted for the historical cost model and not for the revaluation model. Property, plant and equipment acquired separately is initially measured at cost. Property, plant and equipment acquired in a business combination is initially measured at fair value, which thus becomes its deemed cost. After initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes all direct costs and all expenditure incurred to bring the asset to its working condition and location for its intended use. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Depreciation is provided over the estimated useful lives of the various classes of property, plant and equipment on a straight-line basis.

The useful life and depreciation method are reviewed at least at each financial year-end. Unless revised due to specific changes in the estimated economic useful life, annual depreciation rates are as follows:

- land	0%
- buildings	5%
- plant, machinery and equipment	8%-25%
- R&D testing equipment	16.7%-25%
- furniture and vehicles	20%
- computer hardware	25%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (see section on 'Impairment of assets' below). Gains and losses on disposal are included in the operating result.

## Leases

### **Finance leases**

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Items of property, plant and equipment acquired by way of finance lease are stated at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine it; otherwise the Company's incremental borrowing rate is used. Initial direct costs are included as part of the asset. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. A finance lease gives rise to a depreciation expense for the asset as well as a finance expense for each accounting period. The depreciation policy for leased assets is consistent with that for owned depreciable assets.

### **Operating leases**

Leases under which substantially all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognized, on a straight-line basis, as a reduction of rental expense over the lease term. Improvements to buildings held under operating leases are depreciated over their expected useful lives, or, where shorter, the term of the relevant lease.

## Government grants

Government grants relating to the purchase of property, plant and equipment are deducted from the cost of those assets. They are recognized in the balance sheet at their expected value at the time of initial government approval and corrected, if necessary, after final approval. The grant is amortized over the depreciation period of the underlying assets.

## Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

### **Financial assets at fair value through profit or loss (FVTPL)**

Financial assets are classified as at fair value through profit or loss if they are held for trading. Financial assets at FVTPL are stated at fair value, with any resultant gains or losses recognized in profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as at FVTPL unless they are designated and effective as hedges.

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. The Group's loans and receivables category comprises, unless stated otherwise, trade and other receivables, bills of exchange received, short-term deposits and cash and cash equivalents in the balance sheet. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

### **Bills of exchange received**

Payment by means of bills of exchange (bank acceptance drafts) is a widespread practice in China. Bills of exchange received are either settled at maturity date, discounted before the maturity date or transferred to a creditor to settle a liability. Discounting is done either with recourse or without recourse. With recourse means that the discounting bank can claim reimbursement of the amount paid in case the issuer defaults. When a bill is discounted with recourse, the amount received is not deducted from the outstanding bills of exchange received, but a liability is recognized in 'current interest-bearing debt' until the maturity date of that bill.

### **Cash & cash equivalents and short-term deposits**

Cash equivalents and short-term deposits are short-term investments that are readily convertible to known amounts of cash. They are subject to insignificant risk of change in value. Cash equivalents are highly liquid and have original maturities of three months or less, while short-term deposits have original maturities of more than three months and less than one year.

### **Available-for-sale financial assets**

Non-current available-for-sale assets include investments in entities which were not acquired principally for the purpose of selling in the short term, and which are neither consolidated nor accounted for using the equity method. Assets classified in this category are stated at fair value, with any resultant gains or losses recognized directly in equity. In the case of an impairment loss, the accumulated loss is recycled from equity to the income statement. However, they are stated at cost if they do not have a quoted price in an active market and their fair value cannot be reliably measured by alternative valuation methods.

### **Impairment of financial assets**

Financial assets, other than those at FVTPL, are tested for impairment when there is objective evidence that they could be impaired. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost provides objective evidence of impairment. The Group defines a significant decline as exceeding 30% of the cost and a prolonged decline as continuing for more than one year. When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income is reclassified from equity to the income statement as an impairment loss. For trade receivables and bills of exchange received, amounts deemed uncollectible are written off against the corresponding allowance account at each balance sheet date. Additions to and recoveries from this allowance account are reported under 'selling expenses' in the income statement.

### **Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out (FIFO) method. For processed inventories, cost means full cost including all direct and indirect production costs required to bring the inventory items to the stage of completion at the balance sheet date. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and costs necessary to make the sale.

### **Share capital**

When shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares (treasury shares) are presented in the balance sheet as a deduction from equity. The result on the disposal of treasury shares sold or cancelled is recognized in retained earnings.

### **Non-controlling interests**

Non-controlling interests represent the shares of minority or non-controlling shareholders in the equity of subsidiaries which are not fully owned by the Group. At the acquisition date, the item is either measured at its fair value or at the non-controlling shareholders' proportion of the fair values of net assets recognized on acquisition of a subsidiary (business combination). Subsequently, it is adjusted for the appropriate proportion of subsequent profits and losses. The losses attributable to non-controlling shareholders in a consolidated subsidiary may exceed their interest in the equity of the subsidiary. A proportional share of total comprehensive income is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### **Provisions**

Provisions are recognized in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event, which is expected to result in an outflow of resources embodying economic benefits which can be reliably estimated. Each provision is based on the best estimate of the expenditure required to settle the present obligation at the balance sheet date. When appropriate, provisions are measured on a discounted basis.

### **Restructuring**

A provision for restructuring is only recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly before the balance sheet date. Restructuring provisions include only the direct expenditure arising from the restructuring which is necessarily incurred on the restructuring and is not associated with the ongoing activities of the entity.

### **Site remediation**

A provision for site remediation in respect of contaminated land is recognized in accordance with the Group's published environmental policy and applicable legal requirements.

### **Employee benefit obligations**

The parent company and several of its subsidiaries have pension, death benefit and health care benefit plans covering a substantial part of their workforce.

### **Defined-benefit plans**

Most pension plans are defined-benefit plans with benefits based on years of service and level of remuneration. For defined-benefit plans, the amount recognized in the balance sheet (net liability or asset) is the present value of the defined-benefit obligation less the fair value of any plan assets. The present value of the defined-benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods. The present value of the defined-benefit obligation and the related current and past service costs are calculated using the projected unit credit method. The discount rate used is the yield at balance sheet date on high-quality corporate bonds with remaining terms to maturity approximating those of the Group's obligations. In case the fair value of plan assets exceeds the present value of the defined-benefit obligations, the net asset is limited to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The net interest on the net defined-benefit liability/asset is based on the same discount rate. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. Past service cost is the change in the present value of the defined-benefit obligation for employee service in prior periods and resulting in the current period from a plan amendment or a curtailment. Past service cost are recognized immediately through profit or loss. Remeasurements of the net defined-benefit liability (asset) comprise (a) actuarial gains and losses, (b) the return on plan assets, after deduction of the amounts included in net interest on the net defined-benefit liability (asset) and (c) any change in the effect of the asset ceiling, after deduction of any amounts included in net interest on the net defined-benefit liability (asset). Remeasurements are recognized immediately through equity. A settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined-benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

In the income statement, current and past service cost, including gains or losses from settlements are included in the operating result (EBIT), and the net interest on the net defined-benefit liability (asset) is included in interest expense, under interest on interest-bearing provisions. Pre-retirement pensions in Belgium and plans for medical care in the United States are also treated as defined-benefit plans.

### **Defined-contribution plans**

Obligations in respect of contributions to defined-contribution pension plans are recognized as an expense in the income statement as they fall due. Although supplementary pension plans in Belgium are legally subject to a minimum guaranteed return,

the Belgian supplementary pension plans are accounted for as defined-contribution plans, since the legally required return is basically guaranteed by the insurance company. For death and disability benefits covered by external insurance policies, the annual premiums are charged to the income statement.

### **Other long-term employee benefits**

Other long-term employee benefits, such as service awards, are accounted for using the projected unit credit method. However, the accounting method differs from the method applied for post-employment benefits, as actuarial gains and losses are recognized immediately through profit or loss.

### **Share-based payment plans**

The Group issues equity-settled and cash-settled share-based payments to certain employees. Stock option plans which allow Group employees to acquire shares of NV Bekaert SA are of the equity-settled type.

Share appreciation rights plans are of the cash-settled type, as they entitle Group employees to receive payment of cash bonuses, the amount of which is based on the price of the Bekaert share on the Euronext stock exchange.

Equity-settled share-based payments are recognized at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed, with a corresponding increase in equity (retained earnings), on a straight-line basis over the vesting period, based on the Group's estimate of the stock options that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Cash-settled share-based payments are recognized as liabilities at fair value, which is remeasured at each reporting date and at the date of settlement. Changes in fair value are recognized in the income statement. The Group uses a binomial model to determine the fair value of the share-based payment plans.

### **Interest-bearing debt**

Interest-bearing debt includes loans and borrowings which are initially recognized at the fair value of the consideration received net of transaction costs incurred. In subsequent periods, they are carried at amortized cost using the effective interest-rate method, any difference between the proceeds (net of transaction costs) and the redemption value being recognized in the income statement over the period of the liability. If financial liabilities are hedged using derivatives qualifying as a fair value hedge, the hedging instruments are carried at fair value and the hedged items are remeasured for fair value changes due to the hedged risk (see accounting policies for derivatives and hedging).



### Trade payables and other current liabilities

Trade payables and other current liabilities, except derivatives, are stated at cost, which is the fair value of the consideration payable.

### Income taxes

Income taxes are classified as either current or deferred taxes. Current income taxes include expected tax charges based on the accounting profit for the current year and adjustments to tax charges of prior years. Deferred taxes are calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The principal temporary differences arise from depreciation of property, plant and equipment, provisions for pensions, pre-pensions and other postretirement benefits, undistributed earnings and tax deductible losses carried forward. Deferred taxes are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled, based on tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized; this criterion is reassessed at each balance sheet date. Deferred tax on temporary differences arising on investments in subsidiaries, associates and joint ventures is provided for, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

### Derivatives, hedging and hedging reserves

The Group uses derivatives to hedge its exposure to foreign-exchange and interest-rate risks arising from operating, financing and investing activities. The net exposure of all subsidiaries is managed on a centralized basis by Group Treasury in accordance with the aims and principles laid down by general management. As a policy, the Group does not engage in speculative or leveraged transactions.

Derivatives are initially and subsequently measured and carried at fair value. The fair value of traded derivatives is equal to their market value. If no market value is available, the fair value is calculated using standard financial valuation models, based upon the relevant market rates at the reporting date.

The Group applies hedge accounting in accordance with IAS 39 to reduce income statement volatility. Depending on the nature of the hedged risk, a distinction is made between fair value hedges, cash flow hedges and hedges of a net investment in a foreign entity.

Fair value hedges are hedges of the exposure to variability in the fair value of recognized assets and liabilities. The derivatives classified as fair value

hedges are carried at fair value and the related hedged items (assets or liabilities) are remeasured for fair value changes due to the hedged risk. The corresponding changes in fair value are recognized in the income statement. When a hedge ceases to be highly effective, hedge accounting is discontinued and the adjustment to the carrying amount of a hedged interest-bearing financial instrument is recognized as income or expense and will be fully amortized over the remaining period to maturity of the hedged item.

Cash flow hedges are hedges of the exposure to variability in future cash flows related to recognized assets or liabilities, highly probable forecast transactions or currency risk on unrecognized firm commitments. Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognized directly in shareholders' equity (hedging reserve). The ineffective portion is recognized immediately in the income statement. If the hedged cash flow results in the recognition of a non-financial asset or liability, all gains and losses previously recognized directly in equity are transferred from equity and included in the initial measurement of the cost or carrying amount of the asset or liability. For all other cash flow hedges, gains and losses initially recognized in equity are transferred from the hedging reserve to the income statement when the hedged firm commitment or forecast transaction results in the recognition of a profit or loss. When the hedge ceases to be highly effective, hedge accounting is discontinued prospectively and the accumulated gain or loss is retained in equity until the committed or forecast transaction occurs. If the forecast transaction is no longer expected to occur, any net cumulative gain or loss previously reported in equity is transferred to the income statement.

If a net investment in a foreign entity is hedged, all gains or losses on the effective portion of the hedging instrument, together with any gains or losses on the foreign-currency translation of the hedged investment, are taken directly to equity. Any gains or losses on the ineffective portion are recognized immediately in the income statement. The cumulative remeasurement gains and losses on the hedging instrument, that had previously been recognized directly in equity, and the gains and losses on the currency translation of the hedged item are recognized in the income statement only on disposal of the investment.

In order to comply with the requirements of IAS 39 regarding the use of hedge accounting, the strategy and purpose of the hedge, the relationship between the financial instrument used as the hedging instrument and the hedged item and the estimated (prospective) effectiveness are documented by the Group at the inception of the hedge. The effectiveness of existing hedges is monitored on a quarterly basis. Hedge accounting for ineffective hedges is discontinued immediately.

The Group also uses derivatives that do not satisfy the hedge accounting criteria of IAS 39 but provide effective economic hedges under the Group's risk

management policies. Changes in the fair value of any such derivatives are recognized immediately in the income statement.

### Impairment of assets

Goodwill and intangible assets with an indefinite useful life or not yet available for use are reviewed for impairment at least annually; other tangible and intangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized in the income statement as and when the carrying amount of an asset exceeds its recoverable amount (being the higher of its fair value less costs to sell and its value in use). The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs to sell, while value in use is the present value of the future cash flows expected to be derived from an asset. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the assets belong. Reversal of impairment losses recognized in prior years is included as income when there is an indication that the impairment losses recognized for the asset are no longer needed or the need has decreased, except for impairment losses on goodwill, which are never reversed.

## 2.4. Income statement items

### Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the entity and the amount of the revenue can be measured reliably. Sales are recognized net of sales taxes and discounts. Revenue from the sale of goods is recognized when delivery takes place and the transfer of risks and rewards is completed. When it can be measured reliably, revenue from construction contracts is recognized by reference to the stage of completion. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of the contract costs incurred that are likely to be recoverable. In the period in which it is determined that a loss will result from the performance of a contract, the entire amount of the estimated ultimate loss is charged against income. No revenue is recognized on barter transactions involving the exchange of similar goods or services. Interest is recognized on a time-proportional basis that reflects the effective yield on the asset. Royalties are recognized on an accrual basis in accordance with the terms of agreements. Dividends are recognized when the shareholder's right to receive payment is established.

### Non-recurring items

Operating income and expenses that are related to restructuring programs, impairment losses, business

combinations, business disposals, environmental provisions or other events and transactions that have a one-time effect are presented on the face of the income statement as non-recurring items. Restructuring programs mainly include lay-off costs, gains and losses on disposal, and impairment losses of assets involved in a shut-down, major reorganization or relocation of operations. When not related to restructuring programs, only impairment losses resulting either from testing Cash-Generating Units or from intragroup transfers qualify as non-recurring items. Non-recurring items from business combinations mainly include: negative goodwill, gains and losses on step acquisition, and recycling of CTA on the interest previously held. Non-recurring items from business disposals include gains and losses on the sale of businesses that do not qualify as discontinued operations. These disposed businesses may consist of integral, or parts (disposal groups) of, subsidiaries, joint-ventures and associates. Besides environmental provisions, other events or transactions that have a one-time effect mainly include sales of investment property and significant litigations. Bekaert believes that the separate presentation of non-recurring items is essential for the readers of its financial statements who want to analyze comparable figures.

## 2.5. Statement of comprehensive income and statement of changes in equity

The statement of comprehensive income presents an overview of all income and expenses recognized both in the income statement and in equity. In accordance with IAS 1 Presentation of Financial Statements, an entity can elect to present either a single statement of comprehensive income or two statements, i.e. an income statement immediately followed by a comprehensive income statement. The Group elected to do the latter. A further consequence of presenting a statement of comprehensive income is that the content of the statement of changes in equity is confined to owner-related changes only.

## 2.6. Miscellaneous

### Non-current assets held for sale and discontinued operations

A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. A discontinued operation is a component of an entity which the entity has disposed of or which is classified as held for sale, which represents a

separate major line of business or geographical area of operations and which can be distinguished operationally and for financial reporting purposes.

For a sale to be highly probable, the entity should be committed to a plan to sell the asset (or disposal group), an active program to locate a buyer and complete the plan should be initiated, and the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, and the sale should be expected to be completed within one year from the date of classification. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs necessary to make the sale. Any excess of the carrying amount over the fair value less costs to sell is included as an impairment loss. Depreciation of such assets is discontinued as from their classification as held for sale. Comparative balance sheet information for prior periods is not restated to reflect the new classification in the balance sheet.

### **Contingencies**

Contingent assets are not recognized in the financial statements. They are disclosed if the inflow of economic benefits is probable. Contingent liabilities are not recognized in the financial statements, except if they arise from a business combination. They are disclosed unless the possibility of a loss is remote.

### **Events after the balance sheet date**

Events after the balance sheet date which provide additional information about the company's position as at the balance sheet date (adjusting events) are reflected in the financial statements. Events after the balance sheet date which are not adjusting events are disclosed in the notes if material.

### 3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These judgments, estimates and assumptions are reviewed on an ongoing basis.

#### 3.1. Critical judgments in applying the entity's accounting policies

The following are the critical judgments made by management, apart from those involving estimations (see note 3.2. below), that have a significant effect on the amounts reported in the consolidated financial statements.

- Management assessed that a constructive obligation exists to provide pre-retirement schemes for employees as from the first day of service (see note 6.15. 'Employee benefit obligations') and therefore these pre-retirement schemes are treated as defined-benefit plans using the projected unit credit method.
- Management concluded that the criteria for capitalizing development expenditure were not met (see note 6.1. 'Intangible assets').
- Management concluded that the functional currency of Bekaert Izmit Celik Kord Sanayi ve Ticaret AS (Turkey) is the euro, consistent with the current economic substance of the transactions relevant to that entity. For the same reasons, management concluded that the functional currency of Productos de Acero Cassadó SA (Peru) is the US dollar.
- As regarding its Venezuelan operations, management decided to use the economic exchange rate for translating the VEF financial statements to the reporting currency for consolidation as from 31 December 2012. In view of the restrictions on dividend repatriation for overseas investors introduced in 2009, and given the ongoing dramatic decline in the economic exchange rate (from 17.2 VEF/USD at year-end 2012 to 56.7 VEF/USD at year-end 2013), combined with inflation accounting, management concluded that this is the best choice for providing a fair view of the contribution of the Venezuelan operations to the consolidated financial statements.

The impact on sales and gross profit is detailed in note 5.1. 'Operating result (EBIT) by function'.

When accounting for foreign currency transactions in its single entity financial statements, Vicson SA has used the SITME rate (5.4 VEF/USD) for several years and has recognized a realized exchange result when a transaction was settled at another rate. From 13 February 2013 onwards, the authorities announced a devaluation of the VEF to 6.3 VEF/USD. Since that date, Vicson SA uses the official rate (6.3 VEF/USD) to account for foreign currency transactions. As of early 2014, it has become known that the 6.3 VEF/USD will no longer be the official rate. Expectations are that it will be replaced by the SICAD rate, which now amounts to 11.80 VEF/USD.

- Management concluded that Bekaert, given its non-controlling interest of 13.0% at year-end 2013, has no significant influence in Shougang Concord Century Holdings Ltd and therefore the investment is a financial asset available for sale accounted for at fair value through equity. As any significant or prolonged decline in fair value provides objective evidence for impairment, management agreed to consider any decline in fair value (a) exceeding 30% of the cost as significant and (b) continuing for more than one year as prolonged.
- Given its global presence, Bekaert is exposed to tax risks in many jurisdictions. Tax authorities in those jurisdictions conduct regular tax audits which may reveal potential tax issues. While the outcome of such tax audits is not certain, management is convinced that Bekaert, based on an overall evaluation of potential tax liabilities, has recorded adequate tax liabilities in its consolidated financial statements.
- Management concluded that the Company has control over Bekaert Ansteel Tire Cord (Chongqing) Co Ltd and accordingly consolidates this entity.
- Although the guaranteed return on defined-contribution plans in Belgium has recently been lowered by the insurance companies and now falls short of the legal threshold (3.25%), management concluded that there is no material risk at the balance sheet date. This conclusion is supported by a recent valuation of the plan related reserves held by the insurance companies, which pointed out a deficit of € 0.2 million. Hence, these plans are still accounted for as defined-contribution plans and not as defined benefit plans.

### 3.2. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and the other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

- At closing of 2013, the economic situation of the sawing wire business confirms the assumptions based on which the impairment was recorded in 2012.
- Deferred tax assets are recognized for the carry-forward of unused tax deductible losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax deductible losses and unused tax credits can be utilized. In making its judgment, management takes into account elements such as long-term business strategy and tax planning opportunities (see note 6.6. 'Deferred tax assets and liabilities').
- Based on the expected economic life of specific product lines, which is expected to be significantly shorter than average, higher depreciation rates are applied to dedicated assets which are not expected to be reallocated to another product line. Consequently, depreciation percentages ranging from 10% to 25% are used instead of 8% for plant, machinery and equipment. R&D testing equipment dedicated to specific product lines is also depreciated at 25% p.a. Other R&D testing equipment is depreciated at 16.7% p.a.
- Credit risk related to customers: management closely reviews the outstanding trade receivables, also considering ageing, payment history and credit risk coverage. Specific and general bad debt allowances recognized are based on management's best estimates at the balance sheet date (see note 6.7. 'Operating working capital').
- Employee benefit obligations: the defined-benefit obligations are based on actuarial assumptions such as discount rate and salary increases, which are extensively detailed in note 6.15. 'Employee benefit obligations'.
- Provisions for environmental issues: at each year-end an estimate is made of future expenses to remediate soil pollution, based on the advice of an external expert (see note 6.16. 'Provisions').
- Impairment: the Group performs annual impairment tests on goodwill and on cash-generating units for which there are indicators that the carrying amount might be higher than the recoverable amount. This analysis is based upon assumptions such as market evolution, market share, margin evolution and discount rates (see note 6.2. 'Goodwill').
- According to Chinese tax legislation and regulation, certain entities of the Group which enjoy preferential treatment in the form of a reduced income tax rate are granted a gradual transition to the statutory tax rate over a five year period. Based on current practice, management judges that the investments comply with the conditions for this tax incentive. Should the tax regulation or practice change in this area, the Company may be required to update its tax liabilities or provisions.
- Tax receivable (ICMS) in Brazil: recovery of the tax receivables of Belgo Bekaert Arames Ltda and BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda is deemed highly probable as several action plans have already been successfully implemented. Other tax claims in Brazil, including claims relating to the taxability of ICMS incentives received by Belgo Bekaert Arames Ltda, have not been provided for, supported by legal advice (see note 6.4. 'Investments in joint ventures and associates').
- Fair value adjustments for business combinations: in accordance with IFRS 3, Business Combinations, Bekaert remeasures the assets, liabilities and contingent liabilities acquired through a business combination to fair value. Similarly, consideration (including consideration in shares), contingent consideration and any stake in the acquiree held prior to the business combination are also measured at fair value. When significant influence is acquired in an associate, or joint control is acquired in a joint venture, Bekaert also remeasures its share in the assets, liabilities and contingent liabilities in that associate or joint venture to its acquisition-date fair value. Where possible, fair value adjustments are based on external appraisals or valuation models, e.g. for contingent liabilities and intangible assets which were not recognized by the acquiree. Internal benchmarks are often used for valuing specific production equipment. All of these valuation methods rely on various assumptions such as estimated future cash flows, remaining useful economic life etc.

## 4. Segment reporting

The Group uses a geographical segmentation since this is the best enabler to evaluate the nature and financial effects of the business and to make stakeholders understand our business as a whole in a transparent way. The segmentation reflects the importance of the regions following from the company's global growth strategy.

The Company's regional businesses are typically characterized by common cost drivers, a product portfolio that is tailored to regional industry requirements, and specific distribution channels. They distinguish themselves in terms of political, economic and currency risks and in terms of geographic market trends and growth patterns. Adding to the relevance of the segmentation is the fact that the company sells the vast majority of its production volumes in the region where they are manufactured. According to IFRS 8, four reporting segments have been defined, reflecting the company's presence in four main regions:

- 1) EMEA – Europe, Middle-East and Africa: 33% of consolidated sales (2012: 30%)
- 2) North America: 17% of consolidated sales (2012: 19%)
- 3) Latin America: 20% of consolidated sales (2012: 24%)
- 4) Asia Pacific: 30% of consolidated sales (2012: 27%)

### Key data by reporting segment

Only capital employed elements (intangible assets, goodwill, property, plant and equipment and the elements of the operating working capital) are allocated to the various segments. All other assets and liabilities are reported as unallocated corporate assets or liabilities. 'Group & Business support' mainly consists of the functional unit technology and unallocated expenses for group management and services; it does not constitute a reportable segment in itself. The geographical segmentation is based on the location of the Bekaert entities rather than on the location of its customers. Since it is Bekaert's strategy to produce as close as possible to the customers, most customers are serviced by Bekaert entities in their own region. Any sales between segments are transacted at prices which reflect the arm's length principle.

2013					Group & Business support	Reconciliations	Consolidated
in thousands of €	EMEA	North America	Latin America	Asia Pacific			
Net sales	1 040 171	547 700	644 619	953 138	-	-	3 185 628
Operating result before non-recurring items (REBIT)	87 930	18 603	44 045	77 303	-71 422	9 458	165 917
Non-recurring items	-3 166	-10 896	-40	-4 091	-10 454	-	-28 647
<b>Operating result (EBIT)</b>	<b>84 764</b>	<b>7 707</b>	<b>44 005</b>	<b>73 212</b>	<b>-81 876</b>	<b>9 458</b>	<b>137 270</b>
Depreciation and amortization	46 730	12 190	19 413	75 154	11 188	-13 604	151 071
Impairment losses	1 370	2 153	182	4 945	-	-	8 650
<b>EBITDA</b>	<b>132 864</b>	<b>22 050</b>	<b>63 600</b>	<b>153 311</b>	<b>-70 688</b>	<b>-4 146</b>	<b>296 991</b>
Segment assets	716 289	244 956	407 301	1 220 697	156 452	-164 351	2 581 344
Unallocated assets	-	-	-	-	-	799 113	799 113
<b>Total assets</b>	<b>716 289</b>	<b>244 956</b>	<b>407 301</b>	<b>1 220 697</b>	<b>156 452</b>	<b>634 762</b>	<b>3 380 457</b>
Segment liabilities	188 219	57 586	76 162	133 792	79 155	-72 876	462 038
Unallocated liabilities	-	-	-	-	-	1 414 543	1 414 543
<b>Total liabilities</b>	<b>188 219</b>	<b>57 586</b>	<b>76 162</b>	<b>133 792</b>	<b>79 155</b>	<b>1 341 667</b>	<b>1 876 581</b>
Capital employed	528 070	187 370	331 139	1 086 905	77 297	-91 475	2 119 306
Average capital employed	554 379	202 847	356 900	1 151 915	76 522	-95 366	2 247 196
Return on average capital employed (ROCE) <sup>2</sup>	15.3%	3.8%	12.3%	6.4%	-	-	6.1%
Capital expenditure – PP&E	25 699	8 567	18 157	46 531	22 471	-26 788	94 637
Capital expenditure – intangible assets	1 114	-	464	214	484	-100	2 176
Share in the results of joint ventures and associates	15	-	30 041	188	-	-	30 244
Investments in joint ventures and associates	102	-	144 534	11 202	-	-	155 838
Number of employees (year-end) <sup>3</sup>	5 146	1 547	3 998	9 389	1 710	-	21 790

2012					Group & Business support <sup>1</sup>	Reconciliations	Consolidated <sup>1</sup>
in thousands of €	EMEA	North America	Latin America	Asia Pacific			
Net sales	1 044 090	658 855	812 293	945 386	-	-	3 460 624
Operating result before non-recurring items (REBIT)	63 278	29 508	63 534	37 171	-79 254	2 929	117 166
Non-recurring items	-74 600	-13 786	15 960	-69 849	-24 826	-	-167 101
<b>Operating result (EBIT)</b>	<b>-11 322</b>	<b>15 722</b>	<b>79 494</b>	<b>-32 678</b>	<b>-104 080</b>	<b>2 929</b>	<b>-49 935</b>
Depreciation and amortization	52 079	12 373	20 730	148 742	8 940	-13 761	229 103
Impairment losses	26 982	10 698	232	56 255	820	-	94 987
<b>EBITDA</b>	<b>67 739</b>	<b>38 793</b>	<b>100 456</b>	<b>172 319</b>	<b>-94 320</b>	<b>-10 832</b>	<b>274 155</b>
Segment assets	757 762	276 808	479 647	1 358 539	137 171	-191 697	2 818 230
Unallocated assets	-	-	-	-	-	849 468	849 468
<b>Total assets</b>	<b>757 762</b>	<b>276 808</b>	<b>479 647</b>	<b>1 358 539</b>	<b>137 171</b>	<b>657 771</b>	<b>3 667 698</b>
Segment liabilities	177 075	58 485	96 986	141 614	61 425	-92 441	443 144
Unallocated liabilities	-	-	-	-	-	1 620 961	1 620 961
<b>Total liabilities</b>	<b>177 075</b>	<b>58 485</b>	<b>96 986</b>	<b>141 614</b>	<b>61 425</b>	<b>1 528 520</b>	<b>2 064 105</b>
Capital employed	580 687	218 323	382 661	1 216 925	75 746	-99 256	2 375 086
Average capital employed	626 220	219 307	278 537	1 353 146	95 959	-101 534	2 471 634
Return on average capital employed (ROCE) <sup>2</sup>	-1.8%	7.2%	28.5%	-2.4%	-	-	-2.0%
Capital expenditure – PP&E	38 965	10 013	29 418	48 267	5 666	-8 973	123 356
Capital expenditure – intangible assets	1 737	304	161	3 132	573	-1 921	3 986
Share in the results of joint ventures and associates	33	-	16 275	-5 925	-	-	10 383
Investments in joint ventures and associates	102	-	155 754	11 739	-	-	167 595
Number of employees (year-end) <sup>3</sup>	5 159	1 627	3 986	9 984	1 793	-	22 549

<sup>1</sup> Restated, see note 7.9. 'Restatement effects'.

<sup>2</sup> ROCE: Operating result (EBIT) relative to average capital employed.

<sup>3</sup> Number of employees: full-time equivalents.

Following table provides more information on the amounts presented as 'Reconciliations' in the previous table:

Reconciliations in thousands of €	2012	2013
<b>Operating result (EBIT)</b>		
Intangible assets	102	-10
PP&E	-6 582	-6 808
Inventories	-4 352	2 672
<b>Intersegment margin eliminations</b>	<b>-10 832</b>	<b>-4 146</b>
Intangible assets	-4	-4
PP&E	-13 757	-13 600
<b>Depreciation and amortization relating to intersegment margin eliminations</b>	<b>-13 761</b>	<b>-13 604</b>
Intangible assets	106	-6
PP&E	7 175	6 792
Inventories	-4 352	2 672
<b>EBIT: intersegment elimination minus related depreciation &amp; amortization</b>	<b>2 929</b>	<b>9 458</b>
<b>Segment assets</b>		
Intangible assets	-340	-346
PP&E	-92 005	-86 876
Inventories	-6 911	-4 253
Trade receivables	-92 144	-72 863
Advances paid	-297	-13
<b>Intersegment eliminations on capital employed assets</b>	<b>-191 697</b>	<b>-164 351</b>
<b>Unallocated assets</b>		
<b>Other assets than capital employed elements</b>	<b>849 468</b>	<b>799 113</b>
<b>Segment liabilities</b>		
Trade payables	-92 139	-72 863
Advances received	-302	-13
<b>Intersegment eliminations on capital employed liabilities</b>	<b>-92 441</b>	<b>-72 876</b>
<b>Unallocated liabilities</b>		
<b>Other liabilities than capital employed elements</b>	<b>1 620 961</b>	<b>1 414 543</b>
<b>Capital employed</b>		
Segment assets eliminations	-191 697	-164 351
- Segment liabilities eliminations	92 441	72 876
<b>Intersegment eliminations on capital employed elements</b>	<b>-99 256</b>	<b>-91 475</b>
<b>Capex PP&amp;E</b>		
Intersegment margin eliminations on PP&E	-8 973	-26 788
<b>Capex PP&amp;E adjustments</b>	<b>-8 973</b>	<b>-26 788</b>
<b>Capex Intangible assets</b>		
Intersegment margin eliminations on intangible assets	-1 921	-100
<b>Capex Intangible assets adjustments</b>	<b>-1 921</b>	<b>-100</b>

## Revenue by product application

in thousands of €	2012	2013	Variance (%)
<b>Net sales</b>			
<i>Rubber reinforcement products</i>	1 337 188	1 206 510	-9.8%
<i>Other steel wire products</i>	1 927 321	1 788 174	-7.2%
<i>Stainless products</i>	178 973	180 634	0.9%
<i>Coating products &amp; other</i>	17 142	10 310	-39.9%
<b>Total</b>	<b>3 460 624</b>	<b>3 185 628</b>	<b>-7.9%</b>

Rubber reinforcement products include tire cord, bead wire, hose reinforcement wire, belt cord and steel cord fabric. Other steel wire products include industrial steel wires, specialty steel wires, building products, ropes and sawing wire. Stainless products include stainless wires, fibers, advanced filtration products and combustion products for heating, drying and flaring. The Advanced Filtration activities were sold on 3 December 2013 and the Flaring activities were sold on 5 July 2012. Coating sales have ceased completely since the sale of the Industrial Coating business on 2 April 2012.



All product groups are sold in all segments, except for coating products which – until disposal in April 2012 – were not sold in Latin America. The product mix is very similar in EMEA and North America, while in Asia Pacific rubber reinforcement products are predominant, whereas in Latin America other steel wire products make up the largest part of the business.

## Additional information by country

The table below shows the relative importance of Belgium (i.e. the country of domicile), Chile, China and the USA for Bekaert in terms of revenues and non-current assets (i.e. intangible assets, goodwill, property, plant and equipment).

in thousands of €	2012	% of total	2013	% of total
Net sales from Belgium	273 034	8%	275 287	9%
Net sales from Chile	349 542	10%	307 099	10%
Net sales from China	697 796	20%	685 564	21%
Net sales from USA	560 964	16%	465 395	15%
Net sales from other countries	1 579 288	46%	1 452 283	45%
<b>Total net sales</b>	<b>3 460 624</b>	<b>100%</b>	<b>3 185 628</b>	<b>100%</b>
Non-current assets located in Belgium	101 660	7%	90 371	7%
Non-current assets located in Chile	111 128	8%	97 603	7%
Non-current assets located in China	627 064	42%	565 266	42%
Non-current assets located in USA	73 222	5%	66 684	5%
Non-current assets located in other countries	563 668	38%	506 546	39%
<b>Total non-current assets</b>	<b>1 476 742</b>	<b>100%</b>	<b>1 326 470</b>	<b>100%</b>

## 5. Income statement items and other comprehensive income

### 5.1. Operating result (EBIT) by function

in thousands of €	2012	2013	variance
Sales	3 460 624	3 185 628	-274 996
Cost of sales	-2 981 872	-2 703 316	278 556
<b>Gross profit</b>	<b>478 752</b>	<b>482 312</b>	<b>3 560</b>
Selling expenses	-157 772	-128 207	29 565
Administrative expenses	-134 984	-124 924	10 060
Research and development expenses	-69 449	-62 429	7 020
Other operating revenues	18 287	12 502	-5 785
Other operating expenses	-17 668	-13 337	4 331
<b>Operating result before non-recurring items (REBIT)</b>	<b>117 166</b>	<b>165 917</b>	<b>48 751</b>
Non-recurring items	-167 101	-28 647	138 454
<b>Operating result (EBIT)</b>	<b>-49 935</b>	<b>137 270</b>	<b>187 205</b>

Sales and gross profit in thousands of €	2012	2013	variance (%)
Sales	3 460 624	3 185 628	-7.9%
Cost of sales	-2 981 872	-2 703 316	-9.3%
<b>Gross profit</b>	<b>478 752</b>	<b>482 312</b>	<b>0.7%</b>
Gross profit in % of sales	13.8%	15.1%	

Bekaert's consolidated sales decreased with 7.9% compared to 2012. The application of inflation accounting and valuation at the economic exchange rate for the activities in Venezuela from the beginning of 2013 impacted sales negatively by 3.2% (approx. € 110 million). Other currency movements (mainly USD, CLP, INR and JPY) reinforced this decrease with another 2.4% (approx. € 81 million). The net impact of acquisitions (integration of Southern Wire) and divestments (Industrial Coating activities) resulted in an increase of 0.9%. Organic sales decreased with 3.3%, resulting from lower prices due to lower wire rod prices and price pressure in a global competitive environment, offset by a slight volume increase.

Gross profit was almost stable in nominal terms. The negative currency impact of the activities in Venezuela amounted to almost € 25 million. Other currency movements resulted in a further decrease by € 10.5 million. Compared to last year the organic business in sawing wire contributed positively to gross profit, while almost all product groups in North America were less contributing than the previous year.

Overheads in thousands of €	2012	2013	variance (%)
Selling expenses	-157 772	-128 207	-18.7%
Administrative expenses	-134 984	-124 924	-7.5%
Research and development expenses	-69 449	-62 429	-10.1%
<b>Total</b>	<b>-362 205</b>	<b>-315 560</b>	<b>-12.9%</b>

Apart from the impact of currency movements, the decrease in selling expenses mainly relates to the reversal of bad debt provisions in 2013, as opposed to extra provisions in 2012. Administrative and research and development expenses decrease due to cost savings.

Other operating revenues in thousands of €	2012	2013	variance
Royalties received	10 618	11 225	607
Gains on disposal of PP&E and intangible assets	1 307	457	-850
Realized exchange results on sales and purchases	1 055	-6 131	-7 186
Government grants	1 617	2 286	669
Miscellaneous	3 690	4 665	975
<b>Total</b>	<b>18 287</b>	<b>12 502</b>	<b>-5 785</b>

Government grants relate mainly to subsidies in China. There are no indications that the conditions attached to those grants will not be complied with in the future and therefore it is not expected that subsidies may have to be refunded.

<b>Other operating expenses</b> in thousands of €	<b>2012</b>	<b>2013</b>	<b>variance</b>
Losses on disposal of PP&E and intangible assets	-2 157	-991	1 166
Amortization of intangible assets	-226	-340	-114
Bank charges	-2 651	-2 456	195
Tax related expenses (other than income taxes)	-2 647	-1 465	1 182
Miscellaneous	-9 987	-8 085	1 902
<b>Total</b>	<b>-17 668</b>	<b>-13 337</b>	<b>4 331</b>

The decrease of Miscellaneous is mainly due to one-time transition costs related to a change of service provider in 2012.

<b>Non-recurring items</b> in thousands of €	<b>2012</b>	<b>2013</b>	<b>variance</b>
Restructuring - impairment losses	-82 159	-1 027	81 132
Restructuring - other revenues	23	3 225	3 202
Restructuring - other expenses	-100 149	-15 125	85 024
Other impairment losses	-12 244	-6 621	5 623
Gains on business disposals	13 392	1 231	-12 161
Loss on business disposals	-	-50	-50
Gains on step acquisitions	21 717	-	-21 717
Other revenues	4 494	1 481	-3 013
Other expenses	-12 175	-11 761	414
<b>Total</b>	<b>-167 101</b>	<b>-28 647</b>	<b>138 454</b>

Out of the total of € -29 million non-recurring items, € -13 million relates to restructuring programs, of which the closing of the operations in the steel wire plant of Bekaert Canada and the site re-development at Cold Drawn Products (UK) represent the biggest portion. The programs announced in 2012 were further implemented resulting in incurring costs offset by write-backs of provisions recorded in the previous year.

Other impairment losses relate to PP&E impairments in the stainless steel operation of Bekaert Mukand Wire Industries (India) and to the future upgrade project of the Rome plant (USA) in 2014.

The gains on business disposals in 2012 mainly relate to the sale of the Industrial Coating activities and in 2013 mainly to the Advanced Filtration line of business.

The other expenses mainly include the adjustment of the provisions for environmental liabilities and several smaller one-time effects.

## 5.2. Operating result (EBIT) by nature

The table below provides information on the major items contributing to the operating result (EBIT), categorized by nature.

in thousands of €	2012		2013	
Sales	3 460 624	100%	3 185 628	100%
Non-recurring revenues	39 626	-	5 937	-
Other operating revenues	18 288	-	12 502	-
<b>Total operating revenues</b>	<b>3 518 537</b>	<b>-</b>	<b>3 204 067</b>	<b>-</b>
Own construction of PP&E	32 941	1.0%	31 636	1.0%
Raw materials	-1 385 513	-40.0%	-1 209 885	-38.0%
Semi-finished products and goods for resale	-240 418	-6.9%	-218 430	-6.9%
Change in work-in-progress and finished goods	-33 243	-1.0%	9 757	0.3%
Staff costs <sup>1</sup>	-712 376	-20.6%	-603 619	-18.9%
Depreciation and amortization	-229 103	-6.6%	-151 071	-4.7%
Impairment losses	-94 987	-2.7%	-8 650	-0.3%
Transport and handling of finished goods	-147 769	-4.3%	-136 104	-4.3%
Consumables and spare parts	-205 829	-5.9%	-204 889	-6.4%
Utilities	-208 048	-6.0%	-211 686	-6.6%
Maintenance and repairs	-47 804	-1.4%	-42 460	-1.3%
Expenses operating leases	-21 182	-0.6%	-20 124	-0.6%
Commissions in selling expenses	-5 559	-0.2%	-4 718	-0.1%
Export VAT and export customs duty	-27 413	-0.8%	-26 852	-0.8%
ICT costs	-30 615	-0.9%	-23 890	-0.7%
Advertising and sales promotion	-5 924	-0.2%	-6 085	-0.2%
Travel, restaurant & hotel	-37 320	-1.1%	-31 427	-1.0%
Consulting and other fees	-21 053	-0.6%	-20 078	-0.6%
Office supplies and equipment	-15 281	-0.4%	-11 327	-0.4%
Venture capital funds R&D	-772	0.0%	-1 422	0.0%
Temporary or external labor	-17 003	-0.5%	-18 160	-0.6%
Insurance expenses	-7 230	-0.2%	-4 349	-0.1%
Miscellaneous	-106 972	-3.1%	-152 962	-4.8%
<b>Total operating expenses</b>	<b>-3 568 472</b>	<b>-103.1%</b>	<b>-3 066 797</b>	<b>-96.3%</b>
<b>Operating result (EBIT)</b>	<b>-49 935</b>	<b>-1.4%</b>	<b>137 270</b>	<b>4.3%</b>

<sup>1</sup> IAS 19R restatement effect in 2012: € -0.7 million.

### 5.3. Interest income and expense

in thousands of €	2012	2013
Interest income on financial assets not classified as at FVTPL	8 711	6 449
<b>Interest income</b>	<b>8 711</b>	<b>6 449</b>
<i>Interest expense on interest-bearing debt not classified as at FVTPL</i>	<i>-74 919</i>	<i>-55 770</i>
<i>Interest expense adjustments from economic hedges</i>	<i>-5 903</i>	<i>-8 645</i>
Interest expense	-80 822	-64 415
Interest element of interest-bearing provisions <sup>1</sup>	-8 244	-5 739
<b>Interest expense</b>	<b>-89 066</b>	<b>-70 154</b>
<b>Total</b>	<b>-80 355</b>	<b>-63 705</b>

<sup>1</sup> IAS 19R restatement effect in 2012: € -1.3 million.

The decrease in interest expense is mainly due to an important decrease of the gross debt with € 186 million and a lower average interest rate. Interest expense on interest-bearing debt not classified as at fair value through profit or loss (FVTPL) relates to all debt instruments of the Group, except interest-rate risk mitigating derivatives designated as economic hedges (see note 7.3. 'Financial risk management and financial derivatives'). The interests paid or received from the latter are reported as interest expense adjustments from economic hedges.

The interest element of interest-bearing provisions relates mainly to the net interest on the net defined-benefit liability/(asset) (see note 6.15. 'Employee benefit obligations').

### 5.4. Other financial income and expenses

in thousands of €	2012	2013
<i>Value adjustments to derivatives</i>	<i>43 659</i>	<i>-1 550</i>
<i>Value adjustments to hedged items</i>	<i>-741</i>	<i>-494</i>
<i>Exchange results on hedged items</i>	<i>-44 194</i>	<i>-2 479</i>
Impact of derivatives	-1 276	-4 523
Other exchange results	6 155	-12 249
Impairment losses on available-for-sale financial assets	-7 906	-1 284
Inflation accounting effects	-	1 814
Gains and losses on disposal of non-consolidated equity investments	2 197	10
Dividends from non-consolidated equity investments	388	254
Bank charges and taxes on financial transactions	-226	-990
Impairments and impairment reversals of loans and receivables	46	-1 374
Other	-2 257	-1 480
<b>Total</b>	<b>-2 879</b>	<b>-19 822</b>

Value adjustments include changes in the fair value of all derivatives, other than those designated as cash flow hedges, and of all debt hedged by fair value hedges. The impact of derivatives presented here does not include any impacts recognized in other income statement elements, such as interest expense, cost of sales or other operating revenues and expenses. For more details on the impact of derivatives, refer to note 7.3. 'Financial risk management and derivatives'.

After an impairment loss of € 7.9 million was recognized on the Group's investment in Shougang Concord Century Holdings Ltd in 2012, a further impairment loss of € 1.3 million was recognized at 30 June 2013, as the share price had declined again on the Hong Kong Stock Exchange. By the end of the year, the share price had risen again, which resulted in a fair value gain of € 0.6 million being recognized through equity (see note 6.5. 'Other non-current assets').

## 5.5. Income taxes

in thousands of €	2012	2013
Current income taxes - current year	-45 988	-60 491
Current income taxes - prior periods	-1 317	-3 890
Deferred taxes - due to changes in temporary differences	-21 065	16 532
Deferred taxes - due to changes in deferred tax rates	655	-67
<b>Total tax expense</b>	<b>-67 715</b>	<b>-47 916</b>

### **Relationship between tax expense and accounting profit**

In the table below, accounting profit is defined as the result before taxes.

in thousands of €	2012	2013
Accounting profit <sup>1</sup>	-133 169	53 743
Tax expense at the theoretical domestic rates applicable to profits of taxable entities in the countries concerned <sup>2</sup>	44 371	-2 676
Tax expense related to distribution of retained earnings	1 896	-11 018
Total theoretical tax expense	46 267	-13 694
Theoretical tax rate	-34.7%	-25.5%
Tax effect of:		
<i>Non-deductible items</i>	-15 833	-16 635
<i>Other tax rates and special tax regimes</i>	4 752	4 845
<i>Non-recognition of deferred tax assets</i>	-120 483	-14 057
<i>Utilization of deferred tax assets not previously recognized</i>	12 741	14 342
<i>Tax relating to prior periods</i>	4 600	-18 650
<i>Exempted income</i>	11 345	2 552
<i>Other</i>	-11 104	-6 619
<b>Total tax expense</b>	<b>-67 715</b>	<b>-47 916</b>
Effective tax rate	N/A	-89.2%

<sup>1</sup> IAS 19R restatement effect in 2012: € -1.9 million.

<sup>2</sup> The expense for 2013 is low since the value disclosed is an aggregation of positive accounting results in countries with lower tax rates and negative accounting results in countries with higher tax rates which are offsetting each other.

Other tax rates and special tax regimes reflect temporary tax holidays and notional interest deduction.

## 5.6. Share in the results of joint ventures and associates

The 2013 results of the Brazilian joint ventures were fueled by higher sales and cost improvements (see note 6.4. 'Investments in joint ventures and associates'). The loss of BOSFA Pty Ltd in 2012 was mainly caused by an impairment loss on the building formerly used for manufacturing steel cord. The result of Bekaert Xinyu Metal Products Co Ltd in 2012 was also negatively affected by asset impairments.

in thousands of €		2012	2013
<b>Joint ventures</b>			
BOSFA Pty Ltd	Australia	-1 460	688
Belgo Bekaert Arames Ltda	Brazil	15 932	28 515
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	344	1 526
Bekaert Faser Vertriebs GmbH	Germany	33	15
Bekaert Xinyu Metal Products Co Ltd	China	-4 466	-500
<b>Total</b>		<b>10 383</b>	<b>30 244</b>

## 5.7. Earnings per share

2013	Number	
Weighted average number of ordinary shares (basic)	58 519 782	
Dilution effect of subscription rights and options	179 647	
Weighted average number of ordinary shares (diluted)	58 699 429	
	<b>Basic</b>	<b>Diluted</b>
Result for the period attributable to the Group and to ordinary shareholders (in thousands €)	24 574	24 574
<b>Earnings per share (in €)</b>	<b>0.420</b>	<b>0.419</b>

2012	Number	
Weighted average number of ordinary shares (basic)	59 058 520	
Dilution effect of subscription rights and options	93 267	
Weighted average number of ordinary shares (diluted)	59 151 787	
	<b>Basic</b>	<b>Diluted</b>
Result for the period attributable to the Group and to ordinary shareholders (in thousands €)	-196 876	-196 876
<b>Earnings per share (in €)</b>	<b>-3.334</b>	<b>-3.328</b>

The weighted average closing price during 2013 was € 24.93 per share (2012: € 22.59 per share). The following options and subscription rights were out of the money, and therefore antidilutive, for the period presented:

Antidilutive instruments	Date granted	Exercise price (in €)	Number granted	Number outstanding
SOP2 - options	19.02.2007	30.175	37 500	10 000
SOP2 - options	18.02.2008	28.335	43 500	19 500
SOP2 - options	15.02.2010	33.990	49 500	49 500
SOP 2005-2009 - subscription rights	19.02.2007	30.175	182 010	10 270
SOP 2005-2009 - subscription rights	18.02.2008	28.335	229 200	118 850
SOP 2005-2009 - subscription rights	15.02.2010	33.990	225 450	191 850
SOP 2010-2014 - options	14.02.2011	77.000	360 925	350 925
SOP 2010-2014 - options	20.02.2012	25.140	287 800	285 200

For more information about subscription rights and options, please refer to 6.12. 'Ordinary shares, treasury shares, subscription rights and share options'.

## 6. Balance sheet items

### 6.1. Intangible assets

in thousands of €

Cost	Licenses, patents & similar rights	Computer software	Rights to use land	Develop- ment costs	Other	Total
As at 1 January 2012	9 579	59 266	62 285	1 001	19 266	151 397
Expenditure	-649	2 562	1 990	-	83	3 986
Disposals and retirements	-112	-419	-	-	-	-531
Transfers <sup>1</sup>	-	751	-	-	-	751
New consolidations	-	760	7 703	-	73	8 536
Exchange gains and losses (-)	-1	-203	-937	-	72	-1 069
<b>As at 31 December 2012</b>	<b>8 817</b>	<b>62 717</b>	<b>71 041</b>	<b>1 001</b>	<b>19 494</b>	<b>163 070</b>
As at 1 January 2013	8 817	62 717	71 041	1 001	19 494	163 070
Expenditure	309	1 667	-	-	200	2 176
Disposals and retirements	-500	-6	-3 763	-982	-	-5 251
Transfers <sup>1</sup>	130	1 673	-	-	33	1 836
Deconsolidations	-	-111	-	-	-3 150	-3 261
Exchange gains and losses (-)	-65	-1 149	-2 594	-	-520	-4 328
<b>As at 31 December 2013</b>	<b>8 691</b>	<b>64 791</b>	<b>64 684</b>	<b>19</b>	<b>16 057</b>	<b>154 242</b>
<b>Accumulated amortization and impairment</b>						
As at 1 January 2012	2 770	43 283	6 690	970	15 043	68 756
Charge for the year	1 759	5 085	1 275	31	846	8 996
Impairment losses	3 073	387	-	-	-	3 460
Disposals and retirements	-111	-133	-	-	-	-244
Deconsolidations	-26	-	-	-	-	-26
Exchange gains (-) and losses	-3	-169	-77	-	117	-132
<b>As at 31 December 2012</b>	<b>7 462</b>	<b>48 453</b>	<b>7 888</b>	<b>1 001</b>	<b>16 006</b>	<b>80 810</b>
As at 1 January 2013	7 462	48 453	7 888	1 001	16 006	80 810
Charge for the year	1 079	5 242	1 377	-	764	8 462
Impairment losses	125	-	-	-	-	125
Disposals and retirements	-500	-6	-303	-982	-	-1 791
Deconsolidations	-	-111	-	-	-2 951	-3 062
Exchange gains (-) and losses	-28	-724	-174	-	-420	-1 346
<b>As at 31 December 2013</b>	<b>8 138</b>	<b>52 854</b>	<b>8 788</b>	<b>19</b>	<b>13 399</b>	<b>83 198</b>
<b>Carrying amount</b>						
<b>as at 31 December 2012</b>	<b>1 355</b>	<b>14 263</b>	<b>63 153</b>	<b>-</b>	<b>3 488</b>	<b>82 259</b>
<b>Carrying amount</b>						
<b>as at 31 December 2013</b>	<b>553</b>	<b>11 936</b>	<b>55 896</b>	<b>-</b>	<b>2 658</b>	<b>71 043</b>

<sup>1</sup> Transfers equal zero if the balances of 'Intangible assets' and 'Property, plant and equipment' (see note 6.3.) are added up.

The expenditure on software mainly relates to ERP software (SAP). As for the rights to use land, the 2013 disposal relates to the resale of land by Bekaert (Huizhou) Steel Cord Co Ltd to the government. Other intangible assets predominantly consist of customer lists and trademarks acquired in business combinations. The carrying amount mainly relates to Bekaert Corporation (€ 1.1 million vs. € 1.3 million in 2012), Bekaert (Qingdao) Wire Products Co Ltd (€ 0.8 million vs. € 1.1 million in 2012) and Ideal Alambrec SA (€ 0.5 million vs. € 0.7 million in 2012). As for the deconsolidations, this relates to the disposal of the Advanced Filtration business in 2013.

No intangible assets have been identified as having an indefinite useful life at the balance sheet date.



## 6.2. Goodwill

This note relates only to goodwill on acquisition of subsidiaries. Goodwill in respect of joint ventures and associates is disclosed in note 6.4. 'Investments in joint ventures and associates'.

<b>Cost</b> in thousands of €	<b>2012</b>	<b>2013</b>
As at 1 January	40 355	41 569
Increases	1 194	-
Deconsolidation	-	-4 844
Exchange gains and losses (-)	20	-1 159
<b>As at 31 December</b>	<b>41 569</b>	<b>35 566</b>

<b>Impairment losses</b> in thousands of €	<b>2012</b>	<b>2013</b>
As at 1 January	19 447	24 628
Impairment losses	5 260	-
Deconsolidation	-	-4 844
Exchange gains (-) and losses	-79	-587
<b>As at 31 December</b>	<b>24 628</b>	<b>19 197</b>
<b>Carrying amount as at 31 December</b>	<b>16 941</b>	<b>16 369</b>

There were no new business combinations, and consequently no increases in goodwill in 2013. The increase in 2012 relates to the step acquisition of the Inchalam group (Chile, Peru and Canada) and the acquisition of the Southern Wire companies (Malaysia). The net effect of deconsolidation in 2013 is zero, as it relates to goodwill that had been fully impaired at the time of disposal of the cash-generating units, i.e. the Advanced Filtration business and the Flaring business. The impairment losses in 2012 mainly relate to Bekaert Canada Ltd.

### Goodwill by cash-generating unit (CGU)

Goodwill acquired in a business combination is allocated on acquisition to the cash-generating units (CGU) that are expected to benefit from that business combination.

The carrying amount of goodwill and related impairment have been allocated as follows:

<b>Segment</b> in thousands of €	<b>Group of cash-generating units</b>	<b>Carrying amount</b> <b>31 Dec 2011</b>	<b>Impairment</b> <b>2012</b>	<b>Carrying amount</b> <b>31 Dec 2012</b>	<b>Impairment</b> <b>2013</b>	<b>Carrying amount</b> <b>31 Dec 2013</b>
<b>Subsidiaries</b>						
EMEA	Cold Drawn Products Ltd	2 680	-	2 743	-	2 685
EMEA	Combustion - heating EMEA	3 027	-	3 027	-	3 027
North America	Bekaert Canada Ltd	4 860	-4 999	-	-	-
North America	Orrville plant (USA)	9 065	-	8 890	-	8 505
Latin America	Inchalam group <sup>1</sup>	-	-	1 005	-	876
Latin America	Bekaert Ideal SL companies	844	-	844	-	844
Asia Pacific	Bekaert Southern Wire companies <sup>2</sup>	-	-261	-	-	-
Asia Pacific	Bekaert (Qingdao) Wire Products Co Ltd	385	-	385	-	385
Asia Pacific	Bekaert-Jiangyin Wire Products Co Ltd	47	-	47	-	47
<b>Subtotal</b>		<b>20 908</b>	<b>-5 260</b>	<b>16 941</b>	<b>-</b>	<b>16 369</b>
<b>Joint ventures and associates</b>						
Latin America	Belgo Bekaert Arames Ltda	6 221	-	5 559	-	4 614
<b>Subtotal</b>		<b>6 221</b>	<b>-</b>	<b>5 559</b>	<b>-</b>	<b>4 614</b>
<b>Total</b>		<b>27 129</b>	<b>-5 260</b>	<b>22 500</b>	<b>-</b>	<b>20 983</b>

<sup>1</sup> The Inchalam group was acquired from the Chilean partners as from 1 January 2012.

<sup>2</sup> The Southern Wire companies were acquired from Southern Steel as from 30 August 2012. The resulting goodwill was rather immaterial (€ 0.3 million) and was impaired at year-end 2012.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually on the basis of their value in use, applying the following assumptions:

- The time horizon is normally 12 years (average lifetime of equipment) but can differ case by case.
- The future free cash flows are based on the latest budgeting/planning exercises for the coming 3 years. In the budgeting exercise the key assumptions relate to sales forecasts which mainly reflect regional industrial GDP evolution, and margin evolutions taking into account agreed action plans. All cash flows thereafter are extrapolations made by the management of the cash-generating unit. Given the uncertain outlook in the midterm, the Group takes a conservative approach on extrapolations (no increase in sales and sales margins). No cost structure improvements are taken into account unless they can be substantiated.
- The future cash flows are based on the assets in their current condition and do not include future restructuring not yet committed or future capital expenditures improving or enhancing the assets in excess of their originally assessed standard of performance. Only that capital expenditure required to maintain the assets in good working order is included. The cash outflows relating to working capital are calculated as a percentage of incremental sales based on the past performance of the specific cash-generating unit.
- The discount factor is based on a (long-term) pre-tax cost of capital, the risks being implicit in the cash flows. A weighted average cost of capital (WACC) is determined for euro, US dollar and Chinese renminbi regions. For countries with a higher perceived risk, the WACC is raised with 1% - 8%. The WACC is pre-tax based, since relevant cash flows are also pre-tax based. Similarly, it is stated in real terms (without inflation), since cash flows are also stated in real terms. In determining the weight of the cost of debt vs. the cost of equity, a target gearing (net debt relative to equity) of 50% is used. The discount factors are reviewed at least annually.

Discount rates for impairment testing		Euro region	USD region	CNY region
<b>Group target ratio's</b>				
Gearing: net debt/equity	50%			
% debt	33%			
% equity	67%			
% LT debt	75%			
% ST debt	25%			
<b>Cost of Bekaert debt</b>				
		<b>3.0%</b>	<b>2.9%</b>	<b>6.2%</b>
Long term interest rate		3.4%	3.5%	6.4%
Short term interest rate		1.6%	1.3%	5.4%
<b>Cost of Bekaert equity</b>				
	$= R_f + \beta \cdot E_m$	<b>9.0%</b>	<b>9.4%</b>	<b>13.1%</b>
Risk free rate= $R_f$		2.4%	2.9%	6.6%
Beta = $\beta$	1.31			
Market equity risk premium= $E_m$	5%			
<b>Corporate tax rate</b>				
		<b>27.0%</b>	<b>27.0%</b>	<b>27.0%</b>
<b>Cost of equity before tax</b>				
		<b>12.3%</b>	<b>12.9%</b>	<b>17.9%</b>
<b>WACC - nominal</b>				
		<b>9.2%</b>	<b>9.6%</b>	<b>14.0%</b>
Expected inflation				
		2.1%	2.1%	3.6%
<b>WACC in real terms</b>				
		<b>7.1%</b>	<b>7.5%</b>	<b>10.4%</b>

Based on current knowledge, reasonable changes in key assumptions (including discount rate, sales and margin evolution) would not generate impairments for any of the cash-generating units.

### 6.3. Property, plant and equipment

in thousands of €							
Cost	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Finance leases	Other PP&E	Assets under construction	Total
As at 1 January 2012	839 486	2 163 136	90 485	1 441	4 378	116 952	3 215 879
Expenditure	64 367	118 584	6 704	54	461	-64 083	126 087
Disposals and retirements	-10 006	-41 392	-4 048	-70	-514	-448	-56 478
New consolidations	58 096	46 041	2 150	7 843	-	11 302	125 432
Deconsolidations	-	580	-63	-	-	-805	-288
Transfers <sup>1</sup>	-	-	-	-	-	-751	-751
Reclassification to (-) / from held for sale	640	4 326	46	-	-	-	5 012
Exchange gains and losses (-)	-18 384	-30 071	-2 463	532	26	-17	-50 377
<b>As at 31 December 2012</b>	<b>934 199</b>	<b>2 261 204</b>	<b>92 811</b>	<b>9 800</b>	<b>4 351</b>	<b>62 150</b>	<b>3 364 516</b>
As at 1 January 2013	934 199	2 261 204	92 811	9 800	4 351	62 150	3 364 516
Expenditure	23 955	53 448	6 492	73	1 269	11 472	96 709
Disposals and retirements	-1 711	-19 104	-4 630	-323	-393	-54	-26 215
Deconsolidations	-3 740	-3 167	-516	-	-	-5	-7 428
Transfers <sup>1</sup>	-	-	-	-	-	-1 836	-1 836
Reclassification to (-) / from held for sale	-21 752	-	-	-	-	-	-21 752
Exchange gains and losses (-)	-35 306	-69 915	-3 863	-1 125	-157	-4 210	-114 576
Inflation effects on opening balances	1 224	1 373	151	-	-	54	2 802
Other inflation effects	-	-	-	-	-	18	18
<b>As at 31 December 2013</b>	<b>896 869</b>	<b>2 223 839</b>	<b>90 445</b>	<b>8 425</b>	<b>5 070</b>	<b>67 589</b>	<b>3 292 238</b>
<b>Accumulated depreciation and impairment</b>							
As at 1 January 2012	360 028	1 345 538	65 842	1 140	2 231	-	1 774 778
Charge for the year	38 836	144 124	11 985	266	507	-	195 718
Impairment losses	8 116	77 866	285	-	-	-	86 267
Disposals and retirements	-8 413	-38 083	-3 776	-	-429	-	-50 701
Deconsolidations	-40	650	-46	-	-8	-	556
Reclassification to (-) / from held for sale	15	2 951	44	-	-	-	3 010
Exchange gains (-) and losses	-9 520	-20 428	-1 773	28	14	-	-31 679
<b>As at 31 December 2012</b>	<b>389 022</b>	<b>1 512 618</b>	<b>72 561</b>	<b>1 434</b>	<b>2 315</b>	<b>-</b>	<b>1 977 949</b>
As at 1 January 2013	389 022	1 512 618	72 561	1 434	2 315	-	1 977 949
Charge for the year	34 570	119 625	8 519	274	667	-	163 655
Impairment losses	339	8 450	39	-	182	-	9 010
Reversal impairment losses and depreciations	-	-471	-35	-	-	-	-506
Disposals and retirements	-1 538	-17 684	-4 239	-202	-206	-	-23 869
Deconsolidations	-1 976	-3 084	-488	-	-	-	-5 548
Reclassification to (-) / from held for sale	-19 656	-	-	-	-	-	-19 656
Exchange gains (-) and losses	-12 301	-43 346	-2 621	-85	-103	-	-58 456
Inflation effects on opening balances	254	584	99	-	-	-	937
<b>As at 31 December 2013</b>	<b>388 714</b>	<b>1 576 692</b>	<b>73 835</b>	<b>1 421</b>	<b>2 855</b>	<b>-</b>	<b>2 043 516</b>

<sup>1</sup> Total transfers amount to zero when aggregating the balances of 'Intangible assets' (see note 6.1.) and 'Property, plant and equipment'.

in thousands of €	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Finance leases	Other PP&E	Assets under construc- tion	Total
<b>Carrying amount as at 31 December 2012 before investment grants and reclassification of leases</b>	545 177	748 586	20 251	8 366	2 036	62 150	1 386 566
Net investment grants	-5 156	-3 868	-	-	-	-	-9 024
Finance leases by asset category	8 093	28	245	-8 366	-	-	-
<b>Carrying amount as at 31 December 2012</b>	<b>548 114</b>	<b>744 746</b>	<b>20 496</b>	<b>-</b>	<b>2 036</b>	<b>62 150</b>	<b>1 377 542</b>
<b>Carrying amount as at 31 December 2013 before investment grants and reclassification of leases</b>	508 155	647 147	16 611	7 004	2 215	67 589	1 248 721
Net investment grants	-6 271	-3 392	-	-	-	-	-9 663
Finance leases by asset category	6 794	17	193	-7 004	-	-	-

The investment programs in Belgium, Chile, China, India, Slovakia, and United States accounted for most of the expenditure. The net exchange loss for the year (€ -56.1 million) relates mainly to assets denominated in Chilean pesos (€ -14.0 million), Chinese renminbis (€ -8.5 million), Indian rupees (€ -7.5 million), US dollars (€ -7.4 million), Venezuelan bolivars (€ -6.0 million) and Russian rubles (€ -4.0 million).

The methodology for impairment testing is consistent with the one presented in note 6.2. 'Goodwill'. For reclassifications to or from assets held for sale, please refer to note 6.11. 'Assets classified as held for sale and liabilities associated with those assets'. For deconsolidations, refer to note 7.2. 'Effect of business disposals'. Inflation effects relate to the application of inflation accounting in Venezuela.

No items of PP&E are pledged as securities.

## 6.4. Investments in joint ventures and associates

The Group has no investments in entities qualified as associates.

### *Investments excluding related goodwill*

<b>Carrying amount</b> in thousands of €	<b>2012</b>	<b>2013</b>
As at 1 January	252 039	162 036
Result for the year	10 383	30 244
Dividends	-7 207	-12 509
Exchange gains and losses	-15 899	-28 547
Deconsolidations	-77 280	-
<b>As at 31 December</b>	<b>162 036</b>	<b>151 224</b>

For an analysis of the result for the year, please refer to note 5.6. 'Share in the results of joint ventures and associates'. Exchange losses in 2013 relate mainly to the substantial depreciation of the Brazilian real versus the euro (closing rate 3.3 BRL/EUR vs. opening rate 2.7 BRL/EUR).

### *Related goodwill*

<b>Related goodwill</b> <b>Cost</b> in thousands of €	<b>2012</b>	<b>2013</b>
As at 1 January	6 221	5 559
Exchange gains and losses	-662	-945
<b>As at 31 December</b>	<b>5 559</b>	<b>4 614</b>
<b>Carrying amount of related goodwill as at 31 December</b>	<b>5 559</b>	<b>4 614</b>
<b>Total carrying amount of investments in joint ventures as at 31 December</b>	<b>167 595</b>	<b>155 838</b>

The Group's share in the equity of joint ventures is analysed as follows:

in thousands of €		<b>2012</b>	<b>2013</b>
<b>Joint ventures</b>			
BOSFA Pty Ltd	Australia	3 001	3 087
Bekaert Faser Vertriebs GmbH	Germany	102	102
Belgo Bekaert Arames Ltda	Brazil	134 165	125 538
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	16 030	14 382
Bekaert Xinyu Metal Products Co Ltd	China	8 738	8 115
<b>Total for joint ventures excluding related goodwill</b>		<b>162 036</b>	<b>151 224</b>
<b>Carrying amount of related goodwill</b>		<b>5 559</b>	<b>4 614</b>
<b>Total for joint ventures including related goodwill</b>		<b>167 595</b>	<b>155 838</b>

No major contingent assets relating to joint ventures have been identified at the balance sheet date. The main contingent liabilities identified at the balance sheet date relate to taxes at Belgo Bekaert Arames Ltda and BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda. These Brazilian joint ventures have been trying to compensate ICMS tax receivables with a total carrying amount of € 10.9 million (2012: € 21.0 million). They also have been facing claims relating to ICMS incentives totaling € 1.5 million (2012: € 1.7 million) and several other tax claims, most of which date back several years, for a total nominal amount of € 20.8 million (2012: € 35.2 million). Evidently, any potential losses resulting from the above-mentioned contingencies would only affect the Group to the extent of their interest in the joint ventures involved (i.e. 45%).

In accordance with IFRS 12, Disclosures of Interests in Other Entities, following information is provided on material joint ventures. The two Brazilian joint ventures have been aggregated in order to emphasize the predominance of the partnership with ArcelorMittal when analyzing the relative importance of the joint ventures.

Name of joint venture in thousands of €	Country	Proportion of ownership interest (and voting rights) held by the Group at year-end	
		2012	2013
Belgo Bekaert Arames Ltda	Brazil	45.0% (50.0%)	45.0% (50.0%)
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Brazil	44.5% (50.0%)	44.5% (50.0%)

Belgo Bekaert Arames Ltda manufactures and sells a wide variety of wire products mostly for industrial customers, and BMB manufactures and sells mainly wires and cables for rubber reinforcement in tires.

Brazilian joint ventures: income statement		
in thousands of €	2012	2013
Sales	875 220	904 143
Operating result (EBIT)	60 575	95 025
Interest income	15 844	7 484
Interest expense	-21 157	-8 959
Other financial income and expenses	-4 455	-5 745
Income taxes	-6 203	-11 821
Result for the period	44 604	75 984
Other comprehensive income for the period	-	-
Total comprehensive income for the period	44 604	75 984
Depreciation and amortization	19 217	22 170
EBITDA	79 792	117 195
Dividends received from the entity	7 174	12 494

Brazilian joint ventures: balance sheet		
in thousands of €	2012	2013
Current assets	228 155	245 809
Non-current assets	292 965	231 043
Current liabilities	-132 788	-115 254
Non-current liabilities	-54 620	-51 073
<b>Net assets</b>	<b>333 712</b>	<b>310 525</b>

Brazilian joint ventures: net debt elements		
in thousands of €	2012	2013
Non-current interest-bearing debt	898	292
Current interest-bearing debt	33 298	10 804
<b>Total financial debt</b>	<b>34 196</b>	<b>11 096</b>
Non-current financial receivables and cash guarantees	-27 547	-23 130
Current loans	-	-
Short-term deposits	-	-
Cash and cash equivalents	-2 788	-15 158
<b>Net debt</b>	<b>3 861</b>	<b>-27 192</b>

<b>Brazilian joint ventures: reconciliation with carrying amount</b>		
in thousands of €	2012	2013
Net assets of Belgo Bekaert Arames Ltda	297 907	278 548
Proportion of the Group's ownership interest	45.0%	45.0%
Proportionate net assets	134 058	125 347
Consolidation adjustments	107	191
<b>Carrying amount of the Group's interest in Belgo Bekaert Arames Ltda</b>	<b>134 165</b>	<b>125 538</b>
Net assets of BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	35 805	31 977
Proportion of the Group's ownership interest	44.5%	44.5%
Proportionate net assets	15 933	14 230
Consolidation adjustments	97	152
<b>Carrying amount of the Group's interest in BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda</b>	<b>16 030</b>	<b>14 382</b>
<b>Carrying amount of the Group's interest in the Brazilian joint ventures</b>	<b>150 195</b>	<b>139 920</b>

<b>Aggregate information of the other joint ventures</b>		
in thousands of €	2012	2013
The Group's share in the result from continuing operations	-5 893	203
The Group's share in the result from discontinued operations	-	-
The Group's share of other comprehensive income	-	-
The Group's share of total comprehensive income	-5 893	203
Aggregate carrying amount of the Group's interests in these joint ventures	11 841	11 304

## 6.5. Other non-current assets

in thousands of €	2012	2013
Non-current financial receivables and cash guarantees	21 505	21 421
Reimbursement rights and other non-current amounts receivable	2 968	3 887
Derivatives (cf. note 7.3.)	7 954	14 760
Available-for-sale financial assets	11 305	8 713
<b>Total other non-current assets</b>	<b>43 732</b>	<b>48 781</b>

The non-current financial receivables are mainly due to the deferred proceeds on the sale of the Industrial Coating activity in 2012.

### *Available-for-sale financial assets - non-current*

Carrying amount in thousands of €	2012	2013
As at 1 January	8 997	11 305
Expenditure	32	14
Disposals	-5	-1 916
Fair value changes	-263	773
Impairment losses	-	-1 284
New consolidations	2 390	-
Exchange gains and losses	154	-179
<b>As at 31 December</b>	<b>11 305</b>	<b>8 713</b>

The available-for-sale financial assets mainly consist of the investment in Shougang Concord Century Holdings Ltd, a Hong Kong Stock Exchange listed company. On this investment, an impairment loss of € 1.3 million has been recognized through profit or loss in June 2013. On the same investment, an increase in fair value (€ 0.6 million) since that moment has been recognized through equity again in accordance with IAS 39, Financial Instruments: Recognition and Measurement. The amount reported as disposals mainly relates to Transportes Puelche Ltda, an investment held by Acma SA (Chile).



## 6.6. Deferred tax assets and liabilities

Carrying amount in thousands of €	Assets		Liabilities	
	2012	2013	2012	2013
As at 1 January	83 731	58 563	26 716	31 988
Increase or decrease via income statement	-24 714	-18 511	-4 304	-34 976
Increase or decrease via equity	1 618	500	-515	1 875
New consolidations	6 212	-	18 044	-
Deconsolidations	12	-1 467	-43	-37
Exchange gains and losses	-3 910	-3 808	-3 524	-4 101
Change in set-off of assets and liabilities	-4 386	42 274	-4 386	42 274
<b>As at 31 December</b>	<b>58 563</b>	<b>77 551</b>	<b>31 988</b>	<b>37 023</b>

### Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

in thousands of €	Assets		Liabilities		Net assets	
	2012	2013	2012	2013	2012	2013
Intangible assets	267	143	7 332	5 174	-7 065	-5 031
Property, plant and equipment	9 886	35 454	28 971	22 037	-19 085	13 417
Financial assets	2 307	1 532	20 642	22 293	-18 335	-20 761
Inventories	9 383	7 139	3 336	3 589	6 047	3 550
Receivables	11 222	8 299	137	73	11 085	8 226
Other current assets	673	284	5 758	1 605	-5 085	-1 321
Employee benefit obligations	23 376	20 367	169	92	23 207	20 275
Other provisions	1 855	1 541	1 244	1 187	611	354
Other liabilities	7 588	10 416	2 142	1 380	5 446	9 036
Tax deductible losses carried forward, tax credits and recoverable income taxes	29 749	12 783	-	-	29 749	12 783
<b>Tax assets / liabilities</b>	<b>96 306</b>	<b>97 958</b>	<b>69 731</b>	<b>57 430</b>	<b>26 575</b>	<b>40 528</b>
Set-off of assets and liabilities	-37 743	-20 407	-37 743	-20 407	-	-
<b>Net tax assets / liabilities</b>	<b>58 563</b>	<b>77 551</b>	<b>31 988</b>	<b>37 023</b>	<b>26 575</b>	<b>40 528</b>

The deferred taxes on property, plant and equipment mainly relate to temporary differences due to differences in useful lives between IFRS and tax books. The deferred tax liabilities on financial assets mainly relate to temporary differences arising from undistributed profits from subsidiaries and joint ventures.

Movements in deferred tax assets and liabilities arise from the following:

2012 in thousands of €	As at 1 January	Recognized via income statement	Recognized via equity	Acquisitions and disposals <sup>1</sup>	Exchange gains and losses	As at 31 December
<b>Temporary differences</b>						
Intangible assets	-5 635	-507	-	-1 033	110	-7 065
Property, plant and equipment	7 796	-12 108	-	-14 648	-125	-19 085
Financial assets	-21 782	3 838	-301	-124	34	-18 335
Inventories	437	4 765	-	414	431	6 047
Receivables	7 167	3 185	-	845	-112	11 085
Other current assets	906	-6 012	-	-64	85	-5 085
Employee benefit obligations	24 439	-2 737	486	1 640	-621	23 207
Other provisions	-3 620	3 927	-	332	-28	611
Other liabilities	6 957	-3 366	1 948	284	-377	5 446
Tax deductible losses carried forward, tax credits and recoverable income taxes	40 350	-11 395	-	577	217	29 749
<b>Total</b>	<b>57 015</b>	<b>-20 410</b>	<b>2 133</b>	<b>-11 777</b>	<b>-386</b>	<b>26 575</b>

2013 in thousands of €	As at 1 January	Recognized via income statement	Recognized via equity	Acquisitions and disposals <sup>1</sup>	Exchange gains and losses	As at 31 December
<b>Temporary differences</b>						
Intangible assets	-7 065	1 812	-	-	222	-5 031
Property, plant and equipment	-19 085	30 684	-	27	1 791	13 417
Financial assets	-18 335	-497	-2 231	-	302	-20 761
Inventories	6 047	-2 481	-	-59	43	3 550
Receivables	11 085	-2 661	-	-3	-195	8 226
Other current assets	-5 085	3 711	30	-	23	-1 321
Employee benefit obligations	23 207	-2 745	826	-130	-883	20 275
Other provisions	611	-195	-	-3	-59	354
Other liabilities	5 446	3 925	-	-	-335	9 036
Tax deductible losses carried forward, tax credits and recoverable income taxes	29 749	-15 088	-	-1 262	-616	12 783
<b>Total</b>	<b>26 575</b>	<b>16 465</b>	<b>-1 375</b>	<b>-1 430</b>	<b>293</b>	<b>40 528</b>

<sup>1</sup> Relates to the acquisitions of the Inchalam group and the Southern Wire companies, and to the disposal of the Industrial Coatings activities in 2012, and to the disposal of the Advanced Filtration activities in 2013 (see note 7.2. 'Effect of business disposals').

**Deferred taxes related to other comprehensive income (OCI)**

<b>2012</b>			
in thousands of €	Before tax	Tax impact	After tax
Exchange differences	-57 955	2 463	-55 492
Cash flow hedges	2 133	-817	1 316
Available-for-sale investments	7 644	-	7 644
Remeasurement gains and losses on defined-benefit plans	-6 487	487	-6 000
<b>Total</b>	<b>-54 665</b>	<b>2 133</b>	<b>-52 532</b>

<b>2013</b>			
in thousands of €	Before tax	Tax impact	After tax
Exchange differences	-86 105	-1 904	-88 009
Inflation adjustments	758	-	758
Cash flow hedges	854	30	884
Available-for-sale investments	773	-327	446
Remeasurement gains and losses on defined-benefit plans	21 734	826	22 560
<b>Total</b>	<b>-61 986</b>	<b>-1 375</b>	<b>-63 361</b>

**Unrecognized deferred tax assets**

Deferred tax assets have not been recognized in respect of the following deductible items (gross amounts):

in thousands of €	2012	2013	Variance 2013 vs 2012
Deductible temporary differences	262 795	236 728	-26 067
Capital losses	35 201	34 254	-947
Trade losses and tax credits	710 192	717 923	7 731
<b>Total</b>	<b>1 008 188</b>	<b>988 905</b>	<b>-19 283</b>

The majority of the trade losses have no expiry date (€ 446.9 million) and the rest will not expire in the near future.

**6.7. Operating working capital**

in thousands of €	2012	2013
<i>Raw materials, consumables and spare parts</i>	206 381	192 818
<i>Work in progress and finished goods</i>	269 619	257 233
<i>Goods purchased for resale</i>	91 665	89 214
Inventories	567 665	539 265
Trade receivables	589 109	583 215
Bills of exchange received	162 734	110 218
Advances paid	21 981	22 176
Trade payables	-321 760	-338 864
Advances received	-4 155	-8 717
Remuneration and social security payables	-103 122	-101 111
Employment-related taxes	-14 108	-13 346
<b>Operating working capital</b>	<b>898 344</b>	<b>792 836</b>

<b>Carrying amount</b> in thousands of €	<b>2012</b>	<b>2013</b>
As at 1 January	1 031 032	898 344
Organic increase or decrease (-)	-226 813	-78 491
Write-downs and write-down reversals	-24 575	19 338
New consolidations	131 472	-
Deconsolidations	-2 756	-1 140
Reclassifications	1 606	109
Exchange gains and losses (-)	-11 622	-45 324
<b>As at 31 December</b>	<b>898 344</b>	<b>792 836</b>

Average operating working capital represented 26.5% of sales (2012: 27.9%).

Additional information is as follows:

- Inventories

The cost of sales include expenses related to transport and handling of finished goods amounting to € 136.1 million (2012: € 147.8 million), which have never been capitalized in inventories. Movements in inventories include net reversals of write-downs in 2013 of € 7.1 million (2012: net write-downs of € 12.1 million).

No inventories were pledged as security for liabilities (2012: none).

- Trade receivables

The following table presents the movements in the allowance for bad debt:

<b>Allowance for bad debt</b> in thousands of €	<b>2012</b>	<b>2013</b>
As at 1 January	-36 229	-52 820
Losses recognized	-18 552	-3 426
Losses reversed	6 033	15 529
New consolidations	-4 316	-
Deconsolidations	-9	55
Reclassification to / from (-) assets held for sale	-15	-
Exchange gains and losses (-)	268	1 291
<b>As at 31 December</b>	<b>-52 820</b>	<b>-39 371</b>

The losses reversed mainly relate to receivables from sawing wire customers in Asia Pacific initially allowed for in 2012.

More information about allowances and past-due receivables is provided in the following table:

<b>Trade receivables and bills of exchange received</b> in thousands of €	<b>2012</b>	<b>2013</b>
Gross amount	804 663	732 804
Allowance for bad debts (impaired)	-52 820	-39 371
Net carrying amount	751 843	693 433
<i>of which past due but not impaired</i>		
<i>amount</i>	<i>129 913</i>	<i>110 422</i>
<i>average number of days outstanding</i>	<i>123</i>	<i>90</i>

Regarding trade receivables that are neither impaired nor past due, there are no indications that the debtors will not meet their payment obligations. For more information on credit enhancement techniques, refer to note 7.3. 'Financial risk management and financial derivatives'.

## 6.8. Other receivables

<b>Carrying amount</b> in thousands of €	<b>2012</b>	<b>2013</b>
As at 1 January	88 319	84 325
Increase or decrease	-1 776	8 337
Write-downs and write-down reversals	-837	-746
New consolidations	7 008	-
Deconsolidations	-34	-299
Reclassifications	101	-313
Exchange gains and losses	-8 456	-7 524
<b>As at 31 December</b>	<b>84 325</b>	<b>83 780</b>

Other receivables relate mainly to taxes (€ 67.6 million (2012: € 69.3 million)) and social loans to employees (€ 5.4 million (2012: € 6.3 million)). No collection issues are expected.

## 6.9. Cash & cash equivalents and short-term deposits

<b>Carrying amount</b> in thousands of €	<b>2012</b>	<b>2013</b>
Cash & cash equivalents	352 312	391 857
Short-term deposits	104 792	10 172

For the changes in cash & cash equivalents, refer to the consolidated cash flow statement and to note 7.1. 'Notes to the cash flow statement'. Short-term deposits have been converted to cash equivalents in view of the repayment of a bond of € 100 million in February 2013 and the repayment of a bond of € 104 million in April 2014. Cash equivalents and short-term deposits do not include any listed securities or equity instruments at the balance sheet date and are all classified as loans and receivables.

## 6.10. Other current assets

<b>Carrying amount</b> in thousands of €	<b>2012</b>	<b>2013</b>
Current loans and receivables	10 890	6 440
Advances paid	21 981	22 176
Derivatives (cf. note 7.3.)	14 976	13 565
Deferred charges and accrued revenues	12 282	9 032
<b>As at 31 December</b>	<b>60 129</b>	<b>51 213</b>

The current loans and receivables mainly relate to loans to joint ventures in China (€ 2.1 million) and Australia (€ 0.8 million), to a remaining receivable on the disposal of the Advanced Filtration activities (€ 0.8 million) and to various cash guarantees (€ 2.2 million). The derivatives mainly relate to CCIRS agreements (€ 13.0 million). No collection issues are expected.

## 6.11. Assets classified as held for sale and liabilities associated with those assets

<b>Carrying amount</b> in thousands of €	<b>2012</b>	<b>2013</b>
As at 1 January	35 492	-
Increases and decreases (-)	-4 078	2 096
Deconsolidations	-31 363	-
Exchange gains and losses	-51	-
<b>As at 31 December</b>	<b>-</b>	<b>2 096</b>

in thousands of €	<b>2012</b>	<b>2013</b>
Individual items of property, plant and equipment	-	2 096
Disposal groups	-	-
<b>Total assets classified as held for sale</b>	<b>-</b>	<b>2 096</b>
Disposal groups	-	-
<b>Total liabilities associated with assets classified as held for sale</b>	<b>-</b>	<b>-</b>

In 2013 no disposal groups are classified as held for sale at the balance sheet date.

The individual items of property, plant and equipment in 2013 relate to land and buildings in Belgium. No impairment loss was recognized on reclassification of the property as held for sale, as management expects that the fair value (based on recent market prices of similar properties in similar locations) less costs to sell is higher than the carrying amounts.

## 6.12. Ordinary shares, treasury shares, subscription rights and share options

Issued capital		2012		2013	
		Nominal value	Number of shares	Nominal value	Number of shares
in thousands of €					
1	As at 1 January	176 512	59 976 198	176 586	60 000 942
	Movements in the year				
	<i>Issue of new shares</i>	74	24 744	187	62 929
	As at 31 December	176 586	60 000 942	176 773	60 063 871
2	Structure				
2.1	Classes of ordinary shares				
	<i>Ordinary shares without par value</i>	176 586	60 000 942	176 773	60 063 871
2.2	Registered shares		1 720 765		1 721 925
	Non-material shares		58 217 474		58 302 193
	Shares to be dematerialized		62 703		39 753
<b>Authorized capital not issued</b>		<b>175 926</b>		<b>175 739</b>	

A total of 62 929 subscription rights were exercised under the Company's SOP1 and SOP 2005-2009 stock option plans in 2013, requiring the issue of a total of 62 929 new shares of the Company.

In addition to the 939 700 treasury shares held by it as of 31 December 2012, the Company purchased 712 977 own shares in the course of 2013. None of those shares were disposed of in connection with any stock option plans or cancelled in 2013. As a result, the Company held an aggregate 1 652 677 treasury shares as of 31 December 2013.

Details of the stock option plans which, either at the balance sheet date or at the previous balance sheet date, showed an outstanding balance, are as follows:

### Overview of SOP1 Stock Option Plan

Date offered	Date granted	Date of issue of subscription rights	Exercise price (in €)	Number of subscription rights				Out-standing	First exercise period	Last exercise period
				Granted	Exercised	Forfeited				
14.07.2000	12.09.2000	26.09.2000	18.000	319 941	317 481	2 460	-	01.06 - 15.06.2004	22.05 - 15.06.2013	
13.07.2001	11.09.2001	26.09.2001	13.980	418 917	415 659	2 418	840	22.05 - 30.06.2005	22.05 - 15.06.2014	
12.07.2002	10.09.2002	25.09.2002	15.825	106 152	104 532	720	900	22.05 - 30.06.2006	22.05 - 15.06.2015	
11.07.2003	09.09.2003	06.10.2003	13.630	100 740	100 740	-	-	22.05 - 30.06.2007	22.05 - 15.06.2013	
09.07.2004	07.09.2004	30.09.2004	15.765	502 182	489 665	3	12 514	22.05 - 30.06.2008	22.05 - 15.06.2014	
				<b>1 447 932</b>	<b>1 428 077</b>	<b>5 601</b>	<b>14 254</b>			

## Overview of SOP2 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options				Out-standing	First exercise period	Last exercise period
			Granted	Exercised	Forfeited				
21.12.2006	19.02.2007	30.175	37 500	27 500	-	10 000	22.05 - 30.06.2010	15.11 - 15.12.2021	
20.12.2007	18.02.2008	28.335	12 870	12 690	-	180	22.05 - 30.06.2011	15.11 - 15.12.2017	
20.12.2007	18.02.2008	28.335	30 630	11 310	-	19 320	22.05 - 30.06.2011	15.11 - 15.12.2022	
18.12.2008	16.02.2009	16.660	64 500	-	-	64 500	22.05 - 30.06.2012	15.11 - 15.12.2018	
17.12.2009	15.02.2010	33.990	49 500	-	-	49 500	22.05 - 30.06.2013	15.11 - 15.12.2019	
			<b>195 000</b>	<b>51 500</b>	<b>-</b>	<b>143 500</b>			

## Overview of SOP 2005-2009 Stock Option Plan

Date offered	Date granted	Date of issue of subscription rights	Exercise price (in €)	Number of subscription rights				Out-standing	First exercise period	Last exercise period
				Granted	Exercised	Forfeited				
22.12.2005	20.02.2006	22.03.2006	23.795	190 698	180 483	-	10 215	22.05 - 30.06.2009	15.11 - 15.12.2020	
21.12.2006	19.02.2007	22.03.2007	30.175	153 810	143 540	-	10 270	22.05 - 30.06.2010	15.11 - 15.12.2021	
20.12.2007	18.02.2008	22.04.2008	28.335	14 100	2 100	9 900	2 100	22.05 - 30.06.2011	15.11 - 15.12.2017	
20.12.2007	18.02.2008	22.04.2008	28.335	215 100	85 650	12 700	116 750	22.05 - 30.06.2011	15.11 - 15.12.2022	
18.12.2008	16.02.2009	20.10.2009	16.660	288 150	76 434	19 500	192 216	22.05 - 30.06.2012	15.11 - 15.12.2018	
17.12.2009	15.02.2010	08.09.2010	33.990	225 450	-	33 600	191 850	22.05 - 30.06.2013	15.11 - 15.12.2019	
				<b>1 087 308</b>	<b>488 207</b>	<b>75 700</b>	<b>523 401</b>			

## Overview of SOP 2010-2014 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options				Out-standing	First exercise period	Last exercise period
			Granted	Exercised	Forfeited				
16.12.2010	14.02.2011	77.000	360 925	-	10 000	350 925	28.02 - 13.04.2014	Mid Nov. - 15.12.2020	
22.12.2011	20.02.2012	25.140	287 800	-	2 600	285 200	End Feb. - 12.04.2015	Mid Nov. - 21.12.2021	
20.12.2012	18.02.2013	19.200	267 200	-	2 700	264 500	End Feb. - 10.04.2016	Mid Nov. - 19.12.2022	
29.03.2013	28.05.2013	21.450	260 000	-	-	260 000	End Feb. - 09.04.2017	End Feb. - 28.03.2023	
			<b>1 175 925</b>	<b>-</b>	<b>15 300</b>	<b>1 160 625</b>			



	2012		2013	
	Number of subscription rights	Weighted average exercise price (in €)	Number of subscription rights	Weighted average exercise price (in €)
<b>SOP1 Stock Option Plan</b>				
Outstanding as at 1 January	25 673	16.019	21 749	15.977
Forfeited during the year	-180	17.535	-	-
Exercised during the year	-3 744	16.190	-7 495	16.573
<b>Outstanding as at 31 December</b>	<b>21 749</b>	<b>15.977</b>	<b>14 254</b>	<b>15.664</b>

	2012		2013	
	Number of options	Weighted average exercise price (in €)	Number of options	Weighted average exercise price (in €)
<b>SOP2 Stock Option Plan</b>				
Outstanding as at 1 January	143 500	25.166	143 500	25.166
<b>Outstanding as at 31 December</b>	<b>143 500</b>	<b>25.166</b>	<b>143 500</b>	<b>25.166</b>

	2012		2013	
	Number of subscription rights	Weighted average exercise price (in €)	Number of subscription rights	Weighted average exercise price (in €)
<b>SOP 2005-2009 Stock Option Plan</b>				
Outstanding as at 1 January	618 435	25.143	597 435	25.441
Forfeited during the year	-	-	-18 600	33.990
Exercised during the year	-21 000	16.660	-55 434	16.660
<b>Outstanding as at 31 December</b>	<b>597 435</b>	<b>25.441</b>	<b>523 401</b>	<b>26.068</b>

	2012		2013	
	Number of options	Weighted average exercise price (in €)	Number of options	Weighted average exercise price (in €)
<b>SOP 2010-2014 Stock Option Plan</b>				
Outstanding as at 1 January	350 925	77.000	638 725	53.633
Granted during the year	287 800	25.140	527 200	20.310
Forfeited during the year	-	-	-5 300	22.114
<b>Outstanding as at 31 December</b>	<b>638 725</b>	<b>53.633</b>	<b>1 160 625</b>	<b>38.640</b>

Weighted average remaining contractual life in years	2012	2013
	SOP1	1.3
SOP2	6.7	5.7
SOP 2005-2009	7.2	6.3
SOP 2010-2014	8.5	8.2

The weighted average share price at the date of exercise in 2013 was € 23.49 for the SOP1 subscription rights (2012: € 18.44), not applicable for the SOP2 options (2012: not applicable) and € 27.23 for the SOP 2005-2009 subscription rights (2012: € 20.68). The exercise price of the subscription rights and options is equal to the lower of (i) the average closing price of the Company's share during the thirty days preceding the date of the offer, and (ii) the last closing price preceding the date of the offer. When subscription rights are exercised under the SOP1 or SOP 2005-2009 plan, equity is increased by the amount of the proceeds received. Under the terms of the SOP1 and SOP2 plans any subscription rights or options granted through 2004 were vested immediately.

Under the terms of the SOP 2010-2014 stock option plan, options to acquire existing Company shares will be offered to the members of the Bekaert Group Executive, Senior Management and senior executive personnel during the period 2010-2014. The dates of grant of each offering are scheduled in the period 2011-2015. The exercise price of the SOP 2010-2014 options is determined in the same manner as in the previous plans. The vesting conditions of the SOP 2010-2014 grants, as well as of the SOP 2005-2009 grants and of the SOP2 grants beginning in 2006, are such that the subscription rights or options will be fully vested on 1 January of the fourth year after the date of the offer. In accordance with the Economic Recovery Act of 27 March 2009, the exercise period of the SOP2 options and SOP 2005-2009 subscription rights granted in 2006, 2007 and 2008 was

extended by five years in favor of the persons who were plan beneficiaries and subject to Belgian income tax at the time such extension was offered. The incremental fair value granted as a result of this amounts to € 0.3 million.

The options granted under SOP2 and SOP 2010-2014 and the subscription rights granted under SOP 2005-2009 are recognized at their fair value at grant date in accordance with IFRS 2 (see note 6.13. 'Retained earnings and other Group reserves'). The fair value of the options is determined using a binomial pricing model. Inputs and outcome of this option pricing model are detailed below:

<b>Option pricing model details</b>	<b>Granted in February 2012</b>	<b>Granted in February 2013</b>	<b>Granted in May 2013</b>	<b>Granted in February 2014<sup>1</sup></b>
<b>Inputs to the model</b>				
Share price at grant date (in €)	32.10	22.02	23.45	27.32
Exercise price (in €)	25.14	19.20	21.45	25.38
Expected volatility	39%	39%	39%	39%
Expected dividend yield	3.0%	3.0%	3.0%	3.0%
Vesting period (years)	3	3	3	3
Contractual life (years)	10	10	10	10
Employee exit rate	3%	3%	3%	3%
Risk-free interest rate	3.3%	0.9%	1.7%	1.0%
Exercise factor	1.30	1.40	1.40	1.40
<b>Outcome of the model</b>				
Fair value (in €)	13.68	6.76	7.96	7.96

<sup>1</sup> See note 7.6. 'Events after the balance sheet date'.

The model allows for the effects of early exercise through an exercise factor. An exercise factor of 1.40 stands for the assumption that the beneficiaries exercise the options and the subscription rights after the vesting date when the share price exceeds the exercise price by 40% (on average).

During 2013, 527 200 options (2012: 287 800) were granted under SOP 2010-2014 at a weighted average fair value per unit of € 7.35 (2012: € 13.68). The Group has recorded an expense against equity of € 4.4 million (2012: € 4.2 million) based on a straight-line amortization over the vesting period of the fair value of options and subscription rights granted over the past three years.

## 6.13. Retained earnings and other Group reserves

<b>Carrying amount</b> in thousands of €	<b>2012</b>	<b>2013</b>
<i>Hedging reserve</i>	-1 477	-623
<i>Revaluation reserve for available-for-sale investments</i>	10	693
<i>Remeasurements on defined-benefit plans</i>	-72 599	-52 076
<i>Fair value remeasurements for business combinations</i>	-5 894	-5 894
<i>Deferred taxes booked in equity</i>	29 417	28 014
<i>Equity-settled share-based payment plans</i>	14 987	19 343
<i>Treasury shares</i>	-58 577	-73 851
Other reserves	-94 133	-84 394
Cumulative translation adjustments	-16 087	-84 776
<b>Total other Group reserves</b>	<b>-110 220</b>	<b>-169 170</b>
<b>Retained earnings</b>	<b>1 325 410</b>	<b>1 307 618</b>

The movements in the main items of other reserves were as follows:

<b>Hedging reserve</b> in thousands of €	<b>2012</b>	<b>2013</b>
As at 1 January	-3 610	-1 477
Recycled to income statement	-1 293	-3 035
Fair value changes to hedging instruments	3 426	3 889
<b>As at 31 December</b>	<b>-1 477</b>	<b>-623</b>
Of which		
<i>Cross-currency interest-rate swaps (on Eurobonds)</i>	-1 477	-623

Changes in the fair value of hedging instruments designated as effective cash flow hedges are calculated and recognized directly in equity on a quarterly basis. In accordance with IFRS hedge accounting policies for cash flow hedges, exchange gains or losses arising from translating the underlying debt at the closing rate are offset by recycling the equivalent amounts to the income statement on a quarterly basis.

<b>Revaluation reserve for available-for-sale investments</b> in thousands of €	<b>2012</b>	<b>2013</b>
As at 1 January	-7 634	10
Recycled to income statement	7 906	-10
Fair value changes	-262	693
<b>As at 31 December</b>	<b>10</b>	<b>693</b>
Of which		
<i>Investment in Shougang Concord Century Holdings Ltd</i>	10	596
<i>Other</i>	-	97

The revaluation of the investment in Shougang Concord Century Holdings Ltd is based on the closing price of the share on the Hong Kong Stock Exchange. In 2012, an amount of € 7.9 million was recycled to income statement as a result of an impairment loss.

<b>Remeasurements on defined-benefit plans</b> in thousands of €	<b>2012<sup>1</sup></b>	<b>2013</b>
As at 1 January	-66 924	-72 599
Remeasurements (-) of the period	-6 128	20 747
Inflation effects	-	-224
Deconsolidations	453	-
<b>As at 31 December</b>	<b>-72 599</b>	<b>-52 076</b>

<sup>1</sup> Restated, see note 7.9. 'Restatement effects'.

The remeasurements originate from using different actuarial assumptions in calculating the defined-benefit obligation and from differences with actual returns on plan assets at the balance sheet date.

The amounts reported as fair value remeasurements for business combinations in other Group reserves have been frozen since any such fair value adjustments have been reported directly in retained earnings as from 2011 onwards.

<b>Deferred taxes booked in equity</b> in thousands of €	<b>2012</b>	<b>2013</b>
As at 1 January	27 879	29 417
Deferred taxes relating to other comprehensive income	1 678	-1 479
Inflation effects	-	76
Changes in ownership	-140	-
<b>As at 31 December</b>	<b>29 417</b>	<b>28 014</b>

Deferred taxes relating to other comprehensive income are also recognized directly in equity (see note 6.6. 'Deferred tax assets and liabilities').

<b>Equity-settled share-based payment plans</b> in thousands of €	<b>2012</b>	<b>2013</b>
As at 1 January	10 809	14 987
Equity instruments granted	4 178	4 356
<b>As at 31 December</b>	<b>14 987</b>	<b>19 343</b>

Options granted under the SOP2 and SOP 2010-2014 stock option plans and subscription rights granted under the SOP 2005-2009 stock option plan (see note 6.12. 'Ordinary shares, treasury shares, subscription rights and share options') are accounted for as equity-settled share-based payments in accordance with IFRS 2, Share-based Payment.

<b>Treasury shares</b> in thousands of €	<b>2012</b>	<b>2013</b>
As at 1 January	-58 582	-58 577
Shares purchased	-	-15 274
Proceeds from shares sold	5	-
<b>As at 31 December</b>	<b>-58 577</b>	<b>-73 851</b>

In 2013, the Company purchased 712 977 of its own shares on the stock exchange to anticipate the exercise of options granted under its option plans (see note 6.12. 'Ordinary shares, treasury shares, subscription rights and share options').

<b>Cumulative translation adjustments</b> in thousands of €	<b>2012</b>	<b>2013</b>
As at 1 January	33 553	-16 087
Exchange differences on dividends declared	-6 898	-21 153
Recycled to income statement - relating to disposed entities or step acquisitions	-7 963	-463
Other CTA movements	-34 779	-47 073
<b>As at 31 December</b>	<b>-16 087</b>	<b>-84 776</b>
Of which relating to entities with following functional currencies		
<i>Chinese renminbi</i>	80 852	72 086
<i>US dollar</i>	-2 186	-6 707
<i>Brazilian real</i>	-80 212	-109 414
<i>Chilean peso</i>	12 618	-311
<i>Venezuelan bolivar</i>	-38 063	-37 342
<i>Indian rupee</i>	-4 654	-9 141
<i>Czech koruna</i>	9 907	6 950
<i>Other currencies</i>	5 651	-897

Since the Venezuelan entities changed their functional currency from USD to VEF as from 31 December 2012, an important amount of CTA is now reported as relating to Venezuelan bolivar.

## 6.14. Non-controlling interests

Carrying amount in thousands of €	2012	2013
As at 1 January	72 534	181 623
Changes in Group structure	109 003	-74
Share of the result for the period	6 375	11 498
Share of other comprehensive income excluding CTA	97	-604
Dividend pay-out	-14 888	-12 960
Capital increases	10 435	-
Reclassifications	-	-7 171
Exchange gains and losses (-)	-1 933	-14 712
<b>As at 31 December</b>	<b>181 623</b>	<b>157 600</b>

In 2012, the changes in Group structure mainly relate to the acquisition of the Inchalam group and the Southern Wire companies. In 2013, the slight decrease in non-controlling interests (€ -0.1 million) results from a capital increase by Bekaert in Bekaert Mukand Wire Industries Pvt Ltd.

The total comprehensive income, which includes the share of the result for the period and other comprehensive income including CTA (or exchange gains and losses), mainly relates to the Latin American subsidiaries (€ -3.8 million vs. € 12.6 million in 2012) and the Chinese subsidiaries (€ 2.0 million vs. € -6.4 million in 2012). The dividend pay-out mainly relates to the Latin American subsidiaries (€ -11.6 million vs. € -11.0 million in 2012) and the Chinese subsidiaries (€ -1.3 million vs. € -4.3 million in 2012). Reclassifications relate to prepaid dividends to the partners in China and to CTA on dividends from Latin America.

In accordance with IFRS 12, Disclosures of Interests in Other Entities, following information is provided on subsidiaries that have non-controlling interests that are material to the Group. The objective of IFRS 12 is to require an entity to disclose information that enables users of its financial statements to evaluate (a) the nature and risks associated with its interests in other entities, and (b) the effects of those interests on its financial position, financial performance and cash flows. In order to meet this objective, the Group has opted to aggregate all of its not wholly-owned subsidiaries in Latin America. The main reason for this aggregation is that the Group has many partnerships in Latin America, through a large number of legal entities, many of which may not be individually material enough to disclose, but which in total represent about two thirds of the Group's accumulated non-controlling interests. In aggregating this information, only intercompany effects between the listed Latin American subsidiaries have been eliminated, while all other entities of the Group have been treated as third parties.

Non-wholly owned subsidiaries in Latin America	Country	Proportion of NCI at year-end	
		2012	2013
Acma Inversiones SA	Chile	48.0%	48.0%
Acma SA	Chile	48.0%	48.0%
Acmanet SA	Chile	48.0%	48.0%
Industrias Acmanet limitada	Chile	48.0%	48.0%
Industrias Chilenas de Alambre - Inchalam SA	Chile	48.0%	48.0%
Prodalam SA	Chile	48.0%	48.0%
Productos de Acero SA Prodinsa	Chile	48.0%	48.0%
Productora de Alambres Colombianos - Proalco SAS	Colombia	20.0%	20.0%
Bekaert Costa Rica SA	Costa Rica	-	19.8%
Ideal Alambre SA	Ecuador	20.0%	20.0%
Impala SA	Panama	48.0%	48.0%
Productos de Acero Cassadó SA	Peru	62.5%	62.5%
Prodac Contrata SAC	Peru	62.5%	62.5%
Prodac Selva SAC	Peru	62.5%	62.5%
Procables SA	Peru	50.0%	50.0%
InverVicson SA	Venezuela	20.0%	20.0%
Vicson SA	Venezuela	20.0%	20.0%

The principal activity of the main entities listed above is manufacturing and selling wire, ropes and other wire products, mainly for the local market. Following entities are essentially holdings, having interests in one or more of the other entities listed above: Acma Inversiones SA, Industrias Acmanet Limitada and Impala SA.

in thousands of €	Result attributable to NCI		Equity attributable to NCI	
	2012	2013	2012	2013
Non-wholly owned subsidiaries in Latin America	13 413	11 045	120 374	106 124

Non-wholly owned subsidiaries in Latin America		2012	2013
in thousands of €			
Current assets		315 355	264 583
Non-current assets		217 639	193 319
Current liabilities		198 591	178 745
Non-current liabilities		68 868	51 222
<b>Equity attributable to the Group</b>		<b>145 161</b>	<b>121 811</b>
<b>Equity attributable to NCI</b>		<b>120 374</b>	<b>106 124</b>

Non-wholly owned subsidiaries in Latin America		2012	2013
in thousands of €			
Sales		805 731	637 563
Expenses		-774 150	-615 373
Result for the period		31 581	22 190
Result for the period attributable to the Group		18 168	11 145
Result for the period attributable to NCI		13 413	11 045
Other comprehensive income for the period		-23 873	-9 258
OCI attributable to the Group		-22 393	-344
OCI attributable to NCI		-1 480	-8 914
Total comprehensive income for the period		7 708	12 932
Total comprehensive income attributable to the Group		-4 225	10 801
Total comprehensive income attributable to NCI		11 933	2 131
Dividends paid to NCI		-11 903	-17 068
Net cash inflow (outflow) from operating activities		32 807	49 451
Net cash inflow (outflow) from investing activities		-27 417	-16 073
Net cash inflow (outflow) from financing activities		19 977	-37 790
Net cash inflow (outflow)		25 367	-4 412

## 6.15. Employee benefit obligations

The total net liabilities for employee benefit obligations, which amounted to € 257.7 million as at 31 December 2013 (€ 302.6 million as at year-end 2012), are as follows:

in thousands of €	2012	2013
<b>Liabilities for</b>		
<i>Post-employment defined-benefit plans</i>	167 896	134 089
<i>Other long-term employee benefits</i>	2 417	2 418
<i>Cash-settled share-based payment employee benefits</i>	871	1 333
<i>Short-term employee benefits</i>	103 122	101 111
<i>Other employee benefit obligations</i>	28 278	18 768
<b>Total liabilities in the balance sheet</b>	<b>302 584</b>	<b>257 719</b>
of which		
<i>Non-current liabilities</i>	180 321	136 602
<i>Current liabilities</i>	122 263	121 117
<i>Liabilities associated with assets held for sale</i>	-	-
<b>Assets for</b>		
<i>Defined-benefit pension plans</i>	-	-
<b>Total assets in the balance sheet</b>	<b>-</b>	<b>-</b>
<b>Total net liabilities</b>	<b>302 584</b>	<b>257 719</b>

### Post-employment benefit plans

In accordance with IAS 19, Employee benefits, post-employment benefit plans are classified as either defined-contribution plans or defined-benefit plans.

### Defined-contribution plans

For defined-contribution plans, Bekaert pays contributions to publicly or privately administered pension funds or insurance companies. Once the contributions have been paid, the Group has no further payment obligation. These contributions constitute an expense for the year in which they are due.

For Belgium: Belgian pension legislation imposes a minimum return on employee contributions and employer contributions paid after 1 January 2004. The majority of contributions is invested in insurance products with guaranteed rate of return of at least the legal minimum. As there is no material shortfall on legal minimum return at balance sheet date, no liability has been recognized.

For the Netherlands: Bekaert participates in a multi-employer defined-benefit plan in the Netherlands funded through the Pensioenfonds Metaal & Techniek. This plan is treated as a defined-contribution plan because no information is available with respect to the plan assets attributable to Bekaert; contributions for this plan amounted to € 0.7 million (2012: € 0.7 million).

<b>Defined-contribution plans</b>	2012	2013
in thousands of €		
Expenses recognized	14 933	13 476

### Defined-benefit plans

Several Bekaert companies operate retirement benefit and other post-employment benefit plans. These plans generally cover all employees and provide benefits which are related to salary and length of service.

The latest actuarial valuations under IAS 19 were carried out as of 31 December 2013 for all significant post-employment defined-benefit plans by independent actuaries. The Group's largest defined-benefit obligations are in Belgium and the United States. They account for 85.7 % (2012: 86.5 %) of the Group's defined-benefit obligations and 99.9 % (2012: 99.9 %) of the Group's plan assets.

### Plans in Belgium

Retirement plans represent a defined-benefit obligation of € 98.2 million (2012: € 98.6 million) and € 84.4 million assets (2012: € 78.4 million). They foresee in a lump sum payment upon retirement and risk benefits in case of death or disability prior to retirement. The plans are externally funded through two self-administrated institutions for occupational retirement provision (IORP). On a regular basis an Asset Liability Matching (ALM) study is performed in which the consequences of strategic investment policies are analyzed in terms of risk-and-return profiles. Statement of investment principles and funding policy are derived from this study. The purpose is to have a well-diversified asset allocation to control the risk. Investment risk and liability risk are monitored on a quarterly basis. Funding policy targets to be at least fully funded in terms of statutory minimum requirements (Long Term Liabilities).

Other plans mainly relate to pre-retirement pensions (defined-benefit obligation € 32.4 million (€ 38.4 million in 2012)) which are not externally funded. An amount of € 8.3 million (2012: € 8.1 million) relates to employees in active service who have not yet entered into any pre-retirement agreement.

### Plans in the United States

Pension plans represent a defined-benefit obligation € 97.9 million (2012: € 128.5 million) and € 64.6 million assets (2012: € 81.5 million) and are externally funded. The plans provide for benefits for the life of the plan members but have been closed for new entrants. Further de-risking of the plans has been accomplished during 2013 by offering a lump sum payment window to terminated vested participants. Plan assets are invested, in fixed-income funds and in equities. Based on an Asset Liability Matching study the strategic asset allocation has been shifted more towards long duration fixed income funds. Funding policy targets to be sufficiently funded in terms of Pension Protection Act requirements and thus to avoid benefit restrictions or at-risk status of the plans.

Other plans mainly relate to medical care (defined-benefit obligation € 4.8 million (2012: € 5.6 million)) which are not externally funded.

The amounts recognized in the balance sheet are as follows:

in thousands of €	2012	2013
<b>Belgium</b>		
Present value of funded obligations	101 273	98 199
Fair value of plan assets	-78 420	-84 448
<b>Deficit / surplus (-) of funded obligations</b>	<b>22 853</b>	<b>13 751</b>
Present value of unfunded obligations	45 201	38 874
<b>Total deficit / surplus (-) of obligations</b>	<b>68 054</b>	<b>52 625</b>
<b>United States</b>		
Present value of funded obligations	128 511	97 901
Fair value of plan assets	-81 454	-64 655
<b>Deficit / surplus (-) of funded obligations</b>	<b>47 057</b>	<b>33 246</b>
Present value of unfunded obligations	9 172	7 902
<b>Total deficit / surplus (-) of obligations</b>	<b>56 229</b>	<b>41 148</b>
<b>Other</b>		
Present value of funded obligations	501	437
Fair value of plan assets	-238	-225
<b>Deficit / surplus (-) of funded obligations</b>	<b>263</b>	<b>212</b>
Present value of unfunded obligations	43 350	40 104
<b>Total deficit / surplus (-) of obligations</b>	<b>43 613</b>	<b>40 316</b>
<b>Total</b>		
Present value of funded obligations	230 285	196 537
Fair value of plan assets	-160 112	-149 328
<b>Deficit / surplus (-) of funded obligations</b>	<b>70 173</b>	<b>47 209</b>
Present value of unfunded obligations	97 723	86 880
<b>Total deficit / surplus (-) of obligations</b>	<b>167 896</b>	<b>134 089</b>



The movement in the defined-benefit obligation, plan assets, net liability and asset over the year is as follows:

in thousands of €	Defined-benefit obligation	Plan assets	Net liability / (asset)
<b>As at 1 January 2012</b>	<b>306 687</b>	<b>-144 213</b>	<b>162 474</b>
Current service cost	13 902	-	13 902
Past service cost	4 995	-	4 995
Gains (-) / losses from settlements	-3 171	-	-3 171
Interest expense / income (-)	15 375	-6 565	8 810
<b>Net benefit expense / income (-) recognized in profit and loss</b>	<b>31 102</b>	<b>-6 565</b>	<b>24 537</b>
<i>Components recognized in EBIT</i>			15 726
<i>Components recognized in financial result</i>			8 810
<b>Remeasurements</b>			
<i>Return on plan assets, excluding amounts included in interest expense / income (-)</i>	-	-13 359	-13 359
<i>(Gain) / loss from change in financial assumptions</i>	18 251	-	18 251
<i>Experience gains (-) / losses</i>	913	-	913
<b>Changes recognized in equity</b>	<b>19 163</b>	<b>-13 359</b>	<b>5 804</b>
<b>Contributions</b>			-
Employer contributions / direct benefit payments	-	-27 788	-27 788
Employee contributions	131	-131	-
<b>Payments from plans</b>			
Benefit payments	-28 314	28 314	-
Settlement payments	-1 047	1 047	-
<b>Acquisitions</b>	<b>10 905</b>	<b>-</b>	<b>10 905</b>
<b>Disposals</b>	<b>-1 304</b>	<b>904</b>	<b>-399</b>
<b>Foreign-currency translation effect</b>	<b>-9 315</b>	<b>1 678</b>	<b>-7 637</b>
<b>As at 31 December 2012</b>	<b>328 008</b>	<b>-160 113</b>	<b>167 896</b>
<b>As at 1 January 2013</b>	<b>328 008</b>	<b>-160 113</b>	<b>167 896</b>
Current service cost	10 812	-	10 812
Past service cost	-16	-	-16
Gains (-) / losses from settlements	1 094	-	1 094
Interest expense / income (-)	11 054	-5 309	5 746
<b>Net benefit expense / income (-) recognized in profit and loss</b>	<b>22 943</b>	<b>-5 309</b>	<b>17 635</b>
<i>Components recognized in EBIT</i>			11 889
<i>Components recognized in financial result</i>			5 746
<b>Remeasurements</b>			
<i>Return on plan assets, excluding amounts included in interest expense / income (-)</i>	-	-5 518	-5 518
<i>Gain (-) / loss from change in demographic assumptions</i>	205	-	205
<i>(Gain) / loss from change in financial assumptions</i>	-15 680	-	-15 680
<i>Experience gains (-) / losses</i>	-741	-	-741
<b>Changes recognized in equity</b>	<b>-16 216</b>	<b>-5 518</b>	<b>-21 734</b>
<b>Contributions</b>			
Employer contributions / direct benefit payments	-	-22 752	-22 752
Employee contributions	135	-135	-
<b>Payments from plans</b>			
Benefit payments	-26 461	26 461	-
Settlement payments	-14 361	14 361	-
<b>Disposals</b>	<b>-1 062</b>	<b>623</b>	<b>-439</b>
<b>Foreign-currency translation effect</b>	<b>-9 567</b>	<b>3 051</b>	<b>-6 516</b>
<b>As at 31 December 2013</b>	<b>283 419</b>	<b>-149 330</b>	<b>134 089</b>

In the income statement, current and past service cost, including gains or losses from settlements are included in the operating result (EBIT), and interest expense or income is included in interest expense, under interest element of interest-bearing provisions.

Reimbursement rights arising from reinsurance contracts covering retirement pensions, death and disability benefits in Germany amount to € 0.3 million (2012: € 0.4 million).

Estimated contributions and direct benefit payments for 2014 are as follows:

<b>Estimated contributions and direct benefit payments</b>	
in thousands of €	<b>2014</b>
Pension plans	32 850
<b>Total</b>	<b>32 850</b>

Fair values of plan assets at 31 December were as follows:

in thousands of €	<b>2012</b>	<b>2013</b>
<b>Belgium</b>		
<b>Bonds</b>		
Euro Government Bonds	22 823	20 421
Euro Corporate Bonds	17 827	18 145
<b>Equity</b>		
Euro Equity	21 786	26 907
Non Euro Equity	13 949	15 322
<b>Cash</b>	<b>2 035</b>	<b>3 653</b>
<b>Total Belgium</b>	<b>78 420</b>	<b>84 448</b>
<b>United States</b>		
<b>Bonds</b>		
USD Long Duration Bonds	43 623	34 432
USD Fixed Income	7 356	4 326
USD Guaranteed Deposit	5 890	5 270
<b>Equity</b>		
USD Equity	17 115	14 575
Non USD Equity	7 470	6 052
<b>Total United States</b>	<b>81 454</b>	<b>64 655</b>
<b>Other</b>		
<b>Bonds</b>	<b>238</b>	<b>225</b>
<b>Total Other</b>	<b>238</b>	<b>225</b>
<b>Total</b>	<b>160 112</b>	<b>149 328</b>

In the US, investments are primarily made through mutual fund investments and insurance company separate accounts, in quoted equity and debt instruments. In Belgium, investments are made through mutual fund investments in quoted equity and debt instruments. Investments are well-diversified so that the failure of any single investment would not have a material impact on the overall level of assets. The Group's plan assets include no direct positions in Bekaert shares or bonds, nor do they include any property used by a Bekaert entity.

The principal actuarial assumptions on the balance sheet date (weighted averages based on outstanding DBO) were:

<b>Actuarial assumptions</b>	<b>2012</b>	<b>2013</b>
Discount rate	3.8%	4.0%
Future salary increases	3.5%	3.4%
Underlying inflation rate	2.7%	2.5%
Health care cost increases (initial)	7.0%	6.8%
Health care cost increases (ultimate)	5.0%	5.0%
Health care (years to ultimate rate)	8	7

The discount rate for the USA and Belgium is reflective both of the current interest rate environment and the plan's distinct liability characteristics. The plan's projected cash flows are matched to spot rates, after which an associated present value is developed. A single equivalent discount rate is then determined that produces that same present value. The underlying yield curve for deriving spot rates is based on high quality AA-credit rated corporate bonds issues denominated in the currency of the applicable regional market. This resulted into the following discount rates:

Discount rates	2012	2013
Belgium	3.0%	3.1%
United States	3.9%	4.7%
Other	6.9%	5.3%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2012	2013
Life expectancy of a man aged 65 (years) at balance sheet date	19.1	19.3
Life expectancy of a man aged 65 (years) ten years after balance sheet date	19.9	20.0

Sensitivity analyses show the following effects:

Sensitivity analysis in thousands of €	Change in assumption	Impact of defined-benefit obligation		
Discount rate	-0.50%	Increase by	15 076	5.3%
Salary growth rate	0.50%	Increase by	8 708	3.1%
Health care cost	0.50%	Increase by	206	0.1%
Life expectancy	Increase by 1 year	Increase by	2 976	1.1%

The above analyses were done on a mutually exclusive basis, and holding all other assumptions constant.

Through its defined-benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.
Changes in bond yields	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.
Salary risk	The majority of the plans' benefit obligations are calculated by reference to the future salaries of plan members. As such, a salary increase of plan members higher than expected will lead to higher liabilities.
Longevity risk	Belgian pension plans provide for lump sum payments upon retirement. As such there is limited or no longevity risk. Pension plans in the USA provide for benefits for the life of the plan members, so increases in life expectancy will result in an increase in the plan's liabilities.

The weighted average durations of the defined-benefit obligations are as follows:

Belgium	10.5
United States	12.1
Other	8.8
Total	10.9

#### **Other long-term employee benefits**

The other long-term employee benefits relate to service awards.

### Cash-settled share-based payment employee benefits

The Group issued stock appreciation rights (SARs) to certain management employees, granting them the right to receive the intrinsic value of the SARs at the date of exercise. These SARs are accounted for as cash-settled share-based payments in accordance with IFRS 2. The fair value of each grant is recalculated at balance sheet date, using the same binomial pricing model as for the equity-settled share-based payments (see note 6.12. 'Ordinary shares, treasury shares, subscription rights and share options'). Based on local regulations, the exercise price for any grant under the USA SAR plan is equal to the average closing price of the Company's share during the thirty days following the date of the offer. The exercise price for the other SAR plans is determined in the same way as for the equity-settled stock option plans: it is equal to the lower of (i) the average closing price of the Company's share during the thirty days preceding the date of the offer, and (ii) the last closing price preceding the date of the offer.

Following inputs to the model are used for all grants: share price at balance sheet date: € 25.72 (2012: € 21.88), expected volatility of 39% (2012: 39%), expected dividend yield of 3.0% (2012: 3.0%), vesting period of 3 years, contractual life of 10 years, employee exit rate of 4% in Asia (2012: 6%) and 3% in other countries (2012: 3%), and an exercise factor of 1.40 (2012: 1.40). Inputs for risk-free interest rates vary by grant and are based on the return of Belgian OLO<sup>1</sup>s with a term equal to the maturity of the SAR grant under consideration.

Exercise prices and fair values of outstanding SARs by grant are shown below:

USA SAR Plan details by grant in €	Exercise price	Fair value as at 31 Dec 2012	Fair value as at 31 Dec 2013
Grant 2006	20.67	2.76	-
Grant 2007	25.03	2.48	2.91
Grant 2008	28.76	2.69	3.54
Grant 2009	16.58	6.51	9.25
Grant 2010	37.05	2.48	3.31
Grant 2011	83.43	1.21	1.60
Grant 2012	27.63	4.79	6.22
Grant 2013	22.09	6.19	8.24
Exceptional grant 2013	22.51	-	9.22
Grant 2014 <sup>2</sup>	25.66	-	7.49

Other SAR Plans details by grant in €	Exercise price	Fair value as at 31 Dec 2012	Fair value as at 31 Dec 2013
Grant 2007	30.17	2.78	3.87
Grant 2008	28.33	3.39	4.80
Grant 2009	16.66	6.58	9.37
Grant 2010	33.99	3.12	4.37
Grant 2011	77.00	1.17	1.73
Grant 2012	25.14	4.78	6.68
Grant 2013	19.20	6.24	9.05
Exceptional grant 2013	21.45	-	9.56
Grant 2014 <sup>2</sup>	25.38	-	7.30

<sup>2</sup> See note 7.6. 'Events after the balance sheet date'.

At 31 December 2013, the total liability for the USA SAR plan amounted to € 0.8 million (2012: € 0.6 million), while the total liability for the other SAR plans amounted to € 0.5 million (2012: € 0.3 million).

The Group recorded a total loss of € 0.7 million (2012: gain of € 0.1 million) during the year in respect of SARs.

### Short-term employee benefit obligations

Short-term employee benefit obligations relate to liabilities for remuneration and social security that are due within twelve months after the end of the period in which the employees render the related service.

<sup>1</sup> Obligation Linéaire / Lineaire Obligatie

## 6.16. Provisions

in thousands of €	Restructuring	Claims	Environment	Other	Total
<b>As at 1 January 2013</b>	<b>13 628</b>	<b>7 484</b>	<b>36 386</b>	<b>4 707</b>	<b>62 205</b>
Additional provisions	8 292	3 472	19 916	168	31 848
Unutilized amounts released	-1 474	-1 328	-12 944	-331	-16 077
<b>Charged to the income statement</b>	<b>6 818</b>	<b>2 144</b>	<b>6 972</b>	<b>-163</b>	<b>15 771</b>
Deconsolidations	-	-103	-	-	-103
Amounts utilized during the year	-7 012	-3 753	-193	-1 141	-12 099
Exchange gains (-) and losses	-426	-386	-467	-73	-1 352
<b>As at 31 December 2013</b>	<b>13 008</b>	<b>5 386</b>	<b>42 698</b>	<b>3 330</b>	<b>64 422</b>
Of which					
<i>current</i>	12 654	2 445	8 697	116	23 912
<i>non-current</i>	354	2 941	34 001	3 214	40 510

The additional provisions for restructuring mainly relate to the shutdown of a plant in Surrey, Canada and to a lesser degree to adjustments of previously announced programs in EMEA. Most of the restructuring programs are expected to be finalized in the course of 2014.

Provisions for claims mainly relate to various product quality claims and warranties in several entities, most of which are expected to be settled in the coming year.

The environmental provisions mainly relate to sites in EMEA and Canada. The expected soil sanitation costs are reviewed at each balance sheet date, supported by an external expert assessment. Timing of settlement is uncertain as it is often triggered by decisions on the destination of the premises. The addition of provisions is a consequence of a reassessment of the risk given new investigations of polluted sites. The unutilized amounts released result from an anticipated sales transaction as part of which the clean-up requirement is taken over by the buyer.

The other provisions mainly relate to labor accidents coverage.

## 6.17. Interest-bearing debt

Information concerning the contractual maturities of the Group's interest-bearing loans and borrowings (current and non-current) is given below:

2013 in thousands of €	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Interest-bearing debt				
<i>Finance leases</i>	69	127	-	196
<i>Credit institutions</i>	217 452	41 385	-	258 837
<i>Bonds</i>	104 386	601 118	45 614	751 118
<b>Carrying amount</b>	<b>321 907</b>	<b>642 630</b>	<b>45 614</b>	<b>1 010 151</b>
Value adjustments	-	-6 245	-	-6 245
<b>Total financial debt</b>	<b>321 907</b>	<b>636 385</b>	<b>45 614</b>	<b>1 003 906</b>

2012 in thousands of €	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Interest-bearing debt				
<i>Finance leases</i>	94	163	-	257
<i>Credit institutions</i>	242 455	96 704	1 114	340 273
<i>Bonds</i>	100 000	457 069	295 000	852 069
<b>Carrying amount</b>	<b>342 549</b>	<b>553 936</b>	<b>296 114</b>	<b>1 192 599</b>
Value adjustments	-	-2 903	-	-2 903
<b>Total financial debt</b>	<b>342 549</b>	<b>551 033</b>	<b>296 114</b>	<b>1 189 696</b>

Total financial debt has decreased considerably, mainly because of the repayment of a € 100 million bond in February 2013 and the repayment of short-term debt. The origin of the value adjustments is explained below under 'Net debt calculation'.

As a general principle, loans are entered into by Group companies in their local currency to avoid currency risk. If funding is in another currency without an offsetting position on the balance sheet, the companies hedge the currency risk through derivatives (cross-currency interest-rate swaps or forward exchange contracts). Some of these hedging relations are designated as fair value hedges or cash flow hedges. Bonds, commercial paper and debt towards credit institutions are unsecured.

For further information on financial risk management we refer to note 7.3. 'Financial risk management and financial derivatives'.

### Net debt calculation

The debt calculation of the Group reflects the amount to be repaid as a result of hedging with a derivative, rather than the amount presented as a financial liability in the balance sheet. The Eurobond issued by Bekaert Corporation (US) in 2005 has been swapped to a USD debt by means of CCIRSs, which are either designated as fair value hedges or as cash flow hedges. The Bekaert debt calculation therefore eliminates 'value adjustments' included in the carrying amount of this bond as a result of the spot revaluation, for the part designated as a cash flow hedge, and of the fair value adjustment, for the part designated as a fair value hedge. The table below summarizes the calculation of the net debt.

in thousands of €	2012	2013
Non-current interest-bearing debt	850 050	688 244
Value adjustments	-2 903	-6 245
Current interest-bearing debt	342 549	321 907
<b>Total financial debt</b>	<b>1 189 696</b>	<b>1 003 906</b>
Non-current financial receivables and cash guarantees	-21 505	-21 421
Current loans	-10 890	-6 440
Short-term deposits	-104 792	-10 172
Cash and cash equivalents	-352 312	-391 857
<b>Net debt</b>	<b>700 197</b>	<b>574 016</b>

## 6.18. Other non-current liabilities

Carrying amount in thousands of €	2012	2013
Other non-current amounts payable	248	187
Derivatives (cf. note 7.3.)	5 323	2 400
<b>Total</b>	<b>5 571</b>	<b>2 587</b>

## 6.19. Other current liabilities

Carrying amount in thousands of €	2012	2013
Other amounts payable	4 908	8 229
Derivatives (cf. note 7.3.)	3 011	9 964
Advances received	4 155	8 717
Other taxes	36 193	34 979
Accruals and deferred income	32 233	20 597
<b>Total</b>	<b>80 500</b>	<b>82 486</b>

The derivatives include FX contracts (€ 7.9 million (2012: € 0.6 million)) and CCIRSs (€ 2.0 million (2012: € 2.4 million)). Other taxes relate mainly to VAT payable, employment-related taxes withheld and other non-income taxes payable. The accrued interest on outstanding interest-bearing debt is the most significant item of the accruals (€ 14.2 million (2012: € 25.7 million)).

## 7. Miscellaneous items

### 7.1. Notes to the cash flow statement

<b>Summary</b> in thousands of €	<b>2012</b>	<b>2013</b>
Cash from operating activities	438 853	305 763
Cash from investing activities	-81 196	-71 966
Cash from financing activities	-271 942	-192 416
<b>Net increase or decrease in cash and cash equivalents</b>	<b>85 715</b>	<b>41 381</b>

Further information about the main elements contributing to the cash from operating activities is provided in following notes: 4. 'Segment reporting', 5.1. 'Operating result (EBIT) by function', 5.2. 'Operating result (EBIT) by nature', 5.5. 'Income taxes' and 6.7. 'Operating working capital'. Information about movements in provisions can be found in 6.15. 'Employee benefit obligations' and 6.16. 'Provisions'.

The following table presents more details about selected operating items:

<b>Details of selected operating items</b> in thousands of €	<b>2012</b>	<b>2013</b>
<b>Non-cash items included in operating result</b>		
Depreciation and amortization	229 103	151 071
Impairment losses on assets	94 987	8 650
Gains (-) and losses on step acquisitions	-21 717	-
Employee benefits: set-up / (reversal of amounts not used)	63 550	13 499
Provisions: set-up / (reversal of amounts not used)	18 385	15 771
CTA recycled on business disposals	-698	-463
Equity-settled share-based payments	4 178	4 356
<b>Total</b>	<b>387 788</b>	<b>192 884</b>
<b>Investing items included in operating result</b>		
Gains (-) and losses on business disposals	-12 694	-718
Gains (-) and losses on disposals of intangible assets	22	295
Gains (-) and losses on disposals of PP&E	-2 666	903
<b>Total</b>	<b>-15 338</b>	<b>480</b>
<b>Amounts used on provisions and employee benefit obligations</b>		
Employee benefits: (amounts used)	-54 427	-33 230
Provisions: (amounts used)	-4 057	-12 099
<b>Total</b>	<b>-58 484</b>	<b>-45 329</b>
<b>Income taxes paid</b>		
Current income taxes	-47 305	-64 381
Increase or decrease (-) in net income taxes payable	-11 881	12 874
<b>Total</b>	<b>-59 186</b>	<b>-51 507</b>
<b>Other operating cash flows</b>		
Movements in other current assets and liabilities	2 755	-9 382
Realized exchange results	7 041	5 354
Other	-2 601	-2 498
<b>Total</b>	<b>7 195</b>	<b>-6 526</b>

More information about the main elements contributing to the cash from investing activities is provided in following notes: 7.2. 'Effect of business disposals' and, concerning capital expenditure on tangible and intangible fixed assets, in 4. 'Segment reporting'. No business combinations or portfolio investments were effected in 2013. The following table presents more details on selected investing cash flows:

<b>Details of selected investing items</b>		
in thousands of €	2012	2013
<b>Other investing cash flows</b>		
Proceeds from disposal of intangible assets	264	3 166
Proceeds from disposal of property, plant and equipment	8 380	1 308
Other	86	-
<b>Total</b>	<b>8 730</b>	<b>4 474</b>

More information about the main elements contributing to the cash from financing activities is provided in following notes: 5.3. 'Interest income and expense', 6.9. 'Cash & cash equivalents and short-term deposits', 6.17. 'Interest-bearing debt' and, regarding treasury shares transactions, in 6.13. 'Retained earnings and other Group reserves'. The swings in current financial assets are mainly due to short-term deposits having been converted to cash equivalents in anticipation of bond repayments. The following table presents more details about selected financing items:

<b>Details of selected financing items</b>		
in thousands of €	2012	2013
<b>Other financing cash flows</b>		
New shares issued following exercise of subscription rights	410	1 048
Capital paid in by minority interests	10 435	-
Increase (-) or decrease in current and non-current loans and receivables	12 609	5 484
Increase (-) or decrease in current financial assets	278 035	94 455
Impact of unrealized exchange results on financing items	-35 040	2 018
<b>Total</b>	<b>266 449</b>	<b>103 005</b>



## 7.2. Effect of business disposals

On 3 December 2013, Bekaert sold its Advanced Filtration activities to Clarcor, a company based in Tennessee, USA. By this transaction, the manufacturing activities and personnel of Bekaert Advanced Filtration in Sprimont, Belgium and in Karawang, Indonesia and the global sales network are transferred to the Clarcor Group.

The table below presents the net assets disposed by balance sheet caption. It also clarifies the amount shown in the consolidated cash flow statement as 'Proceeds from disposals of investments'.

in thousands of €	<b>Advanced Filtration activities</b>	<b>Other disposals</b>	<b>Total disposals</b>
Intangible assets	199	-	199
Property, plant and equipment	1 862	-	1 862
Investments	-	1 901	1 901
Other non-current assets	4	-	4
Deferred tax assets	1 467	-	1 467
Inventories	1 478	-	1 478
Trade receivables	1 560	-	1 560
Advances paid	103	-	103
Other receivables	299	-	299
Cash and cash equivalents	887	7	894
Other current assets	24	-	24
Non-current employee benefit obligations	-457	-	-457
Provisions	-103	-	-103
Deferred tax liabilities	-37	-	-37
Trade payables	-727	-	-727
Advances received	-206	-	-206
Current employee benefit obligations	-649	-	-649
Other current liabilities	-193	-	-193
<b>Total net assets disposed</b>	<b>5 511</b>	<b>1 908</b>	<b>7 419</b>
Gain or loss (-) on business disposals	723	459	1 182
CTA recycled on disposal (non-cash)	-242	-221	-463
Cash disposed	-887	-7	-894
Gain or loss (-) on non-consolidated investments	-	10	10
Deferred proceeds	-825	239	-586
<b>Proceeds from disposals of investments</b>	<b>4 280</b>	<b>2 388</b>	<b>6 668</b>

The other disposals mainly relate to following transactions:

- A price adjustment relating to the sale of the Flaring business (€ 0.2 million) in 2012;
- A deferred payment relating to the sale of the Industrial Coatings activities (€ 0.2 million) in 2012;
- A non-consolidated investment in Chile (€ 1.9 million).

The contribution of the Advanced Filtration activities to the consolidated sales (before disposal) and to the result for the period (excluding the result on disposal) is shown below:

in thousands of €	<b>Date of disposal</b>	<b>Net sales for the period</b>	<b>Result for the period</b>
Advanced Filtration activities	3 December 2013	14 678	-2 076

## 7.3. Financial risk management and financial derivatives

### Principles of financial risk management

The Group is exposed to risks from movements in exchange rates, interest rates and market prices that affect its assets and liabilities. Financial risk management within the Group aims at reducing the impact of these market risks through ongoing operational and financing activities. Selected derivative hedging instruments are used depending on the assessment of risk involved. The Group mainly hedges the risks that affect the Group's cash flows. Derivatives are used exclusively as hedging instruments and not for trading or other speculative purposes. To reduce the credit risk, hedging transactions are generally only concluded with financial institutions whose credit rating is at least A.

The guidelines and principles of the Bekaert financial risk policy are defined by the Audit and Finance Committee and overseen by the Board of the Group. Group Treasury is responsible for implementing the financial risk policy. This encompasses defining appropriate policies and setting up effective control and reporting procedures. The Audit and Finance Committee is regularly kept informed as to the currency and interest-rate exposure.

### Currency risk

The Group's currency risk can be split into two categories: translational and transactional currency risk.

#### *Translational currency risk*

A translation risk arises when the financial data of foreign subsidiaries are converted into the Group's presentation currency, the euro. The main currencies are Chinese renminbi, US dollar, Czech koruna, Brazilian real, the Chilean peso and the Venezuelan bolivar. Since there is no impact on the cash flows, the Group usually does not hedge against such risk.

#### *Transactional currency risk*

The Group is exposed to transactional currency risks resulting from its investing, financing and operating activities.

Foreign currency risk in the area of investment results from the acquisition and disposal of investments in foreign companies, but also from dividends receivable from foreign investments. Transactional currency risks typically arise from administrative delay in the settlement of dividend payments from Chinese subsidiaries. The group enters into non-deliverable forward contracts (NDFs) with various financial institutions to hedge these risks. These NDFs typically are not elected for hedge accounting.

Foreign currency risk in the financing area results from financial liabilities in foreign currencies. In line with its policy, Group Treasury hedges these risks. Cross-currency interest-rate swaps and forward exchange contracts are used to convert financial obligations denominated in foreign currencies into the entity's functional currency. At the reporting date, the foreign currency liabilities for which currency risks were hedged mainly consisted of Eurobonds and intercompany loans mainly in euro and US dollar.

Foreign currency risk in the area of operating activities arises from commercial activities with sales and purchases in foreign currencies, as well as payments and receipts of royalties. The Group uses forward exchange contracts to hedge the forecasted cash inflows and outflows for the coming three months. Significant exposures and firm commitments beyond that time frame may also be covered.

### *Currency sensitivity analysis*

#### **Currency sensitivity relating to the operating activities**

The table below summarizes the Group's net foreign currency positions of trade receivables and trade payables at the reporting date for the most important currency pairs. The net currency positions are presented before intercompany eliminations. Positive amounts indicate that the Group has a net future cash inflow in the first currency. In the table, the 'Total exposure' column represents the position on the balance sheet, while the 'Total derivatives' column includes all financial derivatives hedging those balance sheet positions as well as forecasted transactions. The annualized volatility is based on the daily movement of the exchange rate of the reported year, with a 95% confidence interval.

<b>Currency pair - 2013</b> in thousands of €	<b>Annualized volatility in %</b>	<b>Total exposure</b>	<b>Total derivatives</b>	<b>Open position</b>
AUD/USD	16.34%	4 328	-2 505	1 823
CAD/USD	10.00%	1 332	-	1 332
CNY/EUR	12.38%	3 514	-	3 514
CZK/EUR	9.67%	-269	611	342
EUR/CNY	12.38%	-8 560	-1 847	-10 407
EUR/GBP	12.03%	654	-	654
EUR/INR	20.64%	-1 363	-	-1 363
EUR/RUB	11.44%	-1 016	-	-1 016
GBP/CZK	16.15%	1 074	-	1 074
GBP/EUR	12.03%	2 169	-2 533	-364
IDR/USD	19.62%	-1 985	-	-1 985
JPY/CNY	20.38%	5 359	-696	4 663
JPY/EUR	22.82%	52	-195	-143
NZD/USD	18.28%	802	-314	488
USD/CAD	10.00%	1 920	-	1 920
USD/CLP	14.38%	3 751	-	3 751
USD/CNY	2.10%	27 216	-48 824	-21 608
USD/COP	12.38%	-2 545	-	-2 545
USD/EUR	12.69%	18 496	-17 332	1 164
USD/INR	21.22%	-4 864	-	-4 864
USD/MYR	18.80%	-2 314	-	-2 314
USD/MXN	12.47%	-830	-	-830

<b>Currency pair - 2012</b> in thousands of €	<b>Annualized volatility in %</b>	<b>Total exposure</b>	<b>Total derivatives</b>	<b>Open position</b>
AUD/USD	15.55%	2 172	-2 606	-434
CNY/EUR	13.37%	2 518	-	2 518
CZK/EUR	10.44%	-3 870	2 634	-1 236
EUR/CNY	13.37%	-2 308	-9 203	-11 511
EUR/GBP	9.23%	1 248	-	1 248
EUR/INR	16.11%	-2 249	-	-2 249
GBP/CZK	15.74%	1 287	-	1 287
GBP/EUR	9.23%	3 262	-	3 262
GBP/USD	10.30%	1 280	-	1 280
IDR/USD	9.87%	-1 630	-	-1 630
JPY/CNY	11.96%	1 145	-880	265
JPY/EUR	18.53%	118	-256	-138
NZD/USD	17.02%	554	-112	442
USD/CLP	16.15%	4 284	-	4 284
USD/CNY	3.75%	23 955	-29 534	-5 579
USD/EUR	13.87%	15 623	32	15 655
USD/INR	16.74%	-7 245	-	-7 245
USD/MXN	18.48%	-1 838	-	-1 838

If rates had weakened/strengthened by the above estimated possible changes with all other variables constant, the result for the period before taxes would have been € 1.4 million lower/higher (2012: € 0.01 million).

#### Currency sensitivity in relation to hedge accounting

Some derivatives are also part of effective cash flow hedges to hedge the currency risk relating to the Eurobond issued in 2005. Exchange rate fluctuations in the currencies involved (US dollar and euro) affect the hedging reserve in shareholders' equity and the fair value of these hedging instruments. If the euro had weakened/strengthened by the above estimated possible changes, with all other variables constant, the hedging reserve in shareholders' equity would have been € 0.3 million higher/lower (2012: € 0.6 million).

## Interest-rate risk

The Group is exposed to interest-rate risk, mainly on debt denominated in US dollar, Chinese renminbi and euro. To minimize the effects of interest-rate fluctuations in these regions, the Group manages the interest-rate risk for net debt denominated in the respective currencies of these countries separately. General guidelines are applied to cover interest-rate risk:

- The target average life of long-term debt is four years.
- The allocation of long-term debt between floating and fixed interest rates must remain within the defined limits approved by the Audit and Finance Committee.

Group Treasury uses interest-rate swaps and cross-currency interest-rate swaps to ensure that the floating and fixed portions of the long-term debt remain within the defined limits. The Group also may purchase forward starting interest-rate options to convert fixed and floating-rate long-term debt to capped long-term debt. By such interest-rate options, the Group intends to protect itself against adverse fluctuations in interest rates while still having the ability to benefit from decreasing interest rates.

The following table summarizes the weighted average interest rates at the balance sheet date.

2013	Long-term			Short-term	Total
	Fixed rate	Floating rate	Total		
US dollar	5.27%	-	5.27%	1.10%	1.91%
Chinese renminbi	5.86%	5.73%	5.84%	5.14%	5.69%
Euro	4.84%	-	4.84%	0.51%	4.65%
Other	7.58%	3.00%	7.33%	4.79%	5.66%
<b>Total</b>	<b>5.13%</b>	<b>5.30%</b>	<b>5.14%</b>	<b>1.84%</b>	<b>3.81%</b>

2012	Long-term			Short-term	Total
	Fixed rate	Floating rate	Total		
US dollar	5.41%	6.37%	5.41%	1.91%	2.48%
Chinese renminbi	5.76%	5.98%	5.82%	5.29%	5.59%
Euro	5.01%	-	5.01%	1.10%	4.86%
Other	7.70%	3.00%	7.35%	5.65%	6.20%
<b>Total</b>	<b>5.25%</b>	<b>5.56%</b>	<b>5.26%</b>	<b>2.63%</b>	<b>4.05%</b>

## Interest-rate sensitivity analysis

### Interest-rate sensitivity of the financial debt

As disclosed in note 6.17. 'Interest-bearing debt', the total financial debt of the Group as of 31 December 2013 amounted to € 1 003.9 million (2012: € 1 189.7 million). The following table shows the currency and interest rate profile, i.e. the percentage distribution of the total financial debt by currency and by type of interest rate (fixed, floating, capped).

Currency and interest rate profile 2013	Long-term			Short-term	Total
	Fixed rate	Floating rate	Capped rate	Floating rate	
US dollar	7.20%	-	-	30.00%	37.20%
Chinese renminbi	4.60%	1.00%	-	1.20%	6.80%
Euro	43.30%	-	-	-	43.30%
Other	3.30%	0.20%	-	9.20%	12.70%
<b>Total</b>	<b>58.40%</b>	<b>1.20%</b>	<b>-</b>	<b>40.40%</b>	<b>100.00%</b>

Currency and interest rate profile 2012	Long-term			Short-term	Total
	Fixed rate	Floating rate	Capped rate	Floating rate	
US dollar	6.80%	-	-	34.80%	41.60%
Chinese renminbi	3.40%	1.20%	-	3.60%	8.20%
Euro	39.80%	-	-	1.60%	41.40%
Other	2.50%	0.30%	-	6.00%	8.80%
<b>Total</b>	<b>52.50%</b>	<b>1.50%</b>	<b>-</b>	<b>46.00%</b>	<b>100.00%</b>

On the basis of the annualized daily volatility of the 3-month Interbank Offered Rate in 2013 and 2012, the reasonable estimates of possible interest rate changes, with a 95% confidence interval, are set out in the table below for the main currencies.

Currency	Interest rate at 31 Dec 2013	Annualized volatility in %	Range interest rate
Chinese renminbi <sup>1</sup>	5.38%	16.45%	4.50%-6.27%
Euro	0.29%	29.87%	0.20%-0.37%
US dollar	0.25%	11.83%	0.22%-0.28%

Currency	Interest rate at 31 Dec 2012	Annualized volatility in %	Range interest rate
Chinese renminbi <sup>1</sup>	3.58%	16.45%	2.99%-4.17%
Euro	0.19%	31.35%	0.13%-0.25%
US dollar	0.31%	10.44%	0.27%-0.34%

<sup>1</sup> For the Chinese renminbi, the interest rate is the PBOC benchmark interest rate for lending up to six months.

Applying the estimated possible changes in the interest rates to the floating and capped rated debt, with all other variables constant, the result for the period before tax would have been € 0.5 million higher/lower (2012: € 1.2 million higher/lower).

### Interest-rate sensitivity in relation to hedge accounting

Changes in market interest rates in relation to derivatives that are part of effective cash flow hedges to hedge payment fluctuations resulting from interest movements affect the hedging reserve in shareholders' equity and the fair value of these hedging instruments. Applying the estimated possible increases of the interest rates to these transactions, with all other variables constant, the hedging reserve in shareholders' equity would have been € 0.03 million higher (2012: € 0.09 million). Applying the estimated possible decreases of the interest rates to these transactions, with all other variables constant, the hedging reserve in shareholders' equity would have been € 0.03 million lower (2012: € 0.09 million).

### Credit risk

The Group is exposed to credit risk from its operating activities and certain financing activities. In respect of its operating activities, the Group has a credit policy in place, which takes into account the risk profiles of the customers in terms of the market segment to which they belong. Based on activity platform, product sector and geographical area, a credit risk analysis is made of customers and a decision is taken regarding the covering of the credit risk. The exposure to credit risk is monitored on an ongoing basis and credit evaluations are made of all customers. In terms of the characteristics of some steel wire activities with a limited number of global customers, the concentration risk is closely monitored and, in combination with the existing credit policy, action is taken as and when needed. In accordance with IFRS 8 §34, none of the specified disclosures on individual customers (or groups of customers under common control) are required, since none of the Group's customers' accounts for more than 10% of its revenues. At 31 December 2013, 64.4 % (2012: 65.2 %) of the credit risk exposure was covered by credit insurance policies and by trade finance techniques. In respect of financing activities, transactions are normally concluded with counterparties that have at least an A credit rating. There are also limits allocated to each counterparty which depend on their rating. Due to this approach, the Group considers the risk of counterparty default to be limited in both operating and financing activities.

### Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations as they come due because of an inability to liquidate assets or obtain adequate funding. To ensure liquidity and financial flexibility at all times, the Group, in addition to its available cash, has several uncommitted short-term credit lines at its disposal in the major currencies and in amounts considered adequate for current and near-future financing needs. These facilities are generally of the mixed type and may be utilized, for example, for advances, overdrafts, acceptances and discounting. The Group also has committed credit facilities at its disposal up to a maximum equivalent of € 68.1 million (2012: € 75.0 million) at floating interest rates with fixed margins. A credit facility of € 50 million matures in 2016 and a credit facility of USD 25 million matures in 2014. At year-end, nothing was outstanding under these facilities (2012: € 3.5 million). In addition, the Group has a commercial paper and medium-term note program available for a maximum of € 123.9 million (2012: € 123.9 million). At the end of 2013, no commercial paper notes were outstanding (2012: none). At year-end, none of the Group's outstanding debt was subject to debt covenants (2012: none).

The following table shows the Group's contractually agreed (undiscounted) outflows in relation to financial liabilities. Only net interest payments and principal repayments are included.

<b>2013</b> in thousands of €	<b>2014</b>	<b>2015</b>	<b>2016-2018</b>	<b>2019 and thereafter</b>
<b>Financial liabilities - principal</b>				
<i>Trade payables</i>	-338 864	-	-	-
<i>Other payables</i>	-135 255	-186	-	-
<i>Interest-bearing debt</i>	-321 907	-101 787	-534 598	-45 614
<i>Derivatives - gross settled</i>	-461 093	-102 929	-11 667	-
<b>Financial liabilities - interests</b>				
<i>Interest-bearing debt</i>	-45 147	-32 065	-59 728	-14 100
<i>Derivatives - net settled</i>	-2 003	-1 602	-	-
<i>Derivatives - gross settled</i>	-8 945	-4 967	-1 149	-
<b>Total undiscounted cash flow</b>	<b>-1 313 214</b>	<b>-243 536</b>	<b>-607 142</b>	<b>-59 714</b>

<b>2012</b> in thousands of €	<b>2013</b>	<b>2014</b>	<b>2015-2017</b>	<b>2018 and thereafter</b>
<b>Financial liabilities - principal</b>				
<i>Trade payables</i>	-321 760	-	-	-
<i>Other payables</i>	-112 154	-248	-	-
<i>Interest-bearing debt</i>	-342 549	-219 280	-331 753	-296 114
<i>Derivatives - gross settled</i>	-641 845	-14 797	-122 428	-
<b>Financial liabilities - interests</b>				
<i>Interest-bearing debt</i>	-53 390	-41 382	-66 298	-24 069
<i>Derivatives - net settled</i>	-2 023	-2 124	-1 641	-
<i>Derivatives - gross settled</i>	-16 399	-6 217	-6 884	-
<b>Total undiscounted cash flow</b>	<b>-1 490 120</b>	<b>-284 048</b>	<b>-529 004</b>	<b>-320 183</b>

All instruments held at the reporting date and for which payments had been contractually agreed are included. Forecasted data relating to future, new liabilities is not included. Amounts in foreign currencies have been translated at the closing rate at the reporting date. The variable interest payments arising from the financial instruments were calculated using the applicable forward interest rates.

## Hedging

All financial derivatives the Group enters into, relate to an underlying transaction or forecasted exposure. In function of the expected impact on the income statement and if the stringent IAS 39 criteria are met, the Group decides on a case-by-case basis whether hedge accounting will be applied. The following sections describe the transactions whereby hedge accounting is applied and transactions which do not qualify for hedge accounting but constitute an economic hedge.

### Hedge accounting

Depending on the nature of the hedged exposure, IAS 39 makes a distinction between fair value hedges, cash flow hedges and hedges of a net investment. Fair value hedges are hedges of the exposure to variability in the fair value of recognized assets and liabilities or unrecognized firm commitments. Cash flow hedges are hedges of the exposure to variability in future cash flows related to recognized assets or liabilities, highly probable forecasted transactions or, when the hedge relates to currency risk, unrecognized firm commitments. Hedges of a net investment are hedges of the exposure to variability of the net investment in the assets of an entity with a different functional currency.

### Fair value hedges

In 2005, Bekaert Corporation, a USA based entity, issued a fixed rated 100.0 million Eurobond. Simultaneously, the entity also entered into two € 50.0 million cross-currency interest-rate swaps to convert half of the fixed euro payments into floating US dollar payments and the other half of the fixed euro payments into fixed US dollar payments. During 2005, the entity reduced its floating US dollar exposure from € 50.0 million to € 30.9 million.

The Group has designated the portion of € 30.9 million from the 2005 Eurobond as a hedged item in a fair value hedge (the remaining € 69.1 million is treated as a hedged item in a cash flow hedge – see next section). The changes in the fair values of the hedged items resulting from changes in the spot rate USD/EUR are offset against the changes in the value of the cross-currency interest-rate swaps. Credit risks are not addressed or covered by this hedging.

The Group has designated cross-currency interest-rate swaps with an aggregate notional amount of € 29.3 million (2012: € 30.9 million) as fair value hedges as at 31 December 2013, the fair value amounting to € 2.7 million (2012: € 2.3 million). The change in fair value of the hedging instruments during 2013 resulted in a gain of € 0.5 million (2012: € 0.7 million gain) which was recognized in other financial income and expenses. The remeasurement of the hedged items resulted in a loss of € 0.5 million (2012: € 0.7 million loss), which was also recognized in other financial income and expenses. Interest expense adjustments arising from fair value hedges amounted to a gain of € 0.8 million (2012: gain of € 0.8 million).

### Cash flow hedges

The currency risk resulting from the remaining € 69.1 million of the 2005 Eurobond (see previous section on fair value hedges) has been hedged using a cross-currency interest-rate swap for € 50.0 million and a combination of a cross-currency interest-rate swap and an interest-rate swap for € 19.1 million. These financial derivatives convert fixed euro payments into fixed US dollar payments. The Group has designated the related portion of the Eurobond as a hedged item. The objective of the hedge is to eliminate the risk from payment fluctuations as a result of changes in the exchange and interest rates. Credit risks are not addressed or covered by this hedging.

As at 31 December 2013, the Group has designated cross-currency interest-rate swaps and interest-rate swaps with notional amounts totaling € 83.7 million (2012: € 88.2 million) as cash flow hedges, the fair value amounting to € 2.8 million (2012: € -1.0 million). During 2013, gains totaling € 4.0 million (2012: € 3.5 million gains) resulting from the change in fair values of cross-currency and interest-rate swaps were taken directly to equity (hedging reserve). These changes represent the effective portion of the hedge relationship. A total amount of € 3.1 million was debited to equity (hedging reserve) against other financial income and expenses to offset the unrealized exchange losses (2012: losses of € 1.4 million) recognized on the remeasurement of the Eurobond at closing rate. Interest expense adjustments arising from cash flow hedges amounted to a loss of € 0.8 million (2012: a loss of € 0.9 million).

### Hedges of a net investment

Throughout 2013 and 2012, the Group has not concluded or settled any net investment hedges.

### Economic hedging

The Group also uses financial instruments that represent an economic hedge but for which no hedge accounting is applied, either because the criteria to qualify for hedge accounting defined in IAS 39 'Financial Instruments: Recognition and Measurement' are not met or because the Group has elected not to apply hedge accounting. These derivatives are treated as free-standing instruments held for trading.

- The Group uses cross-currency interest-rate swaps and forward exchange contracts to hedge the currency risk on intercompany loans involving two entities with different functional currencies. Until now, the Group has elected not to apply hedge accounting as defined in IAS 39 since nearly all cross-currency interest-rate swaps are floating-to-floating and, hence, the fair value gain or loss on the financial instruments is expected to offset the foreign-exchange result arising from the remeasurement of the intercompany loans. The Group has entered into cross-currency interest-rate swaps with notional amounts totaling € 472.8 million (2012: € 679.6 million), the fair value amounting to € 19.4 million (2012: € 15.8 million). The major currencies involved are US dollars, Canadian dollars and Russian rubles. Foreign-exchange contracts represented a notional amount of € 310.6 million (2012: € 95.6 million) with a fair value of € -7.8 million (2012: € 0.3 million). During 2013, a loss of € 3.7 million (2012: gain of € 36.8 million) resulting from changes in the fair values of cross-currency interest-rate swaps and forward exchange contracts was recognized under other financial income and expenses. A loss of € 4.2 million (2012: loss of € 40.8 million) has been recognized under unrealized exchange results arising on the remeasurement of the intercompany loans at spot rate. Realized exchange gains on hedged intercompany loans amounting to € 0.7 million (2012: € 5.0 million gains) have been recognized in other financial income and expenses. Interest expense adjustments arising from cross-currency interest-rate swaps used as economic hedges for currency risk amounted to a loss of € 6.1 million (2012: € 4.5 million loss).
- To manage its interest-rate exposure, the Group uses interest-rate swaps, forward rate agreements and interest-rate options to convert its floating-rate debt to a fixed and/or capped rate debt. Except for an interest-rate swap for USD 25.0 million, none of these interest-rate derivatives were designated as hedges as defined in IAS 39. As at 31 December 2013, the interest-rate exposure of debt was hedged using interest-rate swaps for a total gross amount of € 29 million (2012: € 30.3 million). No forward rate agreements and no interest rate options were outstanding at 31 December 2013 (2012: none). The fair value at year-end of the interest-rate swaps amounted to € -1.5 million (2012: € -2.8 million). During 2013, a gain of € 1.3 million (2012: € 0.8 million gain) resulting from the changes in fair values was recognized under other financial income and expenses. Interest expense adjustments arising from interest-rate swaps used as economic hedges amounted to a loss of € 1.4 million (2012: loss of € 1.4 million).

- The Group uses forward exchange contracts to limit currency risks on its various operating and, financing activities. Since the Group has not designated its forward exchange contracts as cash flow hedges, the fair value change is recorded immediately under other financial income and expenses. As at 31 December 2013, the notional amount of the forward exchange contracts relating to commercial transactions was € 41.8 million (2012: € 49.3 million). The fair value at year-end amounted to € 0.4 million (2012: € 0.1 million), with a gain of € 0.4 million (2012: € 0.1 million loss). A loss of € 7.5 million (2012: € 11.7 million gain) was incurred from unrealized exchange losses on receivables and payables. However, the forward exchange contracts also relate to forecasted commercial transactions, for which there is no offsetting position on the balance sheet. Realized exchange results on hedged operating and financial payables and receivables amounted to a gain of € 4.0 million (2012: loss of € 12.8 million).

## Derivatives

The following table analyzes the notional amounts of the derivatives according to their maturity date:

2013	Due within one year	Due between one and 5 years	Due after more than 5 years
in thousands of €			
Interest-rate swaps	-	47 132	-
Forward exchange contracts	352 403	-	-
Cross-currency interest-rate swaps	461 093	114 596	-
<b>Total</b>	<b>813 496</b>	<b>161 728</b>	<b>-</b>

2012	Due within one year	Due between one and 5 years	Due after more than 5 years
in thousands of €			
Interest-rate swaps	-	49 265	-
Forward exchange contracts	132 231	12 440	-
Cross-currency interest-rate swaps	643 390	137 224	-
<b>Total</b>	<b>775 621</b>	<b>198 929</b>	<b>-</b>

The following table summarizes the fair values of the various derivatives carried. A distinction is made depending on whether these are part of a hedging relationship as set out in IAS 39 (fair value hedge or cash flow hedge).

Fair value of current and non-current derivatives	Assets		Liabilities	
	2012	2013	2012	2013
in thousands of €				
<b>Financial instruments</b>				
Forward exchange contracts				
<i>Held for trading</i>	1 035	543	603	7 931
Interest-rate swaps				
<i>Held for trading</i>	-	-	2 879	1 515
<i>In connection with cash flow hedges</i>	-	-	1 687	885
Cross-currency interest-rate swaps				
<i>Held for trading</i>	18 210	21 473	2 409	2 033
<i>In connection with fair value hedges</i>	2 277	2 671	-	-
<i>In connection with cash flow hedges</i>	1 408	3 638	757	-
<b>Total</b>	<b>22 930</b>	<b>28 325</b>	<b>8 335</b>	<b>12 364</b>
Non-current	7 954	14 760	5 324	2 022
Current	14 976	13 565	3 011	10 342
<b>Total</b>	<b>22 930</b>	<b>28 325</b>	<b>8 335</b>	<b>12 364</b>

The Group has no financial assets and financial liabilities that are presented net in the balance sheet due to set-off in accordance with IAS 32. The Group enters into ISDA master agreements with its counterparties for all of its derivatives, allowing the counterparties to net derivative assets with derivative liabilities when settling in case of default. Under these agreements, no collateral is being exchanged, neither in cash nor in securities.



The potential effect of the netting of derivative contracts is shown below:

Effect of enforceable netting agreements in thousands of €	Assets		Liabilities	
	2012	2013	2012	2013
Total derivatives recognized in balance sheet	22 930	28 325	8 335	12 364
Enforceable netting	-6 899	-5 372	-6 899	-5 372
<b>Net amounts</b>	<b>16 031</b>	<b>22 953</b>	<b>1 436</b>	<b>6 992</b>

The table below shows how the use of derivatives mitigated the impact of the underlying risks on the income statement:

2013 in thousands of €	Hedged item	Hedging instrument	Other	Recognized in profit or loss
			Interest expense adjustments	
Fair value hedges	Fair value changes	Fair value changes		
<i>Currency and interest-rate risk on financing cash flows</i>	-494	512	842	860
Cash flow hedges				
<i>Interest expense adjustments and amortization of discontinued hedges (recycled from equity)</i>	-	-	-803	-803
	<b>Underlying risk</b>	<b>Financial derivative</b>		
	Unrealized exchange results	Fair value changes	Realized exchange results	
Held for trading				
<i>Currency risk on financing cash flows</i>	-4 162	-3 737	687	-7 212
<i>Currency risk on operating and investing cash flows</i>	-7 519	387	3 956	-3 176
			Interest expense adjustments	
<i>Interest-rate risk</i>	-	1 288	-7 481	-6 193
<b>Total</b>	<b>-12 175</b>	<b>-1 550</b>	<b>-2 799</b>	<b>-16 524</b>

Of the total income statement effect in 2013, € -4.5 million is recognized in other financial income and expenses, € -4.6 million in other operating revenues and expenses (i.e. realized exchange results on operating cash flows) and € -7.4 million in interest expense.

2012 in thousands of €	Hedged item	Hedging instrument	Other	Recognized in profit or loss
			Interest expense adjustments	
Fair value hedges	Fair value changes	Fair value changes		
<i>Currency and interest-rate risk on financing cash flows</i>	-741	719	763	741
Cash flow hedges				
<i>Interest expense adjustments and amortization of discontinued hedges (recycled from equity)</i>	-	-	-930	-930
	<b>Underlying risk</b>	<b>Financial derivative</b>		
	Unrealized exchange results	Fair value changes	Realized exchange results	
Held for trading				
<i>Currency risk on financing cash flows</i>	-40 817	36 839	4 985	1 007
<i>Currency risk on operating and investing cash flows</i>	-5 408	5 256	-1 946	-2 098
			Interest expense adjustments	
<i>Interest-rate risk</i>	-	845	-5 903	-5 058
<b>Total</b>	<b>-46 966</b>	<b>43 659</b>	<b>-3 031</b>	<b>-6 338</b>

Of the total income statement effect in 2012, € -1.3 million is recognized in other financial income and expenses, € +1.1 million in other operating revenues and expenses (i.e. realized exchange results on operating cash flows) and € -6.1 million in interest expense.

Cash flow hedges also directly affect equity via other comprehensive income, as shown below:

<b>2013</b> in thousands of €	<b>Hedged item</b>	<b>Hedging instrument</b>	<b>Other</b>	<b>Recognized in equity (OCI)</b>
	Spot price changes	Fair value changes		
Cash flow hedges				
<i>Currency and interest-rate risk on financing cash flows</i>	-3 107	3 889	-	782
<i>Amortization of discontinued hedges (recycled to profit or loss)</i>	-	-	72	72

<b>2012</b> in thousands of €	<b>Hedged item</b>	<b>Hedging instrument</b>	<b>Other</b>	<b>Recognized in equity (OCI)</b>
	Spot price changes	Fair value changes		
Cash flow hedges				
<i>Currency and interest-rate risk on financing cash flows</i>	-1 371	3 426	-	2 055
<i>Amortization of discontinued hedges (recycled to profit or loss)</i>	-	-	78	78

#### Additional disclosures on financial instruments by class and category

The following tables list the different classes of financial assets and liabilities with their carrying amounts in the balance sheet and their respective fair value and analyzed by their measurement category in accordance with IAS 39, Financial Instruments: Recognition and Measurement or IAS 17, Leases.

Cash and cash equivalents, short-term deposits, trade and other receivables, bills of exchange received, loans and receivables primarily have short terms to maturity; hence, their carrying amounts at the reporting date approximate the fair values. Furthermore, the Group has no exposure to collateralized debt obligations (CDOs). Trade and other payables also generally have short times to maturity and, hence, their carrying amounts also approximate their fair values.

The following categories and abbreviations are used in the table below:

<b>Abbreviation</b>	<b>Category in accordance with IAS 39</b>
L&R	Loans & Receivables
AfS	Available for Sale
FAFVTPL	Financial Assets at Fair Value Through Profit or Loss
FLMaAC	Financial Liabilities Measured at Amortized Cost
Hedge accounting	Hedge accounting
FLFVTPL	Financial Liabilities at Fair Value Through Profit or Loss
n.a.	Not applicable

2013 in thousands of €	Category in accordance with IAS 39	Carrying	Amounts recognized in balance sheet in accordance with IAS 39 at			Amounts recognized in balance sheet in accordance with IAS 17	Fair value 2013
		amount 2013	Amortized cost	Fair value through equity	Fair value through profit or loss		
<b>Assets</b>							
Cash and cash equivalents	L&R	391 857	391 857	-	-	-	391 857
Short-term deposits	L&R	10 172	10 172	-	-	-	10 172
Trade receivables	L&R	584 455	584 455	-	-	-	584 455
Bills of exchange received	L&R	110 218	110 218	-	-	-	110 218
Other receivables	L&R	83 781	83 781	-	-	-	83 781
Loans and receivables	L&R	31 748	31 748	-	-	-	31 748
Available-for-sale financial assets	AfS	8 713	975	7 738	-	-	8 713
Derivative financial assets							
- without a hedging relationship	FAFVTPL	22 016	-	-	22 016	-	22 016
- with a hedging relationship	Hedge accounting	6 309	-	3 638	2 671	-	6 309
<b>Liabilities</b>							
Interest-bearing debt							
- finance leases	n.a.	196	-	-	-	196	196
- credit institutions	FLMaAC	258 837	258 837	-	-	-	258 837
- bonds	Hedge accounting	101 118	69 107	-	32 011	-	103 619
- bonds	FLMaAC	650 000	650 000	-	-	-	676 637
Trade payables	FLMaAC	338 864	338 864	-	-	-	338 864
Other payables	FLMaAC	135 441	135 441	-	-	-	135 441
Derivative financial liabilities							
- without a hedging relationship	FLFVTPL	11 479	-	-	11 479	-	11 479
- with a hedging relationship	Hedge accounting	885	-	885	-	-	885
<b>Aggregated by category in accordance with IAS 39</b>							
Loans and receivables	L&R	1 212 231	1 212 231	-	-	-	1 212 231
Available-for-sale financial assets	AfS	8 713	975	7 738	-	-	8 713
Financial assets - hedge accounting	Hedge accounting	6 309	-	3 638	2 671	-	6 309
Financial assets at fair value through profit or loss	FAFVTPL	22 016	-	-	22 016	-	22 016
Financial liabilities measured at amortized cost							
Financial liabilities - hedge accounting	FLMaAC	1 383 142	1 383 142	-	-	-	1 409 779
Financial liabilities at fair value through profit or loss	Hedge accounting	102 003	69 107	885	32 011	-	104 504
Financial liabilities at fair value through profit or loss	FLFVTPL	11 479	-	-	11 479	-	11 479

2012 in thousands of €	Category in accordance with IAS 39	Carrying amount	Amounts recognized in balance sheet in accordance with IAS 39 at				Amounts recognized in balance sheet in accordance with IAS 17	Fair value 2012
		2012	Amortized cost	Fair value through equity	Fair value through profit or loss	Fair value through profit or loss		
<b>Assets</b>								
Cash and cash equivalents	L&R	352 312	352 312	-	-	-	-	352 312
Short-term deposits	L&R	104 792	104 792	-	-	-	-	104 792
Trade receivables	L&R	589 109	589 109	-	-	-	-	589 109
Bills of exchange received	L&R	162 734	162 734	-	-	-	-	162 734
Other receivables	L&R	84 325	84 325	-	-	-	-	84 325
Loans and receivables	L&R	35 363	35 363	-	-	-	-	35 363
Available-for-sale financial assets	AfS	11 305	3 360	7 945	-	-	-	11 305
Derivative financial assets								
- without a hedging relationship	FAFVTPL	19 245	-	-	19 245	-	-	19 245
- with a hedging relationship	Hedge accounting	3 685	-	1 408	2 277	-	-	3 685
<b>Liabilities</b>								
Interest-bearing debt								
- finance leases	n.a.	257	-	-	-	257	-	257
- credit institutions	FLMaAC	340 273	340 273	-	-	-	-	340 273
- bonds	Hedge accounting	102 069	691 087	-	32 962	-	-	106 697
- bonds	FLMaAC	750 000	750 000	-	-	-	-	791 175
Trade payables	FLMaAC	321 760	321 760	-	-	-	-	321 760
Other payables	FLMaAC	112 402	112 402	-	-	-	-	112 402
Derivative financial liabilities								
- without a hedging relationship	FLFVTPL	5 891	-	-	5 891	-	-	5 891
- with a hedging relationship	Hedge accounting	2 444	-	2 444	-	-	-	2 444
<b>Aggregated by category in accordance with IAS 39</b>								
Loans and receivables	L&R	1 328 635	1 328 635	-	-	-	-	1 328 635
Available-for-sale financial assets	AfS	11 305	3 360	7 945	-	-	-	11 305
Financial assets - hedge accounting	Hedge accounting	3 685	-	1 408	2 277	-	-	3 685
Financial assets at fair value through profit or loss	FAFVTPL	19 245	-	-	19 245	-	-	19 245
Financial liabilities measured at amortized cost	FLMaAC	1 524 435	1 524 435	-	-	-	-	1 565 610
Financial liabilities - hedge accounting	Hedge accounting	104 513	691 087	2 444	32 962	-	-	109 141
Financial liabilities at fair value through profit or loss	FLFVTPL	5 891	-	-	5 891	-	-	5 891

## Financial instruments by fair value measurement hierarchy

The fair value measurement of financial assets and financial liabilities can be characterized in one of the following ways:

- 'Level 1' fair value measurement: the fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices in active markets for identical assets and liabilities. This mainly relates to available-for-sale financial assets such as the investment in Shougang Concord Century Holdings Ltd (see note 6.5. 'Other non-current assets').
- 'Level 2' fair value measurement: the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. This mainly relates to derivative financial instruments. Forward exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturities of the contracts. Interest-rate swaps, forward rate agreements and interest-rate options are measured at the present value of future cash flows estimated and discounted using the applicable yield curves derived from quoted interest rates. The fair value measurement of cross-currency interest-rate swaps is based on discounted estimated cash flows using quoted forward exchange rates, quoted interest rates and applicable yield curves derived therefrom.
- 'Level 3' fair value measurement: the fair values of the remaining financial assets and financial liabilities are derived from valuation techniques which include inputs which are not based on observable market data. As at the balance sheet date, no 'Level 3' techniques were used to determine the fair value of any financial assets or financial liabilities.

The fair value of all financial instruments measured at amortized cost in the balance sheet, either in accordance with IAS 39 or with IAS 17 (see previous table in this disclosure), has been determined using 'Level 2' fair value measurement techniques. The following table provides an analysis of financial instruments measured at fair value in the balance sheet, in accordance with the fair value measurement hierarchy described above:

<b>2013</b>				
in thousands of €	Level 1	Level 2	Level 3	Total
Financial assets - hedge accounting				
<i>Derivative financial assets</i>	-	6 309	-	6 309
Financial assets at fair value through profit or loss				
<i>Derivative financial assets</i>	-	22 016	-	22 016
Available-for-sale financial assets				
<i>Equity investments</i>	7 248	490	-	7 738
<b>Total assets</b>	<b>7 248</b>	<b>28 815</b>	<b>-</b>	<b>36 063</b>
Financial liabilities - hedge accounting				
<i>Interest-bearing debt</i>	-	32 011	-	32 011
<i>Derivative financial liabilities</i>	-	885	-	885
Financial liabilities at fair value through profit or loss				
<i>Derivative financial liabilities</i>	-	11 479	-	11 479
<b>Total liabilities</b>	<b>-</b>	<b>44 375</b>	<b>-</b>	<b>44 375</b>
<b>2012</b>				
in thousands of €	Level 1	Level 2	Level 3	Total
Financial assets - hedge accounting				
<i>Derivative financial assets</i>	-	3 685	-	3 685
Financial assets at fair value through profit or loss				
<i>Derivative financial assets</i>	-	19 245	-	19 245
Available-for-sale financial assets				
<i>Equity investments</i>	7 945	-	-	7 945
<b>Total assets</b>	<b>7 945</b>	<b>22 930</b>	<b>-</b>	<b>30 875</b>
Financial liabilities - hedge accounting				
<i>Interest-bearing debt</i>	-	32 962	-	32 962
<i>Derivative financial liabilities</i>	-	2 444	-	2 444
Financial liabilities at fair value through profit or loss				
<i>Derivative financial liabilities</i>	-	5 891	-	5 891
<b>Total liabilities</b>	<b>-</b>	<b>41 297</b>	<b>-</b>	<b>41 297</b>

There were no transfers between Level 1 and 2 in the period.

## Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the net debt and equity balance. The Group's overall strategy remains unchanged from 2012.

The capital structure of the Group consists of net debt, which includes the elements disclosed in note 6.17. 'Interest-bearing debt', and equity (both attributable to the Group and to non-controlling interests).

### Gearing ratio

The Group's Audit and Finance Committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 50% determined as the proportion of net debt to equity.

<b>Gearing</b> in thousands of €	<b>2012</b>	<b>2013</b>
Net debt	700 197	574 016
Equity	1 603 593	1 503 876
<b>Net debt to equity ratio</b>	<b>43.7%</b>	<b>38.2%</b>

## 7.4. Off-balance-sheet commitments

As at 31 December, the important commitments were:

in thousands of €	2012	2013
Guarantees given to third parties on behalf of subsidiaries	240 168	185 293
Commitments to purchase fixed assets	5 339	12 718
Commitments to invest in venture capital funds	7 454	6 669

The decrease in guarantees given to third parties mainly relates to the lower draw-downs by the Chinese companies. The amount contains guarantees related to loans (€ 19.5 million) taken out by Vicson SA (Venezuela); this company is exposed to restrictions on the repatriation of cash due to foreign exchange regulations in Venezuela.

The Group has entered into several rental contracts classified as operating leases mainly with respect to vehicles and buildings, predominantly in Europe. A large portion of the contracts contain a renewal clause, except those relating to most of the vehicles and the equipment. The assets are not subleased to a third party.

Future payments in thousands of €	2012	2013
Within one year	13 327	12 338
Between one and five years	23 740	22 899
More than five years	4 367	4 024
<b>Total</b>	<b>41 434</b>	<b>39 261</b>

Expenses in thousands of €	2012	2013
Vehicles	10 720	9 498
Industrial buildings	3 030	2 854
Equipment	1 876	2 385
Offices	4 480	4 135
Land	-34	387
Other	1 061	832
<b>Total</b>	<b>21 133</b>	<b>20 091</b>

2012 in years	Weighted average lease term	Weighted average fixed period of rental
Vehicles	4	4
Industrial buildings	4	3
Equipment	4	4
Offices	4	4
Land	9	9
Other	1	1

2013 in years	Weighted average lease term	Weighted average fixed period of rental
Vehicles	4	4
Industrial buildings	4	3
Equipment	4	4
Offices	4	4
Land	5	5
Other	1	1

No major contingent assets or liabilities have been identified, which relate to the fully consolidated companies. The entities of the Group are subjected to regular tax audits in their jurisdictions. While the ultimate outcome of tax audits is not certain, Bekaert has considered the merits of its filing positions in an overall evaluation of potential tax liabilities and concludes that the Group has adequate liabilities recorded in its consolidated financial statements for exposures on these matters. Accordingly, Bekaert also considers it unlikely that potential tax exposures over and above the amounts currently recorded as liabilities in the consolidated financial statements will be material to its financial condition (see note 6.4. 'Investments in joint ventures and associates' for tax contingencies relating to the Brazilian joint ventures).

## 7.5. Related parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated in the consolidation and are accordingly not disclosed in this note. Transactions with other related parties are disclosed below.

<b>Transactions with joint ventures</b> in thousands of €	<b>2012</b>	<b>2013</b>
Sales of goods	16 054	26 863
Purchases of goods	10 654	11 264
Royalties and management fees received	10 579	10 891
Interest and similar income	48	152
Dividends received	7 207	12 509

<b>Outstanding balances with joint ventures</b> in thousands of €	<b>2012</b>	<b>2013</b>
Trade receivables	7 017	12 446
Other current receivables	999	-
Trade payables	1 639	2 315

None of the related parties have entered into any other transactions with the Group that meet the requirements of IAS 24, Related Party Disclosures.

Key Management includes the Board of Directors, the CEO, the members of the Bekaert Group Executive (see last page of the Financial Review) and Senior Management (see last page of the Financial Review).

<b>Key Management remuneration</b> in thousands of €	<b>2012</b>	<b>2013</b>
Number of persons	34	33
Short-term employee benefits		
<i>Basic remuneration</i>	6 595	6 284
<i>Variable remuneration</i>	2 395	249
<i>Remuneration as directors of subsidiaries</i>	955	989
Post-employment benefits		
<i>Defined-benefit pension plans</i>	559	609
<i>Defined-contribution pension plans</i>	536	541
Share-based payment benefits	2 341	2 913
<b>Total gross remuneration</b>	<b>13 381</b>	<b>11 585</b>
Average gross remuneration per person	394	351
Number of options and stock appreciation rights granted <sup>1</sup>	165 000	442 000

<sup>1</sup> The number for 2013 includes an exceptional grant of options and stock appreciation rights.

The disclosures relating to the Belgian Corporate Governance Code are included in the Corporate Governance Statement of this annual report.

## 7.6. Events after the balance sheet date

- On 19 February 2014, the authorities of Venezuela published a new law on Foreign Currency Transactions (Alternative systems), permitting individuals and legal entities to purchase foreign currency, outside of the Cencoex system, offered by (1) individuals and legal entities in the private sector; (2) Petróleos de Venezuela SA ("PDVSA"); (3) the Venezuelan Central Bank; and (4) other public entities approved by the Ministry of Finance. More regulation is still pending, which will allow companies to participate in the new system. When the new system comes into effect, this will affect the financial statements of Vicson SA and its subsidiary InverVicson SA (see also note 3.1. 'Critical judgments in applying the entity's accounting policies').
- A fourth regular offer of 382 200 options was made on 19 December 2013 under the terms of the SOP 2010-2014 stock option plan. 373 450 of those options were accepted, and were granted on 17 February 2014. Their exercise price is € 25.38. The granted options represent a fair value of € 3.0 million.



- Under the terms of the USA SAR plans, a regular offer of 36 800 Stock Appreciation Rights was made on 19 December 2013. All of those rights were accepted, and will be granted when the acceptance term expires on 31 March 2014. Their exercise price is € 25.66. The granted rights represent a fair value of € 0.3 million.
- Under the terms of the other SAR plans, a regular offer of 54 800 Stock Appreciation Rights was made on 19 December 2013. All of those rights were accepted, and were granted on 17 February 2014. Their exercise price is € 25.38. The granted rights represent a fair value of € 0.4 million.
- On February 28, 2014, Bekaert has reached an agreement with Pirelli for the acquisition of Pirelli's steel cord activities. As part of this transaction, Bekaert and Pirelli will enter into a long-term supply agreement of tire cord to Pirelli. The acquisition agreement includes the purchase by Bekaert of Pirelli's steel cord manufacturing sites in Figline Valdarno (Italy), Slatina (Romania), Izmit (Turkey), Yanzhou (China) and Sumaré (Brazil). The deal includes all of the personnel and assets of the respective entities. The transaction is estimated to add approximately € 300 million to Bekaert's consolidated sales on an annual basis. The deal has an enterprise value of € 255 million and is subject to customary closing conditions.
- In February 2014, Bekaert, through its Canadian affiliate Wire Rope Industries, started manufacturing steel ropes in a production facility in Belton, Texas.

## 7.7. Services provided by the statutory auditor and related persons

During 2013, the statutory auditor and persons professionally related to him performed additional services for fees amounting to € 1 350 800.

These fees relate essentially to further assurance services (€ 75 000), tax advisory services (€ 1 111 000) and other non-audit services (€ 164 800).

The additional services were approved by the Audit and Finance Committee.

The audit fees for NV Bekaert SA and its subsidiaries amounted to € 1 591 197.

## 7.8. Subsidiaries, joint ventures and associates

### Companies forming part of the Group as at 31 December 2013

#### Subsidiaries

<i>Industrial companies</i>	<i>Address</i>	<i>%</i>
<b>EMEA</b>		
Bekaert Bohumín sro	Bohumín, Czech Republic	100
Bekaert Carding Solutions Ltd	Bradford, United Kingdom	100
Bekaert Carding Solutions NV	Deerlijk, Belgium	100
Bekaert Combustion Technology BV	Assen, Netherlands	100
Bekaert Hlohovec as	Hlohovec, Slovakia	100
Bekaert Izmit Celik Kord Sanayi ve Ticaret AS	Izmit, Turkey	100
Bekaert Petrovice sro	Petrovice, Czech Republic	100
Bekaert Sardegna SpA	Assemini, Italy	100
Bekaert Slovakia sro	Sládkovičovo, Slovakia	100
Bekintex NV	Wetteren, Belgium	100
Cold Drawn Products Ltd	Bradford, United Kingdom	100
Industrias del Ubierna SA	Burgos, Spain	100
OOO Bekaert Lipetsk	Gryazi, Russian Federation	100
Solaronics SA	Armentières, France	100
<b>North America</b>		
Bekaert Canada Ltd	Surrey, Canada	100
Bekaert Corporation	Wilmington (Delaware), United States	100
Wire Rope Industries Ltd	Pointe-Claire, Canada	52
<b>Latin America</b>		
Acma SA	Santiago, Chile	52
Acmanet SA	Talcahuano, Chile	52
Bekaert Costa Rica SA	San José-Santa Ana, Costa Rica	100
Ideal Alambrec SA	Quito, Ecuador	80
Industrias Chilenas de Alambre - Inchalam SA	Talcahuano, Chile	52
Procables SA	Callao, Peru	50
Productora de Alambres Colombianos Proalco SAS	Bogotá, Colombia	80
Productos de Acero Cassadó SA	Callao, Peru	38
Productos de Acero SA Prodinsa	Maipú, Chile	52
Vicson SA	Valencia, Venezuela	80
<b>Asia Pacific</b>		
Bekaert Ansteel Tire Cord (Chongqing) Co Ltd	Chongqing, China	50
Bekaert Binjiang Advanced Products Co Ltd	Jiangyin (Jiangsu province), China	90
Bekaert Binjiang Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	90
Bekaert Carding Solutions Pvt Ltd	Pune, India	100
Bekaert (China) Technology Research and Development Co Ltd	Jiangyin (Jiangsu province), China	100
Bekaert (Huizhou) Steel Cord Co Ltd	Huizhou (Guangdong province), China	100
Bekaert Industries Pvt Ltd	Taluka Shirur, District Pune, India	100
Bekaert-Jiangyin Wire Products Co Ltd	Jiangyin (Jiangsu province), China	82
Bekaert Mukand Wire Industries Pvt Ltd	Pune, India	94
Bekaert New Materials (Suzhou) Co Ltd	Suzhou (Jiangsu province), China	100
Bekaert (Qingdao) Wire Products Co Ltd	Qingdao (Shandong province), China	100
Bekaert (Shandong) Tire Cord Co Ltd	Weihai (Shandong province), China	100
Bekaert Shenyang Advanced Products Co Ltd	Shenyang (Liaoning province), China	100
Bekaert Southern Speciality Wire Sdn Bhd	Kuala Lumpur, Malaysia	55
Bekaert Southern Wire Sdn Bhd	Kuala Lumpur, Malaysia	55
Bekaert Toko Metal Fiber Co Ltd	Tokyo, Japan	70
Bekaert (Xinyu) New Materials Co Ltd	Xinyu City (Jiangxi province), China	75
China Bekaert Steel Cord Co Ltd	Jiangyin (Jiangsu province), China	90
PT Bekaert Indonesia	Karawang, Indonesia	100
PT Bekaert Southern Wire	Karawang, Indonesia	55
Shanghai Bekaert-Ergang Co Ltd	Shanghai, China	70
Wuxi Bekaert Textile Machinery and Accessories Co Ltd	Wuxi (Jiangsu province), China	75

<b>Sales offices, warehouses and others</b>	<b>Address</b>	<b>%</b>
<b>EMEA</b>		
Barnards Unlimited	Bradford, United Kingdom	100
Bekaert AS	Vejle, Denmark	100
Bekaert Carding Solutions SAS	Armentières, France	100
Bekaert Combustion Technology Ltd	Solihull, United Kingdom	100
Bekaert Emirates LLC	Dubai, United Arab Emirates	49
Bekaert France SAS	Antony, France	100
Bekaert Ges mbH	Vienna, Austria	100
Bekaert GmbH	Neu-Anspach, Germany	100
Bekaert Ltd	Bradford, United Kingdom	100
Bekaert Middle East LLC	Dubai, United Arab Emirates	49
Bekaert Norge AS	Frogner, Norway	100
Bekaert Poland Sp z oo	Warsaw, Poland	100
Bekaert (Schweiz) AG	Baden, Switzerland	100
Bekaert Svenska AB	Gothenburg, Sweden	100
Bekaert Tarak Aksesuarları ve Makineleri Ticaret AS	Istanbul, Turkey	100
Lane Brothers Engineering Industries	Bradford, United Kingdom	100
Leon Bekaert SpA	Trezzano Sul Naviglio, Italy	100
OOO Bekaert Wire	Moscow, Russian Federation	100
Rylands-Whitecross Ltd	Bradford, United Kingdom	100
Sentinel (Wire Products) Ltd	Bradford, United Kingdom	100
Sentinel Wire Fencing Ltd	Bradford, United Kingdom	100
Scheldestroom NV	Zwevegem, Belgium	100
Solaronics GmbH	Achim, Germany	100
Tinsley Wire Ltd	Bradford, United Kingdom	100
Twil Company	Bradford, United Kingdom	100
<b>North America</b>		
Bekaert Carding Solutions Inc / Bekaert Solutions de Cardage Inc	Saint John, Canada	100
Bekaert Specialty Films de Mexico SA de CV	Monterrey, Mexico	100
Bekaert Trade Mexico S de RL de CV	Mexico City, Mexico	100
Specialty Films de Services Company SA de CV	Monterrey, Mexico	100
Wire Rope Industries Inc	Wilmington (Delaware), United States	52
<b>Latin America</b>		
Bekaert Guatemala SA	Ciudad de Guatemala, Guatemala	100
Bekaert Trade Latin America NV	Curaçao, Netherlands Antilles	100
Prodac Contrata SAC	Callao, Peru	38
Prodac Selva SAC	Ucayali, Peru	38
Prodalam SA	Santiago, Chile	52
Prodinsa Ingeniería y Proyectos SA	Santiago, Chile	52
<b>Asia Pacific</b>		
Bekaert Advanced Products (Shanghai) Co Ltd	Shanghai, China	100
Bekaert Japan Co Ltd	Tokyo, Japan	100
Bekaert Korea Ltd	Seoul, Korea	100
Bekaert Management (Shanghai) Co Ltd	Shanghai, China	100
Bekaert Singapore Pte Ltd	Singapore	100
Bekaert Taiwan Co Ltd	Taipei, Taiwan	100
Cempaka Raya Sdn Bhd	Kuala Lumpur, Malaysia	55
PT Bekaert Trade Indonesia	Karawang, Indonesia	100

<b>Financial companies</b>	<b>Address</b>	<b>%</b>
Acma Inversiones SA	Talcahuano, Chile	52
Becare Ltd	Dublin, Ireland	100
Bekaert Building Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Carding Solutions Hong Kong Ltd	Hong Kong, China	100
Bekaert Coördinatiecentrum NV	Zwevegem, Belgium	100
Bekaert do Brasil Ltda	Contagem, Brazil	100
Bekaert Holding Hong Kong Ltd	Hong Kong, China	100
Bekaert Ibérica Holding SL	Burgos, Spain	100
Bekaert Ideal SL	Burgos, Spain	80
Bekaert Investments NV	Zwevegem, Belgium	100
Bekaert Investments Italia SpA	Trezzano Sul Naviglio, Italy	100
Bekaert North America Management Corporation	Wilmington (Delaware), United States	100
Bekaert Sàrl	Luxemburg, Luxemburg	100
Bekaert Services Hong Kong Ltd	Hong Kong, China	100
Bekaert Southern Wire Pte Ltd	Singapore	55
Bekaert Specialty Films Hong Kong Ltd	Hong Kong, China	100
Bekaert Specialty Wire Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Stainless Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Steel Cord Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Strategic Partnerships Hong Kong Ltd	Hong Kong, China	100
Bekaert Wire Products Hong Kong Ltd	Hong Kong, China	100
Bekaert Xinyu Hong Kong Limited	Hong Kong, China	100
Impala SA	Panama, Panama	52
Industrias Acmanet Ltda	Talcahuano, Chile	52
InverVicson SA	Valencia, Venezuela	80
Sentinel Garden Products Ltd	Bradford, United Kingdom	100

### Joint ventures

#### Industrial companies

##### Latin America

Belgo Bekaert Arames Ltda	Contagem, Brazil	45
BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	Vespasiano, Brazil	45

##### Asia Pacific

Bekaert Xinyu Metal Products Co Ltd	Xinyu City (Jiangxi province), China	50
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#### Sales offices, warehouses and others

##### EMEA

Bekaert Faser Vertriebs GmbH	Idstein, Germany	50
Netlon Sentinel Ltd	Blackburn, United Kingdom	50

##### Asia Pacific

Bekaert Engineering (India) Pvt Ltd	New Delhi, India	40
BOSFA Pty Ltd	Port Melbourne, Australia	50

## Changes in 2013

### 1. New investments

<b>Subsidiaries</b>	<b>Address</b>	<b>%</b>
Bekaert Costa Rica SA	San José-Santa Ana, Costa Rica	100
PT Bekaert Trade Indonesia	Karawang, Indonesia	100

### 2. Disposals

<b>Advanced Filtration</b>	<b>Address</b>	
Bekaert Advanced Filtration SA	Sprimont, Belgium	From 100 to 0
PT Bekaert Advanced Filtration	Karawang, Indonesia	From 100 to 0

### 3. Changes in ownership without change in control

<b>Subsidiaries</b>	<b>Address</b>	
Bekaert Mukand Wire Industries Pvt Ltd	Pune, India	From 93 to 94

### 4. Mergers / conversions

<b>Subsidiaries</b>	<b>Merged into</b>
Bekaert Carding Solutions Inc Bekaert Holding BV	Bekaert Corporation Bekaert Combustion Technology BV

### 5. Closed down

<b>Companies</b>	<b>Address</b>
Alambres Andinos SA (Alansa)	Quito, Ecuador
Bekaert Industrial Coatings Hong Kong Ltd	Hong Kong, China
Bekaert Romania SRL	Bucharest, Romania
Bekaert Specialty Films (SEA) Pte Ltd	Singapore
Solaronics AB	Vänernborg, Sweden
Solaronics Oy	Vantaa, Finland

In accordance with Belgian legislation, the table below lists the registered numbers of the Belgian companies.

<b>Companies</b>	<b>Company number</b>
Bekaert Advanced Filtration SA	TVA BE 0430.104.631 RPM Liège
Bekaert Carding Solutions NV	BTW BE 0405.443.271 RPR Kortrijk
Bekaert Coördinatiecentrum NV	BTW BE 0426.824.150 RPR Kortrijk
Bekaert Investments NV	BTW BE 0406.207.096 RPR Kortrijk
Bekintex NV	BTW BE 0452.746.609 RPR Dendermonde
NV Bekaert SA	BTW BE 0405.388.536 RPR Kortrijk
Scheldestroom NV	BTW BE 0403.676.188 RPR Kortrijk

## 7.9. Restatement effects

The 2012 comparative information has been restated due to the retrospective application of IAS 19R, Employee Benefits. The limited effects of this restatement on each of the financial statements have been summarized below:

<b>Restated items</b> in thousands of €	<b>Restatement effects</b> <b>FY 2012</b>
<b>Consolidated income statement</b>	
<i>Cost of sales</i>	-90
Gross profit	-90
<i>Administrative expenses</i>	-565
Operating result before non-recurring items (REBIT)	-655
Operating result (EBIT)	-655
<i>Interest expenses</i>	-1 281
Result before taxes	-1 936
Result after taxes (consolidated companies)	-1 936
Result for the period	-1 936
Attributable to the Group	-1 936
Attributable to non-controlling interests	-
Earnings per share (in € per share)	
Result for the period attributable to the Group	
Basic	-0.03
Diluted	-0.03
<b>Consolidated statement of comprehensive income</b>	
<i>Remeasurement gains and losses on defined-benefit plans</i>	1 815
OCI not to be reclassified to profit or loss in subsequent periods, after tax	1 815
Other comprehensive income for the period	1 815
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-121</b>
Attributable to the Group	-121
Attributable to non-controlling interests	-
<b>Consolidated balance sheet</b>	
<i>Retained earnings</i>	-1 936
<i>Other Group reserves</i>	1 815
Equity attributable to the Group	-121
<i>Employee benefit obligations</i>	121
Non-current liabilities	121
Total	-
<b>Consolidated cash flow statement</b>	
<i>Operating result (EBIT)</i>	-655
<i>Non-cash items included in operating result</i>	655
Gross cash flows from operating activities	-
Cash flows from operating activities	-

# Parent company information

## Annual report of the Board of Directors and financial statements of NV Bekaert SA

The report of the Board of Directors and the financial statements of the parent company, NV Bekaert SA (the 'Company'), are presented below in a condensed form.

The report of the Board of Directors ex Article 96 of the Belgian Companies Code is not included in full in the report ex Article 119.

Copies of the full directors' report and of the full financial statements of the Company are available free of charge upon request from:

NV Bekaert SA  
 President Kennedypark 18  
 BE-8500 Kortrijk  
 Belgium  
[www.bekaert.com](http://www.bekaert.com)

The statutory auditor has issued an unqualified report on the financial statements of the Company.

The directors' report and financial statements of the Company, together with the statutory auditor's report, will be deposited with the National Bank of Belgium as provided by law.

### Condensed income statement

in thousands of € - Year ended 31 December	2012	2013
Sales	386 142	386 339
Operating profit or loss	-46 699	-4 122
Financial result	-16 020	5 644
Extraordinary result	-96 324	61 009
Current and deferred income taxes	1 317	1 013
<b>Result for the period</b>	<b>-157 726</b>	<b>63 544</b>

## Condensed balance sheet after profit appropriation

in thousands of € - 31 December	2012	2013
<b>Fixed assets</b>	<b>2 054 120</b>	<b>2 156 880</b>
Formation expenses, intangible fixed assets	28 170	28 327
Tangible fixed assets	63 778	33 298
Financial fixed assets	1 962 172	2 095 255
<b>Current assets</b>	<b>241 503</b>	<b>282 046</b>
<b>Total assets</b>	<b>2 295 623</b>	<b>2 438 926</b>
<b>Shareholders' equity</b>	<b>490 090</b>	<b>505 637</b>
Share capital	176 586	176 773
Share premium	30 194	31 055
Revaluation surplus	1 995	1 995
Statutory reserve	17 651	17 677
Unavailable reserve	20 556	42 507
Reserves available for distribution, retained earnings	243 106	235 630
Investment grants	2	-
<b>Provisions and deferred taxes</b>	<b>82 686</b>	<b>77 635</b>
<b>Creditors</b>	<b>1 722 847</b>	<b>1 855 654</b>
Amounts payable after one year	1 050 150	1 145 764
Amounts payable within one year	672 697	709 890
<b>Total equity and liabilities</b>	<b>2 295 623</b>	<b>2 438 926</b>

### Valuation principles

Valuation and foreign currency translation principles applied in the parent company's financial statements are based on Belgian accounting legislation.

### Summary of the annual report of the Board of Directors

The Belgium-based entity's sales amounted to € 386.3 million, on the same level as in 2012.

The operating loss was € -4.1 million, compared with a loss of € -46.7 million last year. An increase of the margin and lower staff costs are the main reasons for the decrease of the operational loss.

The financial result increased to € 5.6 million compared to a loss of € -16.0 million in 2012, due to a higher dividend income (2013: € 48.7 million compared to 2012: € 42.1 million) and the revaluation of treasury shares (2013: € 6.7 million compared to 2012: € -2.7 million).

The extraordinary result amounts € 61.0 million, mainly related to the gain on the disposal of tangible fixed assets (€ 77.2 million) and the depreciation of financial fixed assets (€ 13.0 million). Last year's extraordinary result mainly related to the restructuring program, provisions and asset impairments.

The combination of the operating loss, the financial and extraordinary result explain the net profit for the year ended 31 December 2013: € 63.5 million compared with € -157.7 million in 2012.

### Environmental programs

The provision for environmental programs increased to € 30.3 million (2012: € 25.0 million).

### Information on research and development

Information on the company's research and development activities can be found in the 'Technology and Innovation' section in the 'Report of the Board of Directors'.

### Interests in share capital

In connection with the entry into force of the Act of 2 May 2007 on the disclosure of significant participations (the Transparency Act) the Company has in its Articles of Association set the thresholds of 3% and 7.50% in addition to the legal thresholds of 5% and each multiple of 5%. An overview of the current notifications of participations of 3% or more is presented below. On 31 December 2013, the total number of securities conferring voting rights was 60 063 871.



Notifier	Date of notification	Number of voting rights	Percentage of total number of voting rights
Stichting Administratiekantoor Bekaert (Chasséveld 1, NL-4811 DH Breda, The Netherlands), on its own behalf and on behalf of Velge International NV, Berfin SA, Subeco SA, Millenium 3 SA and Gedecor SA	28.08.2013	22 913 101	38.15%

Stichting Administratiekantoor Bekaert (holding 22 441 381 shares) has declared that it is acting in concert with Velge International NV (57 000 shares), Berfin SA (91 920 shares), Subeco SA (157 800 shares), Millenium 3 SA (90 000 shares) and Gedecor SA (75 000 shares) in that they have concluded an agreement (a) aimed either at acquiring control, at frustrating the successful outcome of a bid or at maintaining control, and (b) to adopt, by concerted exercise of the voting rights they hold, a lasting common policy. Stichting Administratiekantoor Bekaert is not controlled. The other above-mentioned persons are controlled by physical persons, (i) whose (directly or indirectly held) individual participation does not reach 3% and (ii) who (on an individual basis) have an interest of less than 3%.

On 8 December 2007 Stichting Administratiekantoor Bekaert disclosed in accordance with Article 74 of the Act of 1 April 2007 on public takeover bids that it was holding individually more than 30% of the securities with voting rights of the Company on 1 September 2007.

## Proposed appropriation of NV Bekaert SA 2013 result

The after-tax result for the year was € 63 544 449, compared with € -157 726 209 for the previous year.

The Board of Directors has proposed that the Annual General Meeting to be held on 14 May 2014 appropriate the above result as follows:

	in €
Result of the year 2013 to be appropriated	63 544 449
Transfer to statutory reserves	-26 100
Transfer to other reserves	-606 030
Profit carried forward	-13 868 834
<b>Profit for distribution</b>	<b>49 043 485</b>

The Board of Directors has proposed that the Annual General Meeting approve the distribution of a gross dividend of € 0.85 per share (2012: € 0.85 per share).

The dividend will be payable in euros on 21 May 2014 by the following banks:

- ING Belgium, BNP Paribas Fortis, KBC Bank, Bank Degroof and Belfius Bank in Belgium;
- Société Générale in France;
- ABN AMRO Bank in the Netherlands;
- UBS in Switzerland.

## Appointments pursuant to the Articles of Association

The term of office of the Directors Baron Buysse and Sir Anthony Galsworthy, and of the independent Director Dr Alan Begg will expire at the close of the Annual General Meeting of 14 May 2014. In light of the retirement age set by the Bekaert Corporate Governance Charter Baron Buysse and Sir Anthony do not seek re-appointment. The Board of Directors has nominated Mrs Mei Ye and Mr Matthew Taylor for Board membership.

The Board of Directors has proposed that the General Meeting:

- re-appoint Dr Alan Begg as independent Director for a term of four years, up to and including the Annual General Meeting to be held in 2018;
- appoint Mrs Mei Ye as independent Director for a term of four years, up to and including the Annual General Meeting to be held in 2018;
- appoint Mr Matthew Taylor as Director for a term of four years, up to and including the Annual General Meeting to be held in 2018.

# Auditor's report

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**NV Bekaert SA**  
Statutory auditor's report  
to the shareholders' meeting  
on the consolidated financial statements  
for the year ended 31 December 2013

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of principal accounting policies and other explanatory notes.

## **Report on the consolidated financial statements – Unqualified opinion**

We have audited the consolidated financial statements of NV Bekaert SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated balance sheet shows total assets of 3.380.457 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 24.574 (000) EUR.

### *Board of directors' responsibility for the preparation of the consolidated financial statements*

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Statutory auditor's responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Unqualified opinion*

In our opinion, the consolidated financial statements of NV Bekaert SA give a true and fair view of the group's net equity and financial position as of 31 December 2013, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

#### **Report on other legal and regulatory requirements**

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

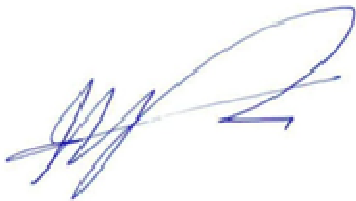
As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Diegem, 25 March 2014

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises  
BV o.v.v.e. CVBA / SC s.f.d. SCRL  
Represented by



Joël Brehmen

## Bekaert Group Executive (as per year-end 2013)

Bert De Graeve	Chief Executive Officer
Bruno Humblet	Chief Financial Officer & Executive Vice President Regional Operations Latin America
Dominique Neerinck	Chief Technology Officer & Executive Vice President
Matthew Taylor	Chief Executive Officer Designate
Curd Vandekerckhove	Executive Vice President Regional Operations North Asia and South East Asia
Henri-Jean Velge	Executive Vice President Business Platforms & Head of Global Commercial Excellence, Operational Excellence, Quality and Innovation
Frank Vromant	Executive Vice President Regional Operations Europe, North America and South Asia
Bart Wille	Chief Human Resources Officer & Executive Vice President

## Senior Vice Presidents (as per year-end 2013)

Philippe Armengaud	Chief Purchasing Officer & General Manager Group Business Development
Danny Chambaere	Senior Vice President Building Products
Bruno Cluydts	Senior Vice President Stainless Technologies
Patrick De Keyser	Senior Vice President Applied Technology and Industrial Projects & Head of Global Commercial and Operational Excellence
Lieven Larmuseau	Senior Vice President Rubber Reinforcement
Rick McWhirt	Senior Vice President - President of Bekaert Corporation & Head of Rubber Reinforcement North America
Alejandro Sananez	Senior Vice President Latin America
Geert Van Haver	Senior Vice President Industrial Steel Wire & Head of Global Quality
Piet Van Riet	Senior Vice President Brazil
Michel Vandevelde	Senior Vice President Special Steel Wire
Geert Voet	Senior Vice President Ropes
Zhong Zhang	Senior Vice President Sawing Wire & Head of Rubber Reinforcement North Asia

## Company Secretary

Pierre Schaubroeck

## Auditors

Deloitte Bedrijfsrevisoren

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The annual report for the 2013 financial year is available in English and Dutch on [annualreport.bekaert.com](http://annualreport.bekaert.com)

Editor & Coordination:

Katelijin Bohez, Chief Communications Officer

## Financial definitions

<i>Added value</i>	Operating result (EBIT) + remuneration, social security and pension charges + depreciation, amortization and impairment of assets.
<i>Associates</i>	Companies in which Bekaert has a significant influence, generally reflected by an interest of at least 20%. Associates are accounted for using the equity method.
<i>Book value per share</i>	Equity attributable to the Group divided by number of shares outstanding at balance sheet date.
<i>Capital employed (CE)</i>	Working capital + net intangible assets + net goodwill + net property, plant and equipment. The average CE is computed as capital employed at previous year-end plus capital employed at balance sheet date divided by two.
<i>Capital ratio</i>	Equity relative to total assets.
<i>Combined figures</i>	Sum of consolidated companies + 100% of joint ventures and associated companies after elimination of intercompany transactions (if any). Examples: sales, capital expenditure, number of employees.
<i>Dividend yield</i>	Gross dividend as a percentage of the share price on 31 December.
<i>EBIT</i>	Operating result (earnings before interest and taxation).
<i>EBIT interest coverage</i>	Operating result divided by net interest expense.
<i>EBITDA</i>	Operating result (EBIT) + depreciation, amortization and impairment of assets.
<i>Equity method</i>	Method of accounting whereby an investment (in a joint venture or an associate) is initially recognized at cost and subsequently adjusted for any changes in the investor's share of the joint venture's or associate's net assets (i.e. equity). The income statement reflects the investor's share in the net result of the investee.
<i>Gearing</i>	Net debt relative to equity.
<i>Joint ventures</i>	Companies under joint control in which Bekaert generally has an interest of approximately 50%. Joint ventures are accounted for using the equity method.
<i>Net capitalization</i>	Net debt + equity.
<i>Net debt</i>	Interest-bearing debt net of current loans, non-current financial receivables and cash guarantees, short-term deposits, cash and cash equivalents. For the purpose of debt calculation only, interest bearing debt is remeasured to reflect the effect of any cross-currency interest-rate swaps (or similar instruments), which convert this debt to the entity's functional currency.
<i>Non-recurring items</i>	Operating income and expenses that are related to restructuring programs, impairment losses, business combinations, business disposals, environmental provisions or other events and transactions that have a one-time effect.
<i>REBIT</i>	EBIT before non-recurring items.
<i>Return on capital employed (ROCE)</i>	Operating result (EBIT) relative to average capital employed.
<i>Return on equity (ROE)</i>	Result for the period relative to average equity.
<i>Subsidiaries</i>	Companies in which Bekaert exercises control and generally has an interest of more than 50%.
<i>Working capital (operating)</i>	Inventories + trade receivables + bills of exchange received + advanced paid – trade payables – advances received – remuneration and social security payables – employment-related taxes.

## Statement from the responsible persons

The undersigned persons state that, to the best of their knowledge:

- the consolidated financial statements of NV Bekaert SA and its subsidiaries as of 31 December 2013 have been prepared in accordance with the International Financial Reporting Standards, and give a true and fair view of the assets and liabilities, financial position and results of the whole of the companies included in the consolidation; and
- the annual report on the consolidated financial statements gives a fair overview of the development and the results of the business and of the position of the whole of the companies included in the consolidation, as well as a description of the principal risks and uncertainties faced by them.

On behalf of the Board of Directors:



Bert De Graeve  
Chief Executive Officer



Baron Buysse  
Chairman of the Board of Directors

## Disclaimer

This report may contain forward-looking statements. Such statements reflect the current views of management regarding future events, and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Bekaert is providing the information in this report as of this date and does not undertake any obligation to update any forward-looking statements contained in this report in light of new information, future events or otherwise. Bekaert disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other report or press release issued by Bekaert.

## Financial calendar

■ First quarter trading update 2014	14 May 2014
■ General meeting of shareholders	14 May 2014
■ Dividend ex-date	16 May 2014
■ Dividend payable	21 May 2014
■ 2014 half year results	1 August 2014
■ Third quarter trading update 2014	14 November 2014
■ 2014 results	27 February 2015
■ 2014 annual report available on the Net	27 March 2015
■ First quarter trading update 2015	13 May 2015
■ General meeting of shareholders	13 May 2015
■ Dividend ex-date	15 May 2015
■ Dividend payable	20 May 2015
■ 2015 half year results	31 July 2015
■ Third quarter trading update 2015	13 November 2015

What would you like to know about Bekaert?

[www.bekaert.com](http://www.bekaert.com)

Shareholders' Guide 2013: investors' data center on [bekaert.com](http://bekaert.com)

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