BEKAERT

better together

Annual report 2013

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Strategy & Leadership

Continuing to build on three strategic pillars: technological leadership, global market leadership and operational excellence.

- Message from the Chairman and the Chief Executive Officer
- Board of Directors
- Bekaert Group Executive
- Our Strategy

Dear reader,

With regard to annual results reporting, this will be our final address in our current roles as the Chairman and the CEO of Bekaert. Leading the company has been a privilege and a mission which we both embraced with respect and dedication. The fact that 30 000 customers rely on Bekaert has been a source of pride and fidelity. Employing about 27 000 people around the world, a source of inspiration and responsibility. We hold in high regard the support of the shareholders who have maintained their confidence in the company, and we thank them for their continued trust.

Bert De Graeve

Chief Executive Officer
becomes Chairman as of May 2014

Baron Buysse CMG CBE

Chairman of the Board of Directors
steps down in May 2014

Message from the Chairman and the Chief Executive Officer

Dear reader,

The year 2013 was a challenging year for the global economy. Most industrial and infrastructure markets remained depressed. The volatile and increasingly competitive environment in Asia has led to significant price pressure in most markets. GDP growth in the eurozone showed gradual improvement at a still low overall level. In North America, as a result of increased imports, domestic industries had difficulty leveraging the consumer demand rebound. Additionally, most of the Latin American economies stalled due to either lower demand or an unfavorable monetary and fiscal climate.

2013, the year that was: business and economy

In this volatile and uncertain year for global economies, Bekaert held strong. Our company was able to maintain stable volumes and raise profitability. Our teams actively defended our market positions in target sectors, and we are highly appreciative of our customers and other business partners who confirmed their confidence in Bekaert as a preferred supplier or strategic partner.

We took the measures needed to secure our unchanged strategic ambition of sustainable profitable growth. We continued to expand our market presence and product portfolio in response to the needs of our customers in the various sectors we serve. And we succeeded in regaining the financial and business power to invest in future growth.

A year of transition – preparing for future growth

2013 will be remembered as a transition year for Bekaert, one that positions our company well for the future. It was the first year after the implementation of a significant restructuring, which was necessary to adapt to the new business reality in the solar markets. 2013 was also the year where the ideas and actions of the € 100 million savings target gradually came into effect. We want to thank our employees for their active support and resilience in implementing the many savings and structural changes. We were convinced that these actions would help turn the tide towards increased profitability and competitiveness - and our teams have proven that to be true. While a number of external factors overshadowed and tempered the impact of the savings efforts, including unfavorable market circumstances, the precarious situation in Venezuela, the adverse effects of currency movements and various monetary and fiscal regulations, the effect of the restructuring is visible in the 2013 financial results; it is expected to be durable and to grow to its full potential in the coming years.

We went through many developments in 2013. We prepared ourselves to seize market opportunities wherever and whenever they occur. The seeds for future growth were sowed with investments and innovation initiatives in all business platforms and regions.

As we enter 2014 with a better starting ground, a greater determination to succeed, and a strong commitment to provide exceptional customer service, we are confident of the future perspectives for our business and of our resolve to manage both the opportunities and the challenges ahead.

2013 was also the year in which the succession process of the company's Chairman and CEO commenced. We were proud to announce on 27 August 2013 the Board's decision to appoint Matthew Taylor as CEO designate. Matthew will assume the position of CEO of Bekaert in May 2014. We are convinced that he will lead Bekaert to future successes, and will align the interests of our shareholders, customers, employees and other stakeholders with a view on long-term sustainability.

The Board of Directors also decided to appoint Bert De Graeve as Chairman of the Board in succession of Baron Buysse as from May 2014. These decisions followed a successful succession planning process that focused on the assurance of the continuity of direction at the level of the Board and of the Executive Management.

The Board is confident that the company's strategy will continue to strengthen its growth potential. This confidence is demonstrated by the Board's decision to propose to the General Meeting of Shareholders in May 2014, the distribution of a gross dividend of € 0.85 per share.

Bekaert's Board of Directors, management team and employees are committed to achieving the company's ambitions as a market and technology leader in the various sectors we serve, and will set the direction for sustainable profitable growth, in support of all our valued stakeholders.

Bert De Graeve
CEO

Baron Buysse CMG CBE
Chairman of the Board of Directors

Board of Directors

The main task of the Board of Directors, under the leadership of the Chairman, is to determine the company's general policy and supervise its activities. The Board of Directors is the company's supreme decision-making body in all matters other than those in respect of which decision-making powers are reserved to the General Meeting of Shareholders by law or the articles of association. The Board of Directors has fourteen members.

On 27 August 2013 Bekaert announced that Baron Buysse, Chairman of the Board of Directors of Bekaert, will retire in May 2014 after 14 years in the chair of the company's Board. Bert De Graeve, CEO of Bekaert since 2006, will become Chairman of the Board in succession of Baron Buysse as of May 2014.

The Board of Directors has appointed Matthew Taylor as CEO designate. He took up this position as of 1 September 2013 and became a member of the Bekaert Group Executive. Matthew Taylor will assume the position of CEO of Bekaert in May 2014. On 19 March 2014 Bekaert announced other changes in the Board as of May 2014: Ms Mei Ye has been nominated as independent Director and Sir Anthony Galsworthy will step down from the Board due to the age limit. The nominations of Mei Ye and Matthew Taylor as members of the Board of Directors will be subject to approval by the Annual General Meeting of Shareholders of 14 May 2014.

The Board's decision to initiate these leadership changes was made in consideration of a thorough succession planning process which aims at ensuring continuity of direction at the level of the Board and of the Executive Management.

BARON BUYSSE CMG CBE
Chairman of the Board of Directors

Chairman of the Nomination and Remuneration Committee
Chairman of the Strategic Committee
Chairman of the Audit and Finance Committee - Appointed 2000

BERT DE GRAEVE
Chief Executive Officer (CEO)

Member of the Board of Directors
Member of the Strategic Committee

Appointed 2006

DR ALAN BEGG

Independent Member of the Board of Directors
Member of the Nomination and Remuneration Committee
Appointed 2008

BARON BEKAERT

Member of the Board of Directors
Member of the Strategic Committee

Appointed 1994

ROGER DALLE

Member of the Board of Directors

Appointed 1998

COUNT CHARLES DE LIEDEKERKE

Member of the Board of Directors
Member of the Strategic Committee

Appointed 1997

FRANÇOIS DE VISSCHER

Member of the Board of Directors
Member of the Audit and
Finance Committee

Appointed 1992

SIR ANTHONY GALSWORTHY KCMG

Member of the Board of Directors
Member of the Strategic Committee

Appointed 2004

HUBERT JACOBS VAN MERLEN

Member of the Board of Directors

Appointed 2003

MAXIME JADOT

Member of the Board of Directors
Member of the Strategic Committee

Appointed 1994

LADY BARBARA THOMAS JUDGE CBE

Independent member of the
Board of Directors
Member of the Audit and
Finance Committee
Member of the Nomination and
Remuneration Committee - Appointed 2007

BERNARD VAN DE WALLE DE GHELCKE

Member of the Board of Directors

Appointed 2004

BAUDOUIN VELGE

Member of the Board of Directors
Member of the Audit & Finance Committee

Appointed 1998

MANFRED WENNEMER

Independent member of the Board of
Directors

Appointed 2009

Bekaert Group Executive

Compostion as at 31 December 2013:
Standing, left to right: Dominique Neerinck - Bart Wille - Bruno Humblet - Curd Vandekerckhove
Seated, left to right: Henri-Jean Velge - Bert De Graeve - Matthew Taylor - Frank Vromant

The Bekaert Group Executive assumes the operational responsibility for the company's activities. The executive management – chaired by the Chief Executive Officer – consisted of eight members as at 31 December 2013. The Bekaert Group Executive acts under the supervision of the Board of Directors. As of mid May 2014, Matthew Taylor will become CEO of Bekaert. Bert De Graeve will then become Chairman of the Board of Directors in succession of Baron Buysse.

Note: The composition of the BGE will change in 2014. Information is available in the Chapter on Corporate Governance at page 33.

Our Strategy

Our profile

Bekaert company profile

Bekaert is a world market and technology leader in steel wire transformation and coatings. Bekaert (Euronext Brussels: BEKB) is a global company with headquarters in Belgium, employing close to 27 000 people worldwide. Serving customers in 120 countries, Bekaert pursues sustainable profitable growth in all its activities and generated combined sales of € 4.1 billion in 2013.

Bekaert employs unique metal treatment technologies to deliver a quality portfolio of drawn steel wire products and coating solutions on a global scale. We purchase more than 2.8 million tons of wire rod per year as our basic material. Depending on our customers' requirements, we draw wire from it in different diameters and strengths, even as thin as ultrafine fibers of one micron. We group the wires into cords, ropes and strands, weave or knit them into fabric or process them into an end product.

Operational Excellence

Bekaert believes that operational excellence is a prerequisite to a successful strategy. Meeting and exceeding customer expectations is what drives our focus and actions. Improving our business processes and optimizing the synergy potential and efficiencies within the organization are an illustration of Bekaert's continuous pursuit for excellence. Moreover, the company constantly evaluates its operational, technological and organizational set-up.

We will continue to pay increased attention to the efficiency of our organization and to integrating our corporate philosophy in our most recently added production platforms. It is crucial that all our employees continue working *better together* at delivering top performance, resulting in satisfied customers.

Technological Leadership

Innovation is a key driver of Bekaert's technological leadership. Within Bekaert, innovation is put into practice along two main axes: product innovation and process innovation. Product innovation helps us better serve our current and new customers. Process innovation enables us to increase our operational excellence while minimizing the impact on the environment.

We team up with customers and suppliers around the globe to develop, implement, upgrade and protect both current and future technologies. Listening closely to our customers and understanding how our products function within their production lines and products is key to developing fit-for-use solutions and added value for our customers.

Innovation in a nutshell

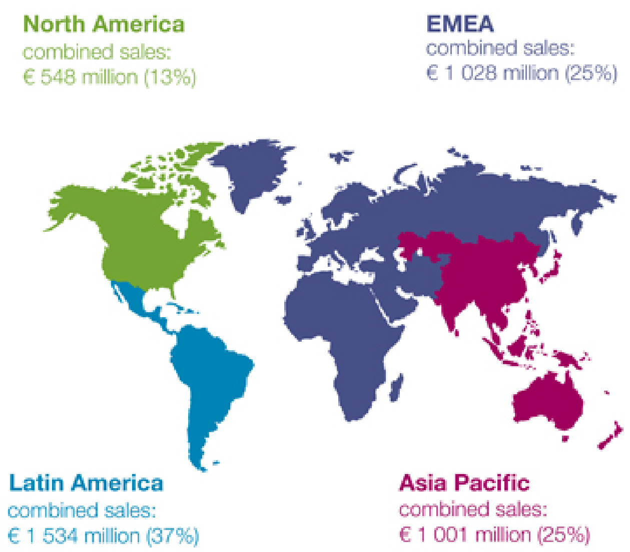
- In 2013 we invested € 62 million in R&D.
- An international team of 400 R&D specialists works on customer-driven research projects.
- We acknowledge the importance of innovation: 43 first patent applications were filed in the course of 2013. IP protection applies mainly to products and brands, but also to processes and equipment.
- Bekaert recently launched a project to accelerate its innovation potential and engages its employees worldwide to participate in a FastForward Innovation Competition.
- Bekaert's in-house Engineering department employs an international team of 500 colleagues who design, assemble, install and maintain the company's proprietary equipment.

Global market leadership

Ever since making its first investment in Latin America in 1950, Bekaert has shown its pioneering spirit by investing in growth markets worldwide. We set up operations in Latin America, Asia and Central Europe when early signs of opportunities appeared. Overall, our business platforms in growth markets account for more than 70% of combined sales.

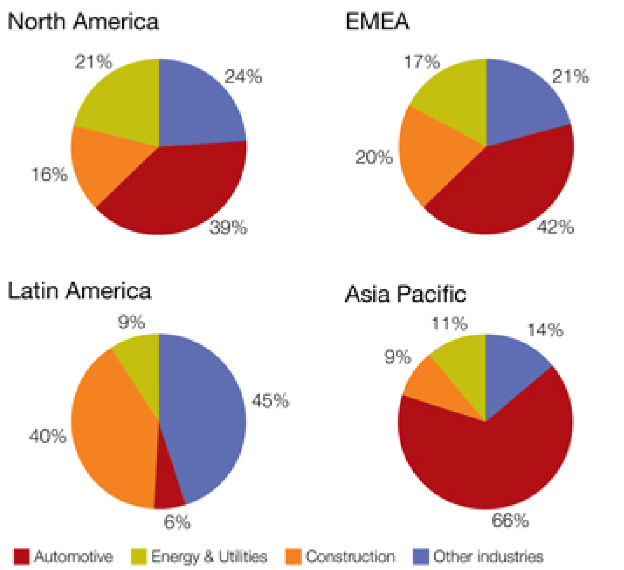
In **EMEA**, Bekaert is present in both the mature Western European markets as well as in Central and Eastern Europe. After a relatively weak start of the year, Bekaert's activities in EMEA recorded solid sales with better volumes at stable prices, driven by a demand improvement in automotive and energy-related markets. The company invested in future growth opportunities by expanding its Central and Eastern European platforms with additional bead wire and Dramix® steel fiber capacities. In Western Europe, Bekaert continued to invest in promising new technologies and production capacity to serve automotive and energy markets.

North American industries using steel wire were unable to leverage a consumer demand rebound as a result of increased imports of end-products. The resulting fierce competition, combined with continued investment delays in energy and construction markets and a significant unfavorable currency translation effect due to the strong euro, drove revenues down. Bekaert exited unprofitable markets and trading activities in competition with cheap imports and decided to cease its steel wire operations in Surrey, Canada. The Group's Canadian steel ropes activities, on the other hand, continued to perform strongly.



In **Latin America**, Bekaert manufactures a broad product portfolio spread across the region: from steel wire and cord for the automotive industry to barbed wire for the agriculture sector, as well as ropes and meshes for mining and construction. Bekaert holds leading market positions in most Latin American countries and decided to expand its business in the region with the acquisition of a steel wire plant and the construction of a Dramix® plant in Costa Rica. The segment's top line dropped mainly because of the impact of the drastic depreciation of the Venezuelan bolivar and the consolidation, since the beginning of 2013, of the bolivar-denominated financial statements at the economic exchange rate. Also the changed sourcing policies for wire rod and the resulting lower costs passed on in the selling prices had an impact on revenues. Bekaert's joint ventures in Brazil achieved robust sales growth. In December of 2013, Bekaert announced the acquisition of the remaining partner's share in the Cimaf ropes activities in Brazil.

Bekaert's activities in **Asia Pacific** achieved significant organic volume growth as a result of demand pick-up in the Chinese tire sector and by seizing growth opportunities in other markets. Also the integration of the acquired Malaysian activities added to consolidated sales. Wire rod price decreases, unfavorable currency movements and a negative price-mix impact, however, led to flat sales growth for the segment year-on-year. Bekaert strengthened its position in various markets and continued to invest with product portfolio and capacity expansions in India, Indonesia and China.



Industry offerings

Our very wide range of products and applications find their way to about every sector

Automotive

In the automotive sector, we set ourselves apart by consistently creating high-quality and innovative products for and together with our customers. We supply steel cord and other specialized wire products that meet the highest quality standards.

This sector is the largest user of Bekaert products and accounts for 37% of combined sales.

Construction

By developing and offering steel wire, mesh and fiber products for numerous construction and infrastructure applications, we constantly seek out durable and easy-to-install solutions with a focus on better materials, greater safety and lower energy consumption, all with an eye on cost-efficiency.

This sector accounts for 23% of combined sales.

Energy & Utilities

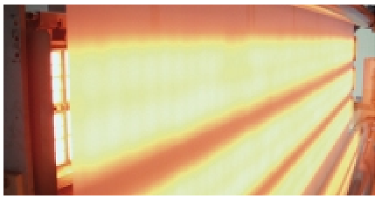
Whether it concerns onshore or offshore oil extraction, gas mining, power transmission, solar energy, or even telecommunications, Bekaert products are key contributors to sustainable, safer and more cost-efficient operations.

This sector represents 13% of combined sales.

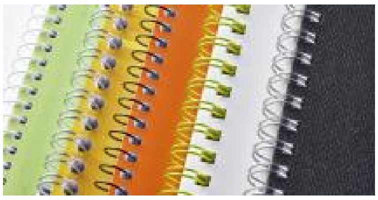
Equipment

Bekaert supplies equipment manufacturers and operators with a range of specialized wire products and components. As we build our own proprietary machinery, we know exactly what it means to make high-performance equipment.

This allows Bekaert to focus on innovation and machine makers to focus on operational excellence.



Consumer Goods



As ever higher quality and comfort standards and functionalities are required, the demand for more advanced coated steel wire products evolves accordingly. The wide range of applications for Bekaert wire attests to our success in satisfying diverse customer requirements. Bekaert is present to meet their needs.
To sum it up: often unknown, but always there: Bekaert is a part of the products we all use every day.

Agriculture

Across the agricultural sector, Bekaert provides, among others, fencing solutions and guiding and tensioning wire. Through our global footprint and our mix of trading and manufacturing, we can offer total packages to our customers.

Basic Materials

Many Bekaert products are used in exploring and producing raw materials, from coal and metals to pulp and paper, to chemicals and glass.

We make ropes, cords and wefts for hoisting and conveyor solutions in many industries. We continue to find new ways to span every step of the value chain.

Segment Performance

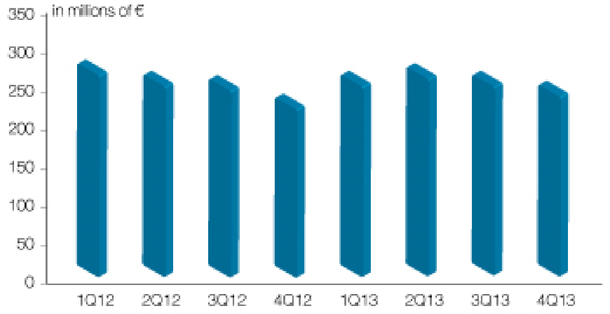
Global presence: Bekaert's strategy in suporting our customers worldwide

- EMEA
- North America
- Latin America
- Asia Pacific

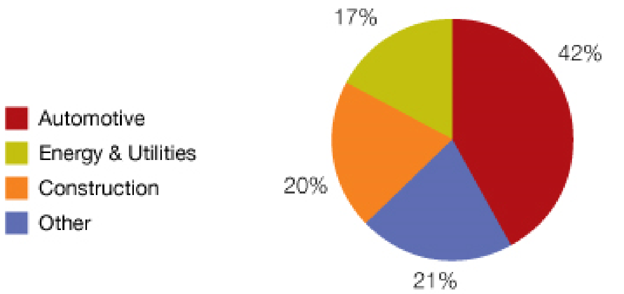
EMEA

Market developments

EMEA 2012-2013
Combined sales by quarter



EMEA 2013
Combined sales by industry



Combined sales:	€ 1 028 million
Capital expenditures (PP&E):	€ 26 million
Total assets:	€ 716 million
Employees:	5 800

In the EMEA region, Bekaert has a presence in both the mature Western European markets as well as in Central and Eastern Europe. After a relatively weak start of the year, the demand in Europe gradually improved in the sectors which are relevant to Bekaert's main business activities in the region.

Automotive markets: on the road to recovery?

The automotive industry is a large user of Bekaert's steel wires, both in the original equipment and the replacement markets.

Automotive markets picked up moderately starting from the second quarter of 2013. While seeing the market bottom out is certainly positive, any comparison with 2012 is one with a year with low demand.

On the positive side, the entire sector is constantly searching for better, safer and lighter materials. As a result, opportunities for innovation-oriented technologies continue to exist.

After a difficult first quarter, Bekaert posted solid sales in EMEA as a result of improved demand for tire cord and wiper blades, both of which have an OEM and a significant aftermarket.

Energy markets fuel performance

Energy-related sectors started to contract at the beginning of 2013 as a result of delayed projects and investments in both the oil and gas sector and the electric power grid infrastructure. Demand picked up in the second half. Bekaert's cable armoring wires, flat and shaped wires, and anchorage rope wires, were sold in stable volumes compared to 2012, amidst an increasingly competitive environment.

Building the foundations for further growth

Construction markets remained difficult in Europe in the first half-year due to stagnant housing markets and delayed public infrastructure projects in most countries. The situation improved in the second half of 2013 but there are no signs yet of a global recovery to pre-recession activity levels.

Bekaert withstood the ongoing difficult market circumstances by offering product innovations and optimal service in the many infrastructure and construction segments it serves. Demand for Bekaert's Dramix® steel fibers for concrete reinforcement remained solid. Sales of prestressed concrete strand picked up in the second half of the year and a number of new applications were added to the portfolio.

Stainless results

Bekaert's European activities in stainless technologies performed well in 2013, with a solid demand for fiber products, filtration media, and combustion and drying installations and components. Additionally, the stainless steel wire platform performed well with, among others, the medical applications such as Nitinol dental wire, lancet and surgical needle wire.

Operations

Sowing the seeds for future growth

Bekaert invested in future growth opportunities by expanding its Central and Eastern European platforms with manufacturing capacities of bead wire for tire reinforcement and Dramix® steel fibers for concrete reinforcement. In Western Europe, Bekaert continued to invest in promising new technologies and production capacity to serve automotive and energy markets.

Bekaert expanded and upgraded its automotive-oriented manufacturing platforms in Belgium and Slovakia to respond to greater market opportunities for window wiper arms and blades, piston circlips, and bead wire for tire reinforcement. In this way, Bekaert is solidifying its standing as a global key player and an industry reference in high quality steel wires for the automotive sector.

As a technology leader in flat and shaped steel wire solutions for the oil and gas markets, Bekaert initiated new investments in late 2013, to upgrade and expand its related manufacturing sites in Belgium and the UK.

In line with the growing needs of the building industry in Russia and the greater CIS, Bekaert launched a new production line of Dramix® steel fibers in its Lipetsk plant in Russia. This expansion step reflects the Bekaert strategy of always aligning its manufacturing footprint to the demand perspectives in local markets.

The inauguration of the Dramix® plant took place in the presence of representatives of the local authorities and Bert De Graeve, CEO of Bekaert.

Improving our cost base and profitability

As part of its pursuit for operational excellence, and of the specific actions taken in 2013 relating to the cost savings program, Bekaert's EMEA production plants were able to reduce costs and improve the balance between flexible and fixed costs. Moreover, the cost structure of the regional organization was adjusted by making it leaner and more efficient.

The implementation of these significant cost savings and the 2012 restructuring measures considerably improved the profitability of Bekaert's operations in EMEA.

In pursuit of operational excellence, Bekaert's EMEA production plants were able to improve processes and enhance profitability.

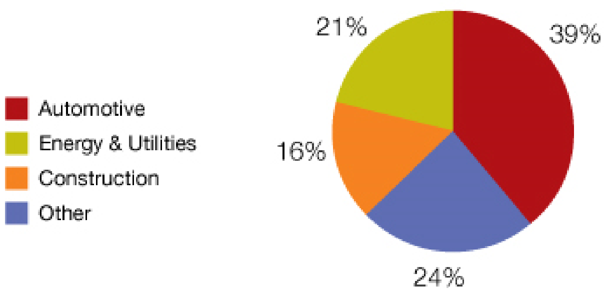
Divestment

On 3 December 2013, Bekaert sold its filtration activities to the American Clarcor group, based in Franklin, Tennessee. The small business activities included a production facility in Sprimont, Belgium, as well as a production plant in Karawang, Indonesia and a global sales network. The transaction included a supply contract under which the business activities which were sold will continue to purchase Bekipor® filtration media from Bekaert Fiber Technologies in Zwevegem, Belgium.

North America

North America 2012-2013
combined sales by quarter

North America 2013
Combined sales by industry



Combined sales:	€ 548 million
Capital expenditures (PP&E):	€ 9 million
Total assets:	€ 245 million
Employees:	1 600

Unfavorable market developments such as low demand in domestic industrial markets and continued investment delays in energy and construction markets, combined with fierce competition from Asian imports and a significantly unfavorable currency translation effect due to the strong euro, drove revenues down in North America.
North American industries using steel wire were unable to leverage the 2013 consumer demand rebound as a result of increased volumes of imports of end products.

Bekaert's manufacturing plants serving the US tire industry were therefore faced with lower demand, contrary to the automotive rebound. Bekaert's flat and shaped wire activities could not leverage the upswing of automotive markets either, due to a highly competitive environment and operational performance issues. Bekaert continued to report solid performance in other markets it served, like the oil and gas industry.

Demand for wires and strands used in power transmission and distribution, however, dropped drastically after years of significant growth. As a result of the fiscal cliff debate and deal in the US, and the related sequestration of government spending, large public investments in areas such as power grid renewal were put on hold. The business context for Bekaert's activities in this sector suddenly changed from booming demand to a sudden investment freeze. Bekaert remains confident that this market will recover, but not until the decision is taken to make the necessary funding available for power grid renewal.

Higher volumes of competitive imports of wire products for the construction sector affected the fencing and building related activities. Bekaert exited unprofitable markets and trading activities competing with cheap imports and decided to cease its operations in Surrey (Canada), active in the production of steel wire for various industrial applications. The decision was made after observing a structural downward movement in the market on the west coast of North America. Bekaert intends to continue to serve its customers and markets in the region from its other North American manufacturing sites.

The Group's Canadian wire rope activities, on the other hand, continued to perform well, with robust results driven by innovation efforts and favorable market developments.

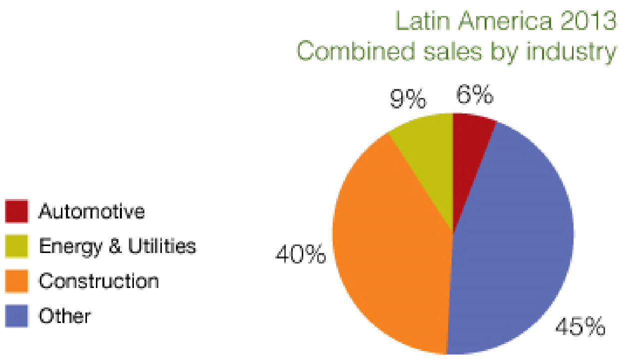
Selective investments to serve customers locally

Bekaert decided to invest a significant amount in bead wire manufacturing capacity in its Rome plant in Georgia, US. Holding a leading position in steel cord markets for tire reinforcement, this bead wire investment increases the range Bekaert offers from local production sources to the tire manufacturers in the US.

Post-balance sheet: through its affiliate Wire Rope Industries Bekaert started manufacturing steel ropes in the US in March 2014. The company established a production facility in Belton, Texas and will leverage its technological and manufacturing competences in steel ropes for the oil and gas sector under the operational management of Bekaert's Canadian Wire Rope Industries organization.

Latin America

The region Latin America



Combined sales:	€ 1 534 million
Consolidated sales(*):	€ 645 million
Capital expenditure (PP&E) (*):	€ 18 million
Total assets (*):	€ 407 million
Employees:	7 800

(*) Consolidated entities

Continued consolidation in Latin America

In Latin America, Bekaert manufactures an extensive product portfolio spread across the region: from steel cord and wire solutions for the automotive industry and barbed wire for the agriculture sector to ropes and meshes for mining and construction.

Bekaert has maintained solid volumes in the region. However, the region's top line dropped significantly due to various reasons:

- In order to avoid overvalued financial statements at the official currency rate of the Venezuelan bolivar, Bekaert has, since the beginning of 2013, translated the bolivar-denominated financial statements of its Venezuelan operations into the economic exchange rate. Excluding currency effects, the Latin American segment recorded a limited consolidated sales decline.
- Social protests affected demand in Colombia throughout 2013. Moreover, the significant duties on imported raw material such as wire rod, had a major effect on the competitiveness of Bekaert's manufacturing activities in the country.
- Bekaert passed on the lower wire rod prices resulting from changes in sourcing policies for the region, thereby securing its competitiveness.

Bekaert's joint ventures in Brazil delivered robust sales growth and an overall strong performance in 2013.

At the end of 2013 Bekaert announced its plans to expand in Central and South America, including the start-up of a Dramix® plant in Costa Rica, the acquisition of 73% of the shares of the ArcelorMittal steel wire plant in Costa Rica, and by raising its share from 45% to 100% in the Cimaf ropes plant in Brazil. Both the finalization of the acquisition deal and the start-up of the Dramix® plant are scheduled for the second quarter of 2014.

Dramix® plant Costa Rica: Bekaert equips the plant with the necessary infrastructure. The plant is expected to become operational in the second quarter of 2014.

Bekaert Ideal Holding

Subsidiaries under the Bekaert Ideal Holding

Bekaert holds 80% of the shares in the Bekaert Ideal Holding. Bekaert's Ecuadorian partners own the remaining 20%. The Holding covers Ideal Alambrec (Ecuador), Vicson (Venezuela) and Proalco (Colombia).

Venezuela

In Venezuela Bekaert continued to achieve high sales volumes but saw revenue drop drastically as a result of the continuous depreciation of the Venezuelan bolivar. Based on prudence principles, Bekaert has consolidated its bolivar-denominated financial statements using the economic exchange rate since the beginning of 2013.

The strong euro and a continuously accelerating depreciation of the Venezuelan bolivar in the course of 2013 have led to significant unfavorable translation effects in Bekaert's financial statements. Compared with the previous year, the 2013 impact was € 110 million in sales and € 16 million in EBIT.

In addition, interruptions in the supply of domestic wire rod and reduced access to US dollars and hence to imports, led to activity losses in our production plants at the end of the year. Bekaert ensured continuity of operations whenever possible but remains cautious as to the sustainability of the business environment in the country. Our customers and our dedicated team of 681 employees in Venezuela are receiving as much support as we are capable to offer.

Ecuador

The Ecuadorian economy is characterized by solid GDP growth, mainly driven by the country's strong oil extraction industry. Though the growth pace is lower than in previous years, the 2013 GDP is expected to exceed 4% growth year-on-year.

Bekaert's subsidiary in Ecuador achieved higher sales volumes in 2013. The product mix was unfavorable though, as a result of an increase in demand for more basic steel wire products, especially in construction markets.

Bekaert-Ideal Alambrec, which holds a strong position in construction markets, not only supplies construction steel wire products to customers. It also offers added value by providing cut and bend services for construction projects.

As part of the acquisition deal in Costa Rica and Brazil, which was announced end of December 2013, ArcelorMittal will become a 27% shareholder in the steel wire activities in Ecuador. Bekaert Ideal Holding will retain the remaining 73%. This change of ownership will take place in 2014 after concluding the deal.

Colombia

The 2013 GDP growth in Colombia is expected to exceed 4%. The Colombian peso lost about 10% on the USD in the past 12 months and has been slipping further since the beginning of 2014. Social protests affected consumer confidence and demand in the country throughout 2013.

Moreover, the 21% import duty imposed temporarily on imported raw materials such as wire rod, had a major effect on the competitiveness of Bekaert's activities in the country. Domestic sourcing is not an option due to supply capacity limitations. In April 2014, the government will decide whether the import duties affecting domestic industries in particular since they do not apply to finished products, will become permanent or be reversed.

Bekaert-Proalco saw its volumes and revenue decline as a result of the difficult market and fiscal conditions, and was forced to lay off 40 employees in order to align its operations with the new business circumstances.

Peru - Chile - Brazil

Peru

The Peruvian economic growth was 5% in 2013. While this growth still outpaced the regional average, the economic activity slowed to its lowest rate in four years. Growth last year was impacted by a decline in exports, lower metal prices, and weaker domestic demand.

Bekaert's major production facility in Peru, Prodac, achieved a solid performance in 2013. Compared with a very strong 2012, sales volumes were slightly lower. Prodac managed, however, to raise its export business and to improve the operational performance of the plant after the installation of the new galvanization line in December 2012.

Chile

In Chile, the price of copper is often seen as a barometer for the health of the global economy. In 2013, the price dropped, mainly due to lower demand from China — Chile's main trading partner. As copper exports make up the majority of total Chilean exports, the country's economy is sensitive to such developments. Chile's GDP growth in 2013 is expected to reach 4%, with a slight upward trend in the last quarter of the year.

Bekaert's activities in Chile were impacted by the lower demand in the construction and mining markets compared with 2012, as well as by ongoing pressure on margins as a result of strong competition from imports. In line with GDP evolution, Bekaert's Chilean activities picked up modestly in the last quarter of the year.

Brazil

The global economic downturn and a weaker competitive position of the local industries on both domestic and export markets, have, since 2011, interrupted the long growth cycle that Brazil had experienced in the past decade. Brazil's GDP growth further declined in 2013, to approximately 2.5%. Brazil's economy continued to lose momentum in the last quarter of the year when the government began to wind down its economic stimulus program, which resulted in lower consumer and industrial demand.

Bekaert has been actively supporting a strong position in Brazil for many years. The company operates, in partnership with ArcelorMittal, 9 manufacturing units in 3 states and serves customers in a very wide range of sectors. Notwithstanding difficult market conditions, Bekaert's joint ventures performed very well and achieved solid growth in sales volumes and profit generation.

As part of the expansion plans announced at the end of 2013, Bekaert will obtain full ownership of Cimaf Cabos in Saõ Paulo in Brazil, one of the manufacturing plants currently owned by Belgo Bekaert Arames. Cimaf Cabos is a leading steel rope producer in South America and is part of a business platform which Bekaert is gradually expanding on a global level and which serves the mining, oil and gas, lifting equipment and infrastructure industries.

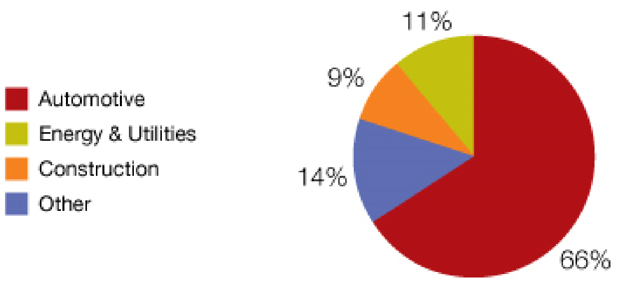
Bekaert gradually expands its global ropes platform, among others by taking full ownership in Bekaert Cimaf Cabos (Brazil).

World Cup winner

Belgo Bekaert Arames provided complete fencing solutions for eight stadiums of the 2014 FIFA World Cup. Securing the contracts for these stadiums presented a great challenge, since the construction involved unique and new demands. Belgo Bekaert Arames came out the winner after an extensive bidding process and succeeded in installing the security fences and gates of all sports stadiums on time.

Asia Pacific

Asia Pacific/China



Combined sales:	€ 1 001 million
Consolidated sales(*):	€ 953 million
Capital expenditures (PP&E)(*):	€ 47 million
Total assets(*):	€ 1 221 million
Employees:	11 200

(*) Consolidated entities

China

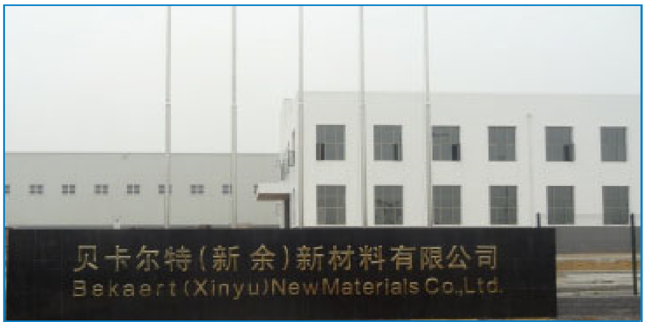
China's GDP growth in 2013 was 7.7%, in line with 2012. While this rate is still far stronger than that of other economic powers and the global average, the abrupt decline from the double digit rates of the previous decade has made business conditions in China more difficult. The global economic crisis of the past years has tempered China's export growth. Combined with a maturing domestic demand in certain sectors, this led to manufacturing overcapacity and fierce competition in several industrial markets.

Bekaert's activities serving automotive markets in China achieved significant organic volume growth as a result of demand pick-up in the Chinese tire sector and by seizing growth opportunities in other steel wire solutions serving car and truck manufacturers in the country.

As part of its global growth strategy in bead wire for tires, Bekaert has expanded its related production capacity in Jiangyin (Jiangsu Province). Bekaert's technological breakthrough in ternary alloy coating on steel cord, developed and extensively tested in the Group's Technology Centers, was rolled out to our manufacturing platform in China, and has proven successful in various aspects. It helps tire makers to make their processes cleaner as it eliminates the need to add cobalt to the rubber compound. The current lab and field tests have proven to offer promising prospects in the tire markets.

Bekaert's engineering plant in Jiangyin (Jiangsu Province), was able to significantly raise its activity level in the second half of 2013, as a result of Bekaert's expansion investments in Dramix® and bead wire manufacturing.

The integration of the joint venture activities within the partnership with Xinyu Iron & Steel Co. Ltd (Xinsteel) in Xinyu (Jiangxi Province) has taken more time and effort than anticipated due to inefficiencies, the complexity of the platform, and unfavorable market conditions. Improvements are expected with the move to the newly constructed plant, Bekaert (Xinyu) New Materials Co., Ltd, which will house the spring wire manufacturing activities that were previously located in two separate factories.



The new spring wire plant in Xinyu will primarily serve domestic customers, producing spring wires for various applications.

South-East Asia and India

South-East Asia

The ASEAN economies have shown resilient growth in recent years, supported by strong domestic consumption and investment. South-East Asia has therefore become an established emerging region, with differences between the individual countries.

Domestic demand in Indonesia was strong, particularly for the automotive sector. Bekaert's rubber reinforcement activities in Indonesia achieved solid volume growth on the wave of increased demand for tire cord. The building products platform also reported solid growth. Bekaert's activities faced margin erosion though, as a result of significant cost inflation and increased competition in the region.

The Malaysian activities, part of the partnership established in 2012 with Southern Steel, added to consolidated sales. The integration process is ongoing and focuses on turning the platform's performance in line with the Bekaert standards and profit objectives.

On 3 December 2013, Bekaert sold its filtration activities to the American Clarcor group, based in Franklin, Tennessee. The small business activities included a production facility in Karawang, Indonesia, as well as a production plant in Sprimont, Belgium, and a global sales network.

India

Domestic growth continued to be soft in India during 2013. Moreover, subdued global demand affected the export potential of the country's manufacturing industry. India's automotive market ended 2013 with a significant decline, the first in more than a decade.

Bekaert's activities achieved volume growth in its markets but saw margins decrease as a result of a weakening product mix and of competitive imports and increased energy prices.

The company's export-driven activities in India operated in a market context of weak global demand.

In order to align with growing demand for Bekaert's Dramix® steel fibers for concrete reinforcement, Bekaert invested in production capacity in its manufacturing platform in Lonand.

The Dramix® line in Lonand, India, became operational in early 2014 and will accommodate demand from domestic and export markets.

Post balance sheet: Bekaert raised its stake in Bekaert Mukand Wire Industries Pvt Ltd in Lonand from 94% as at year-end 2013 to 100% at the beginning of 2014. The plant produces stainless steel wire and Dramix® steel fibers.

Technology & Innovation

Agile innovation: our approach towards customer-centric solutions and continuous renewal

- Innovation as a driver for a sustainable future
- Co-creation and open innovation

Transforming steel wire and applying coating technologies form our core business. To strengthen our technological leadership in these competencies, Bekaert invests intensively in research and development and sees innovation as a constant, driving factor in all its activities and processes.
Our R&D activities are aimed at creating value for our customers with new products and applications, as well as with innovative production processes that reduce environmental impact and offer reliable solutions at competitive prices. We team up with customers and suppliers around the globe to develop, implement, upgrade and protect both current and future technologies.

Innovation as a driver for a sustainable future

Innovation is a key pillar in Bekaert's strategy to achieve sustainable profitable growth. In 2013 we therefore invested substantially in developing new products and improving production processes.

The technology centers of Bekaert are equipped with labs and pilot lines.

In close cooperation with our customers, we further developed our new generation tire cord types, such as the super-tensile and ultra-tensile ranges that provide increased strength. Super and ultra-tensile tire cord allows tire makers to produce tires with a lower weight and lower rolling resistance, thereby increasing fuel efficiency and the respective performance ranking of tire models in international tire labeling standards.

In 2013, we also continued to invest in research and development projects that fundamentally change the properties of steel cord. Bekaert's successful launch of ternary alloy coated steel cord, for instance, contributes to more durable tires and cleaner processes at the sites of the tire manufacturers. The innovative steel cord concept eliminates the need for adding cobalt to the rubber compound. Furthermore, this differentiated technology offers our customers a cost advantage, while extensive tests have shown the concept to have a significant positive impact on adhesion, rolling resistance and tire life.

The construction market successfully welcomed the new series of our Dramix® fibers for concrete reinforcement, launched in 2012. The addition of the new steel fibers in the 4D and 5D series takes concrete reinforcement to the next performance class: previously unknown levels of anchorage, tensile strength and ductility guarantee the best possible solution for an ever wider range of applications.

Bekaert's ropes platform also continued to innovate, with new rope types aiming for higher strength and improved quality of ropes and rope wires for hoisting & lifting applications. The development of better coatings on rope wire for rock protection resulted in better corrosion resistance.

Bekaert continued to develop thermoplastic components reinforced with steel cord. The flexible structure of this hybrid material makes it suitable for a wide range of uses that require a high-impact resistance, like automotive impact parts, as well as plastic storage tanks, engineering structures, buoys and dock fenders.

Bekaert further invested in the development of super high precision profile wires used in flexible pipes. These shaped and flat steel wires are being used for the mechanical reinforcement and optimal pressure resistance of flexible pipes that transport oil and gas from the well to the production platform. Another example are our triangular shaped wires for wedge screens and filters applied in fine filtration processes such as for oil and for drinking water.

In cable armoring, we improved the tensile strength of our electromechanical wires. This allows our customers in the energy and utilities sector to develop longer cable span. Also, we introduced our a-magnetic armoring wire to the market. This heavily galvanized, austenitic stainless steel wire is used for protecting submarine power cables. A heavy zinc layer on austenitic steel offers excellent resistance to pitting and crevice corrosion, making it perfect for marine applications and the only full a-magnetic solution that combines excellent corrosion resistance with easy processability.

Bekaert continued to serve the needs of the medical sector, with new developments in stainless wires for dental and insulin injection applications.

The Technology Center in Deerlijk (Belgium) coordinates Bekaert's global research and development efforts.

Co-creation and open innovation

We team up with customers and suppliers around the globe to develop, implement, upgrade and protect both current and future technologies. Listening closely to our customers and understanding how our products function within their production lines and products is key to developing fit-for-use solutions.

There is an increasing trend in co-development projects with our strategic suppliers. We also consider corporate venturing by investing in companies and venture capital funds worldwide. Our related investments are minority interests in young start-up companies with innovative technologies that can support Bekaert's sustainable profitable growth strategy.

Bekaert seeks international partners for cooperation with universities and research institutes. In 2013, we continued to cooperate with academic institutes, technology clusters and research partners from different countries in order to bring an outside-in approach.

- Bekaert is active in several Strategic Initiative Materials (SIM) programs. We have a research partnership with the University of Leuven (Belgium), the metal research activities cluster in Ghent (Belgium) and the 'Université de Lille' (France). Bekaert started a new partnership with the University of Brussels (Belgium). Bekaert is an active member of the Flanders Mechatronic Center and Flanders Drive and collaborates with the Dutch Polymer Institute (DPI) in Eindhoven (The Netherlands).
- In China, we have a partnership with the Institute of Metal Research (IMR) in Shenyang (Liaoning province) and with Tsinghua University in Beijing.
- In Slovakia, we have a research contract with the University of Trnava.
- In the US, collaborative research efforts continue to be carried out at the Colorado School of Mines.

Acknowledgement

We wish to thank the Flemish government agency for Innovation by Science and Technology (IWT) as well as the Belgian federal government. Their subsidies and incentives for R&D projects, involving highly-educated scientific personnel and researchers in Flanders, are pivotal in securing a foothold for our R&D activities in Belgium.

In October 2013, Bekaert organized and hosted an International Scientific Seminar on high strength steel wire. Renowned international experts in the field of high strength steel, from various institutes and steel-making companies, attended the seminar and discussed new developments in the field with Bekaert's technology specialists.

Innovation in production processes and equipment

The need for more sustainable solutions in energy and materials consumption is a major force in Bekaert's innovation-driven culture. We therefore put a lot of effort into making our plants and processes more environmentally friendly. We do our utmost to remove hazardous materials from our production processes. We continue our search for alternative, environmentally friendly coatings. In 2013, we continued several projects that further reduce emissions, waste residue and the consumption of chemicals and materials. On top of this, in close development with some customers, we invest in solutions that make their production processes more environmental friendly.

Bekaert's in-house engineering department plays a key role in the optimization of our production processes and machinery. This department designs, manufactures, installs and services the critical equipment for our production plants worldwide. Bekaert's engineering activities are organized on a global scale with a network of engineers and technicians in Belgium, China, India, Slovakia and Brazil. Newly designed equipment by Bekaert Engineering always combines performance improvement in various areas, including product quality, production excellence, cost efficiency, ergonomics and environmental impact.

Sustainability

The world around us, our shared concern.

- Our responsibility in the workplace
- Our responsibility in the markets and towards the environment
- Our responsibility towards society

Bekaert's global Corporate Social Responsibility (CSR) strategy is centered on four main pillars: our responsibility in the workplace, in the marketplace, towards the environment and towards society. Our CSR efforts and activities are therefore focused in such a way that balanced consideration is given to the interests of all respective stakeholders, i.e. employees, customers, shareholders, partners, local governments and the communities in which we are active.

Bekaert's CSR report 2012 is based on the GRI G3 Guidelines regarding the GRI Sustainability Reporting Framework.

The certification application of the 2013 report was still pending at the date of the publication of this annual report. Global Reporting Initiative (GRI) is a non-profit organization that promotes economic sustainability. Bekaert's responsible performance in 2013 has been recognized by its inclusion in the Ethibel Excellence Index (ESI) Europe - a reference benchmark for top performers in terms of corporate social responsibility based on Vigeo's research - as well as in Kempen SRI.

Our responsibility in the workplace

Learning and development

In order to encourage the continuous development of all employees, the company's group targets are deployed into team and personal targets for everyone. Bekaert's performance management system enables the evaluation of teams and individuals in relation to the set targets, as well as in relation to their way of working.

Bekaert's leadership compass serves as a guide for leadership behavior: it combines the corporate values of integrity, trust and resilience and working in a *better together* spirit with accountability and leading by example.

Bekaert attaches great importance to offering continuous learning and development opportunities to its employees. Such programs not only include technical and function-specific training, but also leadership modules that help our people develop and cooperate in a global business environment.

In 2013, we continued 'the Bekaert Leadership Journey', a worldwide management development program that was launched in 2010. We proceeded with the worldwide roll-out of the second module which focuses on 'leading with others' and which emphasizes true cooperation towards achieving our company objectives and common aspiration.

Employee related data

- On average 33 hours of training per employee
- Percentage of employees who received a performance review:

% of population	Managers	White collars	Blue collars
Covered in a performance management system	100	100	88
With link between performance & base pay	100	96	60
With link between performance & variable bonus	100	85	85

Safety data

Fatal accident

We were confronted, in July 2013, with a fatal accident in Slovakia. Bekaert's top management and employees sincerely regret the loss of their colleague. A thorough investigation was conducted to ensure that all necessary precautions are put in place to prevent any further casualties at the workplace.

Renewed safety dynamics

Safety has always been a key priority at Bekaert. To keep safety top of mind, we implemented an update to our internal safety model, the Safety Tree. Based on a renewed safety aspiration, profound risk management, an interdependent safety culture, improved monitoring & management systems and continued best practice sharing, our improved safety model created renewed dynamics for safety. The fatal accident in 2013 shocked the Bekaert community and raised safety awareness at all of our locations around the world.

Measuring and improving safety

The Bekaert safety policy is deployed through the Safety Tree model and monitored via the Bekaert Safety Evaluation System (BEKSES). In 2013, regular BEKSES audits (based on OHSAS 18001) were carried out in a substantial number of plants. In other plants, an action plan based on the 2012 audits was implemented.

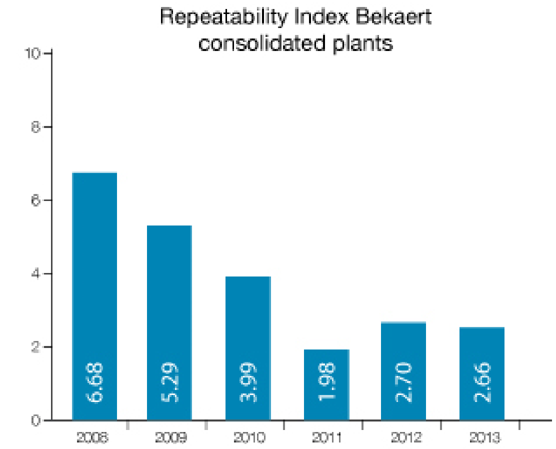
Care for health

Because we attach great importance to a healthy working environment, we continued to invest in automated handling equipment and other workplace ergonomics in 2013. We also formulated a vitality program, which will be implemented in the course of 2014.

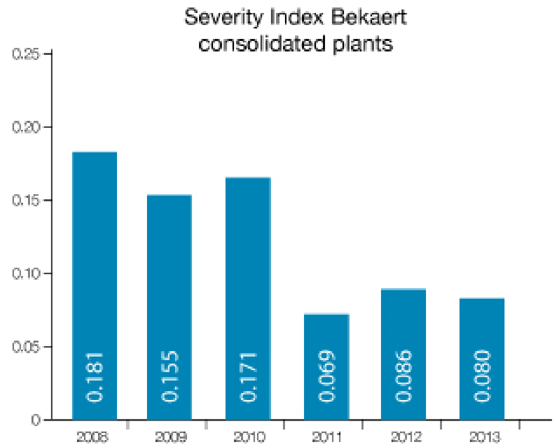
International Health and Safety Day

In September 2013, Bekaert organized its sixth International Health and Safety Day. This year's edition focused on hand & finger safety. Safety guidelines were provided and safety audits were performed. By organizing the International Health and Safety Day each year, Bekaert's top management and all management teams reconfirm that the safety and health of all Bekaert employees around the world is and remains one of the company's main priorities.

Safety related data



Repeatability Index = Number of lost time accidents (LTA) per million worked hours.



Severity Index = Number of lost days due to occupational accidents per thousand worked hours.

Safety champions in consolidated plants

number of years without LTA

	>=7 years	>= 6 years	>=4 years	>= 3 years	>= 2 years
N° of plants	2	2	4	8	6

Our responsibility in the markets and towards the environment

Our responsibility in the community and the markets

better together in the communities where we are active

Bekaert strives to be a loyal and responsible partner in the communities where we are active. We make a point of interacting with local governments in a transparent, constructive way, and we are firmly committed to complying with national legislations and collective labor agreements. Bekaert adheres to the Universal Declaration of Human Rights and the treaties and recommendations of the International Labor Organization.

better together by embracing diversity

At Bekaert, we acknowledge the importance of diversity – diversity of people, products, customers, suppliers, cultures and regions. We see diversity as an opportunity. *better together* by embracing diversity is not only a slogan; it is our aspiration.

We practice a two-fold hiring policy. First, our customers expect service from strong local teams, so we prefer working with people who are familiar with the conditions under which local businesses operate. Second, we focus on diversity of people. We set up teams consisting of talent from different nationalities, cultures and backgrounds, encouraging them to share their knowledge, strengths, experiences and perspectives with each other.

better together with customers and suppliers

All over the world, we aim to stay close to our customers. As such, we have production facilities and sales offices in 40 countries and help our customers and domestic suppliers develop their products and processes.

In 2013 Bekaert won the 2013 EIPM Peter Kraljic Excellence Award for “Value creation – extended enterprise”, which is handed out by The European Institute of Purchasing Management (EIPM). This award validates Bekaert’s excellence in purchasing processes and is the result of a performance assessment based on the EFQM Excellence Model and EFQM best practices.

Our baseline *better together* sums up the unique cooperation between Bekaert and its business partners. We work closely with customers and suppliers by engaging in co-development projects, conducting feedback initiatives and satisfaction surveys, and performing industry analyses.

Our responsibility towards the environment

better together for a cleaner world is one of Bekaert’s ambitions: we continuously strive to use fewer materials, cut energy consumption and reduce waste.

Bekaert’s concern for the environment is three-fold:

First, we seek to develop new, eco-friendlier production processes for our plants worldwide. In 2013, we continued to work on the ‘New Environmental Technologies’ project. This project was launched in 2011 in order to build up knowledge and expertise in environmental technologies and thereby boost the environmental performance of plants worldwide. Practical solutions that have been developed include the installation of a new evaporator type to treat the rinsing waste water and the installation of spray dryers which use recuperated heat.

In 2013, 95% of our consolidated plants worldwide were ISO 14001 certified. Bekaert’s full worldwide certification is an ongoing goal and an element in the integration process of newly acquired entities and of companies that are added to the consolidation perimeter.

Bekaert’s concern for the environment also involves investing in product innovations that allow for process improvements at the production sites of our customers. Our ternary alloy coated steel cord for tires enables our customers to simplify their production processes and make them more environmentally friendly. Our Dramix® steel fibers used in the construction sector lead to less usage of steel compared to traditional concrete reinforcement products, less energy consumption and faster processing.

Lastly, Bekaert develops products that contribute to a cleaner environment. To name a few: our super and ultra-tensile steel cord for example answer the need for light-weight materials in cars. Other examples are stainless steel wedge wires used for oil and water filtration, cable-armoring solutions for green power transmission, and substitutes for solvent-based coatings.

Our responsibility towards society

Education projects form the backbone of funding and other community-building activities. In addition, we support local activities and projects for social, cultural and economic development, as well as for disaster relief.

Supporting educational and training initiatives

We believe that education and learning are the key to a sustainable future. Accordingly, we support initiatives worldwide that focus on helping the communities we are active in through education and learning.

In China, Bekaert has built strong relationships with various schools. In 2013, Bekaert and its employees donated gifts, books and sporting goods to the Lianying Primary School (Shanghai), the Shuang Lu Primary School (Chongqing) and the Weihai Xiyuan School (Weihai) on the occasion of International Children's Day.

Our plant in Izmit (Turkey) supported a library for the Ulubatlı Hasan Primary School.

In Brazil, Bekaert is a partner in the Welding City program, which aims to train 'at-risk youth' in welding methods so as to increase their opportunities on the job market.

Prodac, our plant in Peru, supports the 'Learning for growth' program, which aims to improve primary school teachers' performance in mathematics and communication. The program includes workshops for not only teachers, but also parents and members of the local education community. It is a cooperative effort between Prodac, Cayetano Heredia University and a project called 'Businessmen for Education'.

Supporting social & community initiatives

We support community initiatives that aim to improve societal conditions in the places where we are active.

In India, Bekaert contributes to the economic development and well-being of communities where we are active. In the Thiruvallur District, for instance, a natural resource management program was set up which focuses on water and agriculture. The health camp initiatives that were launched in 2012 to address the health care needs of the local people continue to be organized.

In Brazil, Bekaert continues to support long-term initiatives like Citizens of Tomorrow, a program through which employees and their families collect funds to help children and teenagers with social and educational needs. Also in Brazil, Bekaert supports various health initiatives that are geared towards detecting and treating sight and hearing problems.

The Akron (Ohio, US) office supported the United Way's annual "Day of Action" by voluntarily work in the local community.

Report of the Board

- Key figures
- Key figures per segment
- Summary of financial review
- Corporate Governance Statement
- References

Report of the Board of Directors ex Article 119 of the Belgian Companies Code

Key figures

Combined key figures
in millions of €

	2012	2013	Delta
Sales	4 387	4 111	-6.3%
Capital Expenditure (PP&E)	139	108	-22.3%
Personnel as at 31 December	27 200	26 385	-3.0%

Consolidated financial statements
in millions of €

	2012*	2013	Delta
Income statement			
Sales	3 461	3 186	-7.9%
Operating result before non-recurring items (REBIT)	117	166	41.6%
Operating result (EBIT)	-50	137	
Non-recurring items	-167	-29	
Interests and other financial results	-83	-84	
Income taxes	-68	-48	
Group share joint ventures	10	30	191.3%
Result for the period	-191	36	
attributable to the Group	-197	25	
attributable to non-controlling interests	6	11	80.4%
EBITDA	274	297	8.4%
Depreciation PP&E	195	162	-16.9%
Amortization and impairment	129	-2	
Balance sheet			
Equity	1 604	1 504	-6.3%
Non-current assets	1 747	1 609	-7.9%
Capital expenditure (PP&E)	123	95	-23.1%
Balance sheet total	3 668	3 380	-7.8%
Net debt	700	574	-18.0%
Capital employed	2 375	2 119	-10.8%
Working capital	898	793	-11.7%
Employees as at 31 December	22 682	21 850	-3.7%
Ratios			
EBITDA on sales	7.9%	9.3%	
REBIT on sales	3.4%	5.2%	
EBIT on sales	-1.4%	4.3%	
EBIT interest coverage	-0.7	2.4	
ROCE (Return on capital employed)	-2.0%	6.1%	
ROE (Return on equity)	-11.3%	2.3%	
Financial autonomy (Equity relative to total assets)	43.7%	44.5%	
Gearing (Net debt on equity)	43.7%	38.2%	
Net debt on EBITDA	2.6	1.9	

Joint ventures and associates
in millions of €

	2012	2013	Delta
Sales	926	925	-0.1%
Operating result	49	95	94.6%
Net result	36	76	110.5%
Capital expenditure (PP&E)	16	13	-17.0%
Depreciation	23	21	-8.0%
Employees as at 31 December	4 514	4 535	0.5%
Group's share net result	10	30	191.3%
Group's share equity	162	151	-6.7%

Key figures per share
NV Bekaert SA

	2012	2013	Delta
Number of shares as at 31 December	60 000 942	60 063 871	0.1%
Market capitalization as at 31 December (in millions of €)	1 313	1 545	17.7%

Per share
in €

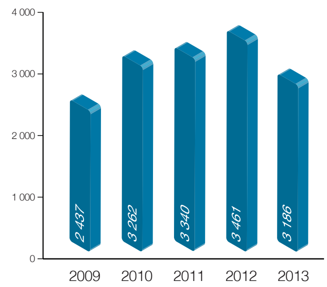
	2012	2013	Delta
EPS	-3.33	0.42	N.A.
Gross dividend**	0.85	0.85	=
Net dividend**	0.6375	0.6375	=

Valorization
in €

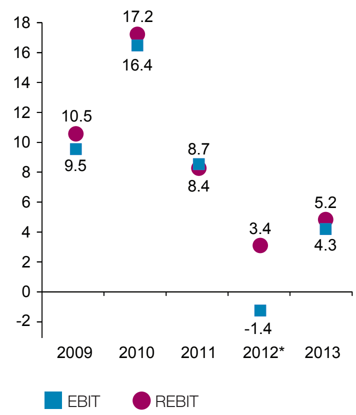
	2012	2013	Delta
Price as at 31 December	21.87	25.72	17.6%
Price (average)	22.59	24.93	10.3%

* *Including limited effects of IAS19 restatement.*
** *The dividend is subject to approval by the General Meeting of Shareholders 2014*

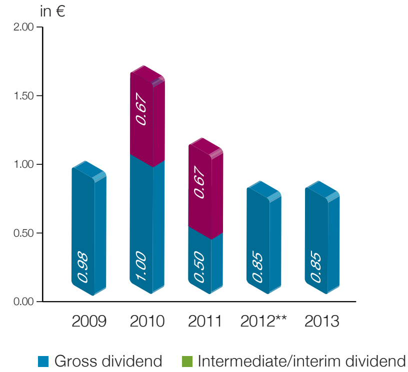
Consolidated sales
in millions of €



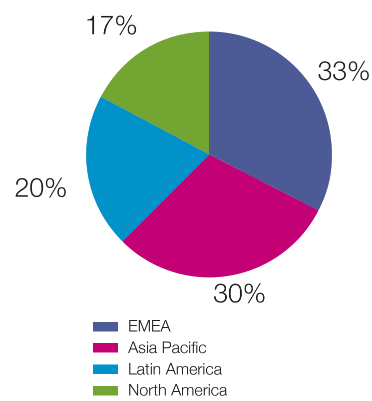
EBIT on sales
in %



Gross dividend
in €



Consolidated sales by segment



Key figures per segment

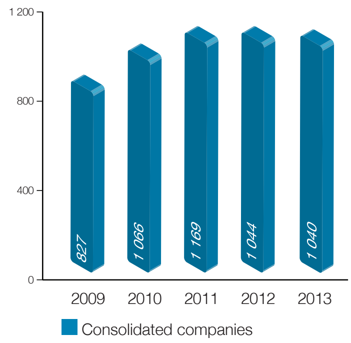
EMEA

in millions of €	2012	2013
Consolidated sales	1 044	1 040
Operating result (EBIT)	-11	85
EBIT on sales	-1.1%	8.2%
EBITDA	68	133
EBITDA on sales	6.5%	12.8%
Combined sales	1 040	1 028

EMEA
€ 1 028 million
Combined sales
25%

Sales EMEA

in millions of €



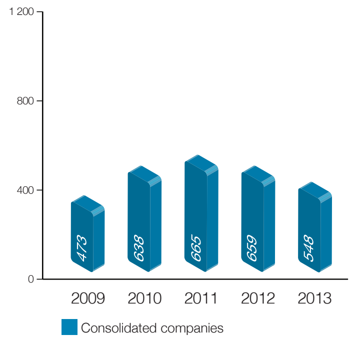
North America

in millions of €	2012	2013
Consolidated sales	659	548
Operating result (EBIT)	16	8
EBIT on sales	2.4%	1.5%
EBITDA	39	22
EBITDA on sales	5.9%	4.0%
Combined sales	659	548

North America
€ 548 million
Combined sales
13%

Sales North America

in millions of €



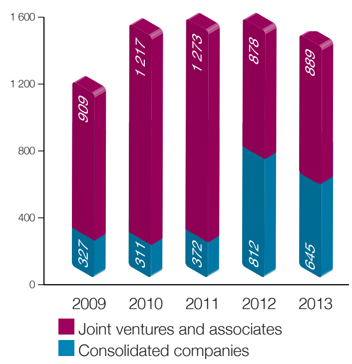
Latin America

in millions of €	2012	2013
Consolidated sales	812	645
Operating result (EBIT)	79	44
EBIT on sales	9.8%	6.8%
EBITDA	100	64
EBITDA on sales	12.4%	9.9%
Combined sales	1 690	1 543

Latin America
€ 1 534 million
Combined sales
37%

Sales Latin America

in millions of €



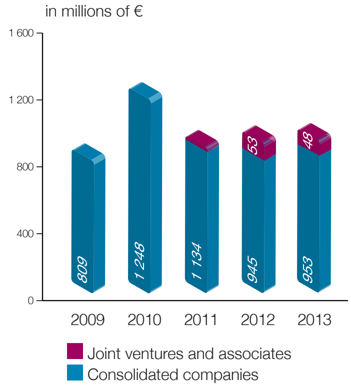
Asia Pacific

in millions of €	2012	2013
Consolidated sales	945	953
Operating result (EBIT)	-33	73
EBIT on sales	-3.5%	7.7%
EBITDA	172	153
EBITDA on sales	18.2%	16.1%
Combined sales	998	1 001

Asia Pacific
€ 1 001 million
Combined sales
25%

Sales Asia Pacific

in millions of €



Summary of financial review

Sales and financial review

Sales

Bekaert achieved € 3.2 billion consolidated sales and € 4.1 billion combined sales in the year 2013, a decrease of 7.9% and 6.3% respectively in comparison with 2012. The company maintained its leading market positions and realized 4.0% volume growth, mostly from acquisitions. The impact of the changes in consolidation accounting for the activities in Venezuela was -3.2% on consolidated sales. The fluctuations of other currencies additionally affected revenue by -2.4%. The net effect of acquisitions and divestments (+0.9%) was limited, while organic sales were down 3.3%, mainly due to passed-on lower raw materials prices.

Dividend

The Board of Directors will propose that the General Meeting of Shareholders on 14 May 2014 approve the distribution of a gross dividend of € 0.85 per share. The dividend will, upon approval become payable as of 21 May 2014.

Financial results

Bekaert achieved an operating result before non-recurring items (REBIT) of € 166 million (versus € 117 million in 2012). This equates to a REBIT margin on sales of 5.2%. Non-recurring items amounted to € -29 million (compared with € -167 million last year). Including non-recurring items, EBIT was € 137 million, representing an EBIT margin on sales of 4.3% (versus -1.4%). EBITDA reached € 297 million, representing an EBITDA margin on sales of 9.3% (versus 7.9%).

Selling and administrative expenses decreased by € 40 million to € 253 million as a result of reversed bad debt provisions and implemented cost savings, partly offset by cost inflation. Research and development expenses decreased by € 7 million to € 62 million as a result of cost savings actions.
Interest income and expenses amounted to € -64 million (versus € -80 million) due to a lower average debt. Other financial income and expenses amounted to € -20 million (versus € -3 million), mainly due to currency movements.

Taxation on profit was € 48 million versus € 68 million last year.

The share in the result of joint ventures and associated companies increased from € 10 million to € 30 million, reflecting the vigorous performance of the Brazilian joint ventures.

The result for the period thus totaled € 36 million, compared with € -191 million in 2012. After non-controlling interests (€ 11 million), the result for the period attributable to the Group was € 25 million, compared with € -197 million last year. Earnings per share amounted to € 0.42 (up from € -3.33 in 2012).

Balance sheet

As at 31 December 2013, shareholders' equity represented 44.5% of total assets. Net debt was reduced from € 700 million to € 574 million, as a result of effective actions to lower the working capital level. Average working capital on sales (26.5%) was below 2012 (27.9%). The gearing ratio (net debt to equity) was 38.2% (versus 43.7%), and net debt on EBITDA was 1.9 (versus 2.6).

Cash flow statement

Cash from operating activities amounted to € 306 million (2012: € 439 million). Operating working capital decreased by € 78 million. Cash flow attributable to investing activities amounted to € -72 million, of which € -95 million related to capital expenditure (PP&E) and € +14 million to dividends received. Cash flows from financing activities totaled € -192 million (versus € -272 million in 2012) and were, among other elements, driven by the share buy-back program (€ 15 million), the bond repayment of February 2013 (€ 100 million), and dividend payments (€ 58 million).

Investment update and other information

Capital expenditure amounted to € 97 million of which € 95 million was in property, plant and equipment. While lower than in 2012, several expansion investments were initiated in late 2013, with a capital expenditure impact spread over 2013 and 2014. Bekaert's investments in research and development totaled € 62 million in 2013. These R&D expenses related mainly to the activities of the international technology centers in Deerlijk (Belgium) and Jiangyin (China). The decrease versus 2012 (€ 69 million) is a result of the implementation of cost savings.

Net debt was reduced from € 770 million as at 30 June 2013 (€ 700 million as at year-end 2012) to € 574 million as at 31 December 2013. Net debt was cut significantly as Bekaert implemented effective measures to continue to reduce the working capital.

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

Segment reports

EMEA

Bekaert's activities in EMEA recorded a solid performance in 2013.The implementation of significant cost savings and the 2012 restructuring measures considerably improved the segment's profitability. At stable sales, the company realized a 40% REBIT increase in the region and restored its profitability to an EBIT margin of 8.2%.

EBITDA almost doubled in comparison with 2012, when the cash flow generation was substantially affected by the loss generating sawing wire activities and the related restructuring impact. Non-recurring items were limited in 2013 and mainly related to an additional impact from the 2012 restructuring in Belgium and non-recurring expenses from a realignment of the production platform in the UK.

North America

Low demand in domestic industrial markets, investment delays in energy and construction markets, and increased competition from Asian imports drove sales down in North America. The demand drop caused by investment delays in the US power grid infrastructure, for example, affected Bekaert's activities serving customers in power transmission and distribution markets. The segment's turnover was also impacted by passed-on lower raw materials prices and by the adverse currency translation effects as a result of a stronger euro.

The Canadian wire rope activities in Pointe-Claire continued to perform well and achieved robust volume growth in 2013.

Bekaert decided to cease its steel wire operations in Surrey, Canada, because of the structural downward business trend in the steel wire market in the Northwest of North America. The company intends to serve its customers in the region from its other North American manufacturing sites. The non-recurring items in this segment report mainly relate to the closure of the Surrey plant.
Notwithstanding the current market conditions and the underperformance of the segment in terms of profitability, Bekaert reconfirms its belief in the potential of its manufacturing and supply platforms in North America. Actions to restore profitability are being implemented.

Latin America

Bekaert's activities in Latin America delivered solid volume growth. This growth was, however, more than offset by an unfavorable product-mix and by the passed-on lower raw materials prices obtained through changed sourcing policies. Excluding currency effects, the Latin American activities recorded a sales decline of 3.5%.

In addition, the segment's top line dropped substantially as a result of the impact of Venezuela (-13.6%) and of other currency movements (-3.6%). In order to avoid overvalued financial statements at the official currency rate of the Venezuelan bolivar, Bekaert has, since the beginning of 2013, translated the bolivar-denominated financial statements of its Venezuelan operations at the economic exchange rate. The drastic depreciation of the bolivar had an impact of €-110 million on revenues and €-16 million on EBIT in 2013.

At the end of 2013 Bekaert announced its plans to expand in Central and South America, including the start-up of a Dramix® plant in Costa Rica, the acquisition of 73% of the shares of the ArcelorMittal steel wire plant in Costa Rica, and raising its share from 45% to 100% in the Cimaf ropes plant in Brazil. Both the finalization of the acquisition deal and the start-up of the Dramix® plant are scheduled for the second quarter of 2014.

At the combined level, Bekaert's joint ventures in Brazil delivered robust sales growth in 2013. The overall strong performance of the Brazilian entities led to a much higher profitability. The substantial depreciation of the Brazilian real, particularly in the second half of the year, had an adverse translation effect. This currency correction, however, raised the competitive power of our activities versus imports.

Asia Pacific

Bekaert's activities in Asia Pacific achieved significant organic volume growth (+8%) as a result of increased demand in the Chinese tire sector and of growth generated by a further broadened product portfolio in other markets. The integration of the Malaysian activities added 4% to consolidated sales.

The growth was, however, offset by the impact on sales of decreased wire rod prices (-2%), adverse currency effects (-3%) and a negative price-mix (-6%).

In spite of the price erosion in China and overall weak demand in India, Bekaert more than doubled its profitability in the region in comparison with 2012. Margins increased mainly as a result of the 2012 restructuring of the sawing wire platform, the implementation of cost savings and a reversal of bad debt reserves in 2013. Effective measures to substantially strengthen credit control and collection and a modest demand increase in solar markets enabled us to recover in China, part of the written off receivables from sawing wire customers.
The integration of the recently acquired entities in Asia is ongoing and is bringing their performance into line with the Bekaert standards and profit objectives. This integration process is taking more time than anticipated and is continuing to weigh on profitability.

Corporate Governance Statement

Board of Directors and Executive Management

In accordance with the original Belgian Code on Corporate Governance published in 2004, the Board of Directors has, on 16 December 2005, adopted the Bekaert Corporate Governance Charter. Following the publication of the 2009 Belgian Code on Corporate Governance, the Board of Directors has, on 22 December 2009, adopted the 2009 Code as the reference code for Bekaert and revised the Bekaert Corporate Governance Charter (the ‘Bekaert Charter’). Bekaert complies in principle with the Belgian Corporate Governance Code and explains in the Bekaert Charter and in this Corporate Governance Statement why it departs from some of its provisions.

The Belgian Corporate Governance Code is available at www.corporategovernancecommittee.be

The Bekaert Corporate Governance Charter is available at www.bekaert.com

Board of Directors

The Board of Directors consists of fourteen members, who are appointed by the General Meeting of Shareholders. Eight of the Directors are appointed from among candidates nominated by the principal shareholders. The Chairman and the Chief Executive Officer are never the same individual. The Chief Executive Officer is the only Board member with an executive function. All other members are non-executive Directors.

Three of the Directors are independent in accordance with the criteria of Article 526ter of the Belgian Companies Code and provision 2.3 of the Belgian Corporate Governance Code: Dr Alan Begg (first appointed in 2008), Lady Barbara Thomas Judge (first appointed in 2007), and Mr Manfred Wennemer (first appointed in 2009, independent since 1 January 2010). Sir Anthony Galsworthy (first appointed in 2004) ceased to be independent upon his appointment to a fourth consecutive term of office on 9 May 2012.

The Board met on seven occasions in 2013: there were six regular meetings and one extraordinary session. In addition to its statutory powers and powers under the Articles of Association and the Bekaert Charter, the Board of Directors discussed the following matters, among others, in 2013:

- the business plan for 2013;
- continuous monitoring of the debt and liquidity situation of the Group;
- a review of Bekaert’s strategy;
- the repurchase of Company shares;
- the business plan for the period 2014-2016;
- the succession planning at the Board and Executive Management levels;
- a public offer to exchange the Company’s 2009-2014 retail bond for a new 2013-2020 retail bond;
- an exceptional offer of stock options to the Chief Executive Officer and the other members of the Executive Management in accordance with the Stock Option Plan 2010-2014 (“SOP2010-2014”);
- the fourth regular offer of stock options in accordance with SOP2010-2014;
- the annual review of the major risks and the related mitigation plans under Bekaert’s enterprise risk management program.

On 27 August 2013 the Company announced the leadership succession plans of its Chairman and Chief Executive Officer. Baron Buysse, Chairman of the Board of Directors since 2000, will retire as of the close of the Annual General Meeting in May 2014 and Bert De Graeve, Chief Executive Officer since 2006, will be appointed Chairman of the Board to succeed Baron Buysse.

Matthew Taylor was appointed Chief Executive Officer Designate, and assumed this position as of 1 September 2013 by becoming a member of the Bekaert Group Executive. Mr Taylor will assume the position of Chief Executive Officer in May 2014, when his appointment as a member of the Board of Directors will be submitted to the Annual General Meeting. Pending such appointment he has been invited to attend the meetings of the Board and of the Board Committees since September 2013.

In light of provision 4.7 of the Belgian Corporate Governance Code, the Board underscores that the leadership changes were initiated in consideration of a thorough succession planning process which aims at ensuring continuity of direction at the level of the Board and of the Executive Management.

Name	First appointed	Expiry of current term	Principal occupation (*)	Number of regular/ extraordinary meetings attended
Chairman				
Baron Buysse	2000	2014	NV Bekaert SA	5/1
Chief Executive Officer				
Bert De Graeve	2006	2015	NV Bekaert SA	6/1
Members nominated by the principal shareholders				
Baron Bekaert	1994	2015	Director of companies	6/1
Roger Dalle	1998	2015	Director of companies	6/1
Count Charles de Liedekerke	1997	2015	Director of companies	6/1
François de Visscher	1992	2016	President, de Visscher & Co. LLC (United States)	5/1
Hubert Jacobs van Merlen	2003	2015	Director of companies	5/1
Maxime Jadot	1994	2015	CEO and Chairman of the Executive Board, BNP Paribas Fortis, Belgium	6/1
Bernard van de Walle de Ghelcke	2004	2016	Of Counsel, Linklaters LLP (Belgium)	6/1
Baudouin Velge	1998	2016	Managing Partner, Interel	6/1
Independent Directors				
Dr Alan Begg	2008	2014	Senior Vice President Group Technology and Development, SKF (Sweden)	5/1
Lady Barbara Thomas Judge	2007	2016	Chairman of the UK Pension Protection Fund (United Kingdom) Chairman Emeritus of the UK Atomic Energy Authority (United Kingdom)	5/1
Manfred Wennemer	2009	2015	Director of companies	6/0
Other Directors				
Sir Anthony Galsworthy	2004	2014	Advisor to Standard Chartered Bank (United Kingdom)	6/1

(*) the detailed résumés of the Board members are available at www.bekaert.com

Committees of the Board of Directors

The Board of Directors has established three advisory Committees.

Audit and Finance Committee

The Audit and Finance Committee is composed as required by Article 526bis §2 of the Companies Code: all of its four members are non-executive Directors and one member, Lady Judge, is independent. Her competence in accounting and auditing is demonstrated by her position as vice chairman of the Financial Reporting Council, the British accounting and corporate governance regulator, which she held until the end of 2007.

Contrary to provision 5.2/3 of the Belgian Corporate Governance Code, the Committee is chaired by the Chairman of the Board: Bekaert wishes the Chairman to preside over all Committees, to enable him to discharge as effectively as possible his specific duties with regard to protecting the interests of all shareholders. Contrary to provision 5.2/4 of the Belgian Corporate Governance Code, according to which at least a majority of the members should be independent, Bekaert takes the view that the Audit and Finance Committee should reflect the balanced composition of the full Board.

The Chief Executive Officer and the Chief Financial Officer are not members of the Committee, but are invited to attend its meetings. This arrangement guarantees the essential interaction between the Board of Directors and Executive Management.

Name	Expiry of current term	Number of meetings attended

Baron Buysse	2014	4
François de Visscher	2016	3
Lady Barbara Thomas Judge	2016	3
Baudouin Velge	2016	4

The Committee met four times in 2013. In addition to its statutory powers and its powers under the Bekaert Charter the Committee discussed the following main subjects:

- the financing structure of the Group;
- the debt and liquidity situation;
- the activity reports of the internal audit department;
- the reports of the Statutory Auditor;
- the annual review of the major risks and the related mitigation plans under Bekaert's enterprise risk management program.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is composed as required by Article 526quater §2 of the Companies Code: all of its three members are non-executive Directors. It is chaired by the Chairman of the Board and its two other members, Dr Begg and Lady Judge, are independent. The Committee's competence in the field of remuneration policy is demonstrated by the relevant experience of its members.

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2014	4
Dr Alan Begg	2014	4
Lady Barbara Thomas Judge	2016	3

Two of the Directors nominated by the principal shareholders are invited to attend the Committee meetings without being members.

The Committee met four times in 2013. In addition to its statutory powers and its powers under the Bekaert Charter the Committee discussed the following main subjects:

- a review of the Group's remuneration strategy;
- the new short term variable remuneration policy for the Chief Executive Officer and the other members of the Executive Management;
- the variable remuneration for the Chief Executive Officer and the other members of the Executive Management for 2012;
- the base remuneration of the Chief Executive Officer and the other members of the Executive Management for 2013;
- the succession planning for senior executives;
- the selection and appointment of the Chief Executive Officer designate;
- the appointment of the future Chairman of the Board;
- the recruitment of a new Director;
- the future organization structure of the Group.

Strategic Committee

The Strategic Committee has six members, five of whom are non-executive Directors. It is chaired by the Chairman of the Board and further consists of the Chief Executive Officer and four Directors.

Name	Expiry of current term	Number of meetings attended
Baron Buysse	2014	4
Bert De Graeve	2015	4
Baron Bekaert	2015	4
Count Charles de Liedekerke	2015	4
Sir Anthony Galsworthy	2014	4
Maxime Jadot	2015	4

The Committee met four times in 2013, and discussed the Bekaert strategy as well as various strategic projects.

Evaluation

The main features of the process for evaluating the Board of Directors, its Committees and the individual Directors are described in paragraph II.3.4 of the Bekaert Charter. The Chairman is in charge of organizing periodic performance appraisals through an extensive questionnaire that addresses:

- the functioning of the Board or Committee;
- the effective preparation and discussion of important issues;
- the individual contribution of each Director;
- the present composition of the Board or Committee against its desired composition;
- the interaction of the Board with the Executive Management.

Gender Diversity Law

In the framework of its action plan to ensure compliance with the legal requirement that one third of its members be of the opposite gender as from 1 January 2017, the Board has identified a female candidate with appropriate credentials, Mrs Mei Ye, and has nominated her for appointment as an independent Director by the Annual General Meeting to be held on 14 May 2014. The search for additional female candidates continues.

Executive Management

The Bekaert Group Executive (BGE) has the collective responsibility to deliver the long term and short term objectives of the Group. It is chaired by the Chief Executive Officer and has the following balanced composition:

- members representing the global Business Platforms, who are accountable for customers and strategy and for the delivery of the long term margin and growth objectives of their platforms;
- members representing the Regional Operations, who are accountable for the execution and delivery of the annual objectives in their regions; and
- members representing the Global Functions, with responsibility for functional excellence and compliance in their functional areas.

Henri-Jean Velge, Executive Vice President Business Platforms, is retiring from the BGE effective 31 March 2014 in order to assume the role of Senior Advisor to the Chief Executive Officer designate.

As of 1 April 2014 the BGE will be composed as follows:

Name	**Position**	**Appointed**
Bert De Graeve	Chief Executive Officer	2006
Matthew Taylor	Chief Executive Officer designate and Executive Vice President	2013
Lieven Larmuseau	Executive Vice President Rubber Reinforcement Platform	2014
Geert Van Haver	Executive Vice President Industrial Products Platform	2014
Piet Van Riet	Executive Vice President Specialty Products Platform	2014
Frank Vromant	Executive Vice President Regional Operations Europe, North America and South Asia	2011
Curd Vandekerckhove	Executive Vice President Regional Operations North Asia and South East Asia	2012
Bruno Humblet	Chief Financial Officer and Executive Vice President Regional Operations Latin America	2006
Dominique Neerinck	Chief Technology Officer and Executive Vice President	2006
Bart Wille	Chief Human Resources Officer and Executive Vice President	2013

Conduct policies

Statutory conflicts of interests in the Board of Directors

In accordance with Article 523 of the Companies Code, a member of the Board of Directors should give the other members prior notice of any agenda items in respect of which he has a direct or indirect conflict of interests of a financial nature with the Company, and should refrain from participating in the discussion of and voting on those items. A conflict of interests arose on two occasions in 2013, and the provisions of Article 523 were complied with on such occasions.

On 18 January 2013 the Board had to determine the terms of the early termination of the Company's contract with the incumbent Chief Executive Officer in the event of the recruitment of a successor. Excerpt from the minutes:

RESOLUTION
On the motion of the Nomination and Remuneration Committee the Board approves the terms, as described by the Chairman at this meeting, of the early termination of the Company's contract of 18 January 2006 with the incumbent Chief Executive Officer in the event of the recruitment of a successor Chief Executive Officer, and authorizes the Chairman and Count de Liedekerke to finalize and jointly execute the early termination on behalf of the Company.

On 26 February 2013 the Board had to determine the remuneration of the Chief Executive Officer. Excerpt from the minutes:

RESOLUTION
On the motion of the Nomination and Remuneration Committee, the Board:
- regarding the performance evaluation for 2012:

- *acknowledges the waiver by the Chief Executive Officer of any short term variable remuneration in respect of 2012;*
- *acknowledges that no mid-term variable remuneration is payable to the Chief Executive Officer in respect of the period 2010-2012;*

- regarding the remuneration for 2013:

- *in accordance with the decision applying to all managers Group-wide resolves not to award a merit increase of the base remuneration to the Chief Executive Officer in 2013;*
- *approves the short term variable remuneration objectives of the Chief Executive Officer in respect of 2013;*

- approves an exceptional offer of 30 000 stock options to the Chief Executive Officer pursuant to the Stock Option Plan 2010-2014 and subject to the Plan Rules amendments proposed by the Committee.

Other transactions with Directors and Executive Management

The Bekaert Charter contains conduct guidelines with respect to direct and indirect conflicts of interests of the members of the Board of Directors and the BGE that fall outside the scope of Article 523 of the Companies Code. Those members are deemed to be related parties to Bekaert and have to report, on an annual basis, their direct or indirect transactions with Bekaert or its subsidiaries. Bekaert is not aware of any potential conflict of interests concerning such transactions occurring in 2013 (cf. Note 7.5 to the consolidated financial statements).

Market abuse

In accordance with provision 3.7 of the Belgian Corporate Governance Code, the Board of Directors has, on 27 July 2006, promulgated the Bekaert Insider Dealing Code, which is included in its entirety in the Bekaert Charter as Appendix 4. The Bekaert Insider Dealing Code restricts transactions in Bekaert securities by members of the Board of Directors, the BGE, senior management and certain other persons during closed and prohibited periods. The Code also contains rules concerning the mandatory internal notification of intended transactions, as well as the disclosure of executed transactions through a notification to the Belgian Financial Services and Markets Authority (FSMA). The Chairman of the Board is the Compliance Officer for purposes of the Bekaert Insider Dealing Code.

Remuneration Report

1. Description of the procedure used in 2013 for (i) developing a remuneration policy for the non-executive Directors and Executive Management and (ii) setting the remuneration of the individual Directors and executive managers

The remuneration policy for non-executive Directors is determined by the General Meeting of Shareholders on the motion of the Board of Directors, acting upon proposals from the Nomination and Remuneration Committee. The policy was approved by the Annual General Meeting of 10 May 2006 and amended by the Annual General Meeting of 11 May 2011.

The remuneration policy for the Chief Executive Officer is determined by the Board of Directors, acting upon proposals from the Nomination and Remuneration Committee. The Chief Executive Officer is absent from this process. The Committee ensures that the Chief Executive Officer 's contract with the Company reflects the remuneration policy. A copy of the Chief Executive Officer’s contract is available to any Director upon request to the Chairman.

The remuneration policy for the members of the BGE other than the Chief Executive Officer is determined by the Board of Directors acting upon proposals from the Nomination and Remuneration Committee. The Chief Executive Officer has an advisory role in this process. The Committee ensures that the contract of each BGE member with the Company reflects the remuneration policy. A copy of each such contract is available to any Director upon request to the Chairman.

2. Statement of the remuneration policy used in 2013 for the non-executive Directors and Executive Management

Non-executive Directors

The remuneration of the non-executive Directors is determined on the basis of six regular meetings of the full Board of Directors per year. A portion of the remuneration is paid on the basis of the number of regular meetings attended in person by the non-executive Director.

Non-executive Directors who are members of a Board Committee receive a fee for each Committee meeting attended in person. As an executive Director the Chief Executive Officer does not receive such attendance fee. The Chairman of a Committee receives double the amount of such fee, except if he is also the Chairman of the Board of Directors.

If the Board of Directors requests the assistance of a Director in a specific matter on account of his or her independence and/or competence, such Director will be entitled, in respect of each session warranting specific travel and time, to a remuneration equal to the applicable amount payable in respect of a Board Committee meeting attended in person.

The actual amount of the remuneration of the Directors is determined by the Annual General Meeting for the running financial year.

The remuneration of the Directors is regularly benchmarked with a selected panel of relevant publicly traded industrial Belgian and international references, in order to ensure that persons with competences matching the Group’s international ambitions can be attracted.

Non-executive Directors are not entitled to performance-related remuneration such as bonuses, stock related long-term incentive schemes, fringe benefits or pension benefits, nor to any other type of variable remuneration except as described above in respect of Board or Committee meetings attended in person.

Expenses that are reasonably incurred in the performance of their duties are reimbursed to Directors, upon submission of suitable justification. In making such expenses, the Directors should take into account the standards applicable within the Group.

The remuneration of the Chairman of the Board of Directors is determined at the beginning of his term of office, and is set for the duration of such term. On the motion of the Nomination and Remuneration Committee, it is determined by the Board subject to approval by the Annual General Meeting. In making its proposal, the Committee should consider a clear description of the duties of the Chairman, the professional profile that has been attracted, the time expected to be effectively available for the Group, and an adequate remuneration corresponding to the formulated expectations and regularly benchmarked with a selected panel of relevant publicly traded industrial Belgian and international references. The remuneration can comprise a cash remuneration as well as a deferred income scheme. The Chairman, when attending or chairing the meetings of a Board Committee, will not be entitled to any additional remuneration as this is deemed to be included in his global remuneration package.

In line with the policy, the remuneration for the future Chairman has been determined by the Board, subject to approval by the Annual General Meeting (cf. also paragraph 10 below).

Executive managers

The main elements of the Group's executive remuneration policy are a base remuneration, a short-term, mid-term and long-term variable remuneration, a pension contribution and various other components. The Group offers competitive total remuneration packages with the objective to attract and retain the best executive and management talent in every part of the world in which the Group is operating. The remuneration of the executive managers is regularly benchmarked with a selected panel of relevant publicly traded industrial Belgian and international references.

A strong focus on performance and achievements at Group and individual level is reflected in the short-term variable remuneration program, which is directly linked to the annual business objectives.

The Group's mid-term and long-term variable remuneration programs aim at rewarding managers and executives for their contribution to the creation of enhanced shareholder value over time. Those programs are typically linked to the Company’s longer term performance and to the future appreciation of the Company's shares.

The remuneration package of the Chief Executive Officer consists of a base remuneration, a short-term, mid-term and long-term variable remuneration, a pension contribution and various other components. The remuneration package aims to be competitive and is aligned with the responsibilities of a Chief Executive Officer leading a globally operating industrial group with various business platforms.

The Nomination and Remuneration Committee recommends each year a set of objectives directly derived from the business plan and from any other priorities to be assigned to the Chief Executive Officer. These objectives include both Group and individual financial and non-financial targets and are measured over a predetermined time period (up to three years). Those objectives, and the year-end evaluation of the achievements, are documented and submitted by the Committee to the full Board. The final evaluation leads to an assessment, based on measured results, by the Board of Directors of all performance-related elements of the remuneration package of the Chief Executive Officer.

The remuneration package of the BGE members other than the Chief Executive Officer consists of a base remuneration, a short-term, mid-term and long-term variable remuneration, a pension contribution and various other components. The remuneration package aims to be competitive and is aligned with the role and responsibilities of each BGE member, being a member of a team leading a globally operating industrial group with various business platforms.

The Chief Executive Officer evaluates the performance of each of the other members of the BGE and submits his assessment to the Nomination and Remuneration Committee. This evaluation is done annually based on documented objectives directly derived from the business plan and taking into account the specific responsibilities of each BGE member.

The achievements measured against those objectives will determine all performance-related elements of the remuneration package of each BGE member other than the Chief Executive Officer. The objectives include both Group and individual financial and non-financial targets and are measured over a predetermined time period (up to three years).

The actual amount of the remuneration of the Chief Executive Officer and the other members of the BGE is determined by the Board of Directors acting on a reasoned recommendation from the Nomination and Remuneration Committee.

Bekaert regularly evaluates its overall remuneration policies, in order to ensure alignment with the business environment as well as with legislative requirements. It does not expect its present remuneration policy for the Chief Executive Officer and for the other members of the Executive Management to undergo significant changes in 2014 and 2015.

3. Remuneration of the Directors in respect of 2013

The amount of the remuneration and other benefits granted directly or indirectly to the Directors, by the Company or its subsidiaries, in respect of 2013 is set forth on an individual basis in the table below.

The remuneration of the Chairman for the performance of all his duties in the Company was a set gross amount of € 500 000.

The remuneration of each Director, except the Chairman, for the performance of his duties as a member of the Board was a set amount of € 38 000, and an amount of € 2 500 for each meeting of the Board attended in person.

The remuneration of each Director, except the Chairman and the Chief Executive Officer, for the performance of his duties as a member of a Board Committee was an amount of € 1 500 for each Committee meeting attended in person.

in €	Set amount	Amount for Board attendance	Amount for Committee attendance	Total
Chairman				
Baron Buysse	500 000			500 000
Board members				
Alan Begg	38 000	15 000	6 000	59 000
Baron Bekaert	38 000	17 500	6 000	61 500
Roger Dalle	38 000	17 500	0	55 500
Bert De Graeve	38 000	17 500	0	55 500
Count Charles de Liedekerke	38 000	17 500	6 000	61 500
François de Visscher	38 000	15 000	4 500	57 500
Sir Anthony Galsworthy	38 000	17 500	6 000	61 500
Hubert Jacobs van Merlen	38 000	15 000	0	53 000
Maxime Jadot	38 000	17 500	6 000	61 500
Lady Barbara Thomas Judge	38 000	15 000	9 000	62 000
Bernard van de Walle de Ghelcke	38 000	17 500	0	55 500
Baudouin Velge	38 000	17 500	6 000	61 500
Manfred Wennemer	38 000	15 000	0	53 000
Total Directors Remuneration				**1 258 500**

4. Remuneration of the Chief Executive Officer in respect of 2013 in his capacity as a Director

In his capacity as a Director, the Chief Executive Officer is entitled to the same remuneration as the non-executive Directors, except the remuneration for attending Board Committee meetings for which he receives no compensation (cf. the table above). The remuneration received by the Chief Executive Officer as a Director is included in the base remuneration mentioned in the next table.

5. Performance-related remuneration: criteria, term and method of performance evaluation

The remuneration package of the Chief Executive Officer and the other members of the BGE comprises three performance related elements:

- a short-term variable remuneration, with objectives related to the annual business plan. Those objectives include a weighted average of both Group and individual financial and non-financial targets, which are evaluated annually by the Board against pre-agreed criteria;
- a mid-term variable remuneration, with objectives related to the business plan for the next three-year period. Those objectives measure Bekaert's absolute performance against the plan, as well as its relative performance against a relevant panel of other companies. The achievement of those objectives is evaluated by the Board at the end of each three-year period, against pre-agreed criteria;
- a long-term variable remuneration, in the form of the offer of a variable amount of stock options (cf. paragraph 8 below).

6. Remuneration of the Chief Executive Officer in respect of 2013

The contract between the present Chief Executive Officer and the Company was executed on 18 January 2006.

The amount of the remuneration and other benefits granted directly or indirectly to the Chief Executive Officer, by the Company or its subsidiaries, in respect of 2013 is set forth below.

Bert De Graeve	Remuneration in respect of 2013, in €	Comments
Base remuneration	818 777	Includes Belgian base remuneration as well as Belgian and foreign director fees (1)
Short term variable remuneration	660 000	Annual variable remuneration, based on 2013 performance, paid in March 2014
Mid term variable remuneration	0	Mid term variable remuneration, based on 2011-2013 performance
Long term variable remuneration:		
- Normal stock option grant	24 000	Number of stock options granted
- Exceptional stock option grant (2)	30 000	Number of stock options granted
Pension	175 338	Defined Contribution Plan
Other remuneration elements	69 079	Includes: company car and risk insurances

(1) The base remuneration includes the remuneration received by the Chief Executive Officer in his capacity as a Director.
(2) For more details, see paragraph 8.

7. Remuneration of the other Bekaert Group Executive members in respect of 2013

The amount of the remuneration and other benefits granted directly or indirectly to the BGE members other than the Chief Executive Officer, by the Company or its subsidiaries, in respect of 2013 is set forth below on a global basis.

7 Members	Remuneration in respect of 2013, in €	Comments
Base remuneration	2 522 483	Includes Belgian base remuneration as well as Belgian and foreign director fees
Short term variable remuneration	1 495 171	Annual variable remuneration, based on 2013 performance, paid in March 2014
Mid term variable remuneration	0	Mid term variable remuneration, based on 2011-2013 performance
Pension	344 033	Defined Contribution and Defined Benefit Plan
Other remuneration elements	126 931	Includes : company car and risk insurances

8. Stock Options for Executive Management granted in 2013

The number of stock options granted to the Chief Executive Officer and the other members of the BGE in 2013, and the number of options exercised by them or forfeited in 2013 are set forth on an individual basis in the table below. The stock options granted to the Chief Executive Officer and the other BGE members are based on the SOP 2010-2014 plan that was proposed by the Board of Directors and approved by a Special General Meeting in 2010. The plan offers options to acquire existing Company shares. There is one regular offer of options in December in each of the years 2010 through 2014, and the options are granted on the 60th day following the date of their offer (i.e. in February of the following year). The aggregate number of options to be offered is determined each year by the Board of Directors on the motion of the Nomination and Remuneration Committee. The number of options to be offered to each individual beneficiary is variable in part, based on an assessment of such person’s long term contribution to the success of the Company. The options are offered to the beneficiaries free of charge. Each accepted option entitles the holder to acquire one existing share of the Company against payment of the exercise price, which is conclusively determined at the time of the offer and which is equal to the lower of: (i) the average closing price of the Company shares during the thirty days preceding the date of the offer, and (ii) the last closing price preceding the date of the offer.

The exercise price of the regular stock options offered in December 2012 and granted in February 2013 is € 19.20.

An exceptional offer of options was made to the Chief Executive Officer and the other BGE members on 29 March 2013 and was aimed at ensuring commitment of the Executive Management in challenging times. The beneficiaries were invited to accept the offer to give a clear signal of trust in the long-term performance of Bekaert and to financially participate in the future growth and success of the Group. The exercise price of the exceptional stock options granted in 2013 is € 21.45.

Subject to the closed and prohibited trading periods and to the plan rules, the options can be exercised as from the beginning of the fourth calendar year following the date of their offer until the end of the tenth calendar year following the date of their offer.

The stock options that were exercisable in 2013 are based on the predecessor plans to the SOP 2010-2014 plan. The terms of such earlier plans are similar to those of the SOP 2010-2014 plan, but the options that were granted to employees took the form of subscription rights entitling the holders to acquire newly issued Company shares, while self-employed beneficiaries are entitled to acquire existing shares as in the SOP 2010-2014 plan.

Name	**Number of stock options granted in 2013 Normal + exceptional grants**	**Number of stock options exercised in 2013**	**Number of stock options forfeited in 2013**
Bert De Graeve	54 000	-	-
Matthew Taylor	-		
Bruno Humblet	40 000	-	-
Dominique Neerinck	29 000	6 000	-
Curd Vandekerckhove	22 000	5 400	-
Henri-Jean Velge	32 000	-	-
Frank Vromant	29 500	-	-
Bart Wille	25 500	-	-

Other than the stock options referred to above, no shares or rights to acquire shares are granted to the Chief Executive Officer or to any other member of the BGE.

9. Severance pay for Executive Management

Belgian law and normal practice are the basis for the severance arrangements with the executive managers, except for the Chief Executive Officer, the Chief Executive Officer Designate, the Chief Financial Officer and the Chief Human Resources Officer, whose contractual arrangements, entered into at the time of their appointment, provide for notice periods of 24 months (for the Chief Executive Officer) and 12 months (for the others).

10. Leadership changes announced in 2013

The original contract of the incumbent Chairman Baron Buysse, entered into in 2000, entitled him to a deferred income in the form of a pension promise. The promised amount was adapted in 2001, 2002, 2004 and 2006 and has been fully provided for in the annual accounts of the Company in each of the respective years. From 2006 onwards, the Chairman has received the annual remuneration without any additional deferred income, as specifically approved by the Annual General Meeting. The deferred income was fixed at its 2006 level of € 2 557 353 and has only accrued interest on an annual basis. As from 2012 the accrual of such interest has been externalized under an insurance contract. The deferred income in the principal amount of € 2 557 353, together with the accrued interest of € 983 900, will be paid out to Baron Buysse upon his retirement in May 2014.

As part of the leadership succession plans of the Chairman and the Chief Executive Officer, the Board of Directors agreed that the Company's existing contract with Bert De Graeve will terminate early on 31 May 2014, subject to the continuing confidentiality obligations. Consistent with such contract it was agreed that the Company will owe Mr De Graeve a gross compensation of € 1 836 180 on account of such early termination, which will be payable partly in June 2014 and partly in March 2015. The Board also agreed to to apply the usual exercise conditions to the regular stock options granted to the Chief Executive Officer in February 2012 and February 2013.

Subject to approval by the Annual General Meeting on 14 May 2014, the Board of Directors agreed that the remuneration of Bert De Graeve for his services as Chairman of the Board of Directors will be a set gross amount of € 250 000 per year. With the exception of support items, such as a service car, infrastructure, telecommunication, risk insurance and expense reimbursement, the future Chairman will not be entitled to any additional remuneration, in line with the remuneration policy.

11. Departure of executive managers

No member of the Executive Management left the Group in 2013.

12. Company's right of reclaim

There are no provisions allowing the Company to reclaim any variable remuneration paid to Executive Management based on incorrect financial information.

Shares

The Bekaert share in 2013

Approach

Bekaert is committed to provide transparent financial information to its shareholders. It is Bekaert's intention to engage constantly in an open dialogue with its shareholders. Bekaert has always chosen to respond promptly to new international standards. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), which have been adopted by the European Union. Both private and institutional investors can count on our sustained commitment to transparent reporting, be it at shareholders' or analyst meetings.

Share identification

The Bekaert share is listed on NYSE Euronext Brussels as ISIN BE0974258874 (BEKB) and was first listed in December 1972. The ICB sector code is 2727 Diversified Industrials.

The Bekaert share in 2013

While 2013 generally started on a positive note for the BEL20 and the Bekaert share, this positive trend was reversed in February in anticipation and upon announcement of the 2012 results. These results were negative due to the major impact from the restructuring of Bekaert's sawing wire activities.

Having dropped to the lowest point of the year to € 20.01 on 4 March, the share rebounded vigorously and caught up to the BEL20 index. From March until early May the share continued to increase in price. On 8 May, Bekaert announced its Q1 trading update. A key element of this update related to the much lower revenues generated in North America versus the year before. This item, combined with a cautious outlook on the economic environment, caused the share price to drop by 10% in three days.

From mid-May to mid-August, Bekaert's share price saw a significant and regular increase so as to reach the first high for the year of € 29.89 on 12 September, an increase of 37%. The reasons for this increase were two-fold, the first being a generally good market for stocks and the second being better economic data for Europe with, in particular, the first signs of recovery in the automotive industry. As Bekaert was considered as a cyclical business, exposed to the European automotive industry and in a recovery phase after negative results in 2012, the share was particularly impacted by these positive trends. The half-year results, announced on 26 July only added to the momentum. These results were well received due to the visible financial impact of the recent restructuring measurements and the global cost reduction program that was being implemented.

The period from mid-September to mid-October saw a decline in Bekaert's share price, in line with the slower growth of the BEL20 which was affected by fears in the market over a possible spread of the Syrian civil war to other countries of the Middle East.

On 22 October, Bekaert's share saw a large increase of 6% in one day following a positive recommendation from one of the brokers covering the company. This increase continued until it reached the high for the year of € 31.11 on 4 November.

On 14 November, Bekaert issued its third-quarter trading update. The share price lost 7%, as the market was expecting higher revenues. The main reason for the difference between expectations and actuals was the negative impact of currency movements, particularly in Latin America. From mid-November until the end of the year, the Bekaert share further declined to finish the year with gains close to the BEL20 index: +17.6% for Bekaert versus +18.1% for the BEL20.
Bekaert confirmed its membership in the BEL20 index and meets all index requirements. Bekaert is number 16 out of 20 companies, with a market capitalization of € 1.54 billion or a free float market capitalization of € 1.00 billion (within the free float band of 65%) and a velocity of 83%.

Share performance against stock indices

Share listing*

in €	2009	2010	2011	2012	2013
Price as at 31 December	36.167	85.900	24.785	21.875	25.720
Price high	36.467	86.960	87.980	33.500	31.110
Price low	12.417	32.867	23.500	17.210	20.010
Price average closing	25.145	53.819	54.694	22.592	24.926
Daily volume	215 601	195 856	284 289	218 850	126 923
Daily turnover (in millions of €)	5.0	10.9	14.5	5.0	3.1
Annual turnover (in millions of €)	1 310	2 833	3 774	1 313	796
Velocity (%, annual)	93	85	122	93	54
Velocity (%, adjusted free float)	143	130	188	144	83
Free float (%)	61.0	61.9	61.7	61.9	62.6

* *All indicators per share before 2010 are stock split-adjusted.*

Volumes traded

The average daily trading volume with 126 823 shares was about 42% lower compared to previous year. The volume peaked on 15 March, with 647 052 shares handled.

Bekaert closing prices and volumes in 2013

Bekaert versus Bel20®, NEXT100 and NEXT150

Bekaert versus Bel20® (2013)

In the BEL20, Bekaert is ranked as number 16, with a market capitalization of € 1.54 billion, a free float market capitalization of € 1.00 billion (62.64% and within the free float band of 65%), band adjusted velocity at 83% and a weight of 1.25 %.

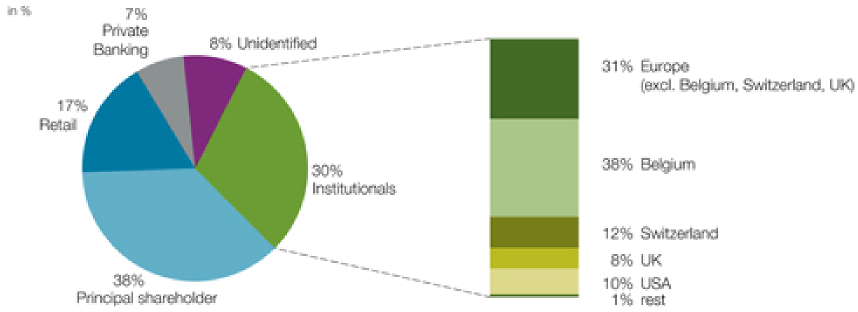
Bekaert versus the NEXT100 and the NEXT150 (2013)

Internationalization of the shareholder structure and significant participations

The shareholder structure shows a quite strong internationalization.

In connection with the entry into force of the Act of 2 May 2007 on the disclosure of significant participations (the Transparency Act) Bekaert 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 can be found in the Parent Company Information section (Interests in share capital).

The principal shareholders own 38.15% of the shares, while the identified institutional shareholders own 30% of the shares. Retail represents 17% while Private Banking is 7% and 9% is unidentified. Of the total number of Bekaert shares, 2.87% is in registered form.



Capital structure

As of 31 December 2013 the registered capital of the Company amounts to € 176 773 000, and is represented by 60 063 871 shares without par value. The shares are in registered or non-material form.

The total number of outstanding subscription rights under the SOP1 and SOP2005-2009 stock option plans and convertible into Bekaert shares is 537 655.

A total of 62 929 subscription rights were exercised in 2013 under the SOP1 and SOP2005-2009 employee stock option plans, resulting in the issue of 62 929 new Company shares, and an increase of the registered capital by € 187 000 and of the share premium by € 860 741.84.

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.

The third regular grant of options under the SOP2010-2014 plan took place on 18 February 2013, when 267 200 options were granted to the Chief Executive Officer, members of the BGE, senior management and a limited number of management employees of the Company and a number of its subsidiary companies. Each such option will be convertible into one existing Company share at an exercise price of € 19.20.

In light of the challenging business context, the Board decided to extend an exceptional offer of 260 000 stock options to the Chief Executive Officer, the members of the BGE and senior management pursuant to the SOP2010-2014 plan on 29 March 2013, as a long term incentive and as an invitation to give a clear signal of trust in the long term performance of Bekaert and to financially participate in the future growth and success of the Group. All of those options were accepted and were granted on 28 May 2013. Each option of this series will be convertible into one existing Company share at an exercise price of € 21.45.

A fourth regular offer of 382 200 options was made on 19 December 2013, and 373 450 of those options were accepted and were granted on 17 February 2014. Each option of the fourth regular series will be convertible into one existing Company share at an exercise price of € 25.38.

The SOP2010-2014 plan and its predecessor plans comply with the relevant provisions of the Act of 26 March 1999 and with Articles 520ter and 525, last paragraph, of the Companies Code. Detailed information about capital, shares and stock option plans is given in the Financial Review (Note 6.12 to the consolidated financial statements).

Dividend policy

It is the policy of the Board of Directors to propose a profit appropriation to the Annual General Meeting which, insofar as the profit permits, provides a stable or growing dividend while maintaining an adequate level of cash flow for investment and self-financing in order to support future growth. In practice, this means that the Company seeks to maintain a pay-out ratio of around 40% of the result for the period attributable to the Group over the longer term.

in €	2009	2010	2011	2012	2013**
Per share*					
Intermediate/interim dividend		0.667	0.670		
Dividend without intermediate/interim div.	0.98	1.000	0.500	0.850	0.850
Total gross dividend	0.98	1.667	1.170	0.850	0.850
Net dividend***	0.74	1.250	0.878	0.638	0.638
Coupon number	11	12-13	14-15	16	17

* *All indicators per share before 2010 are stock split-adjusted.*
** *The dividend is subject to approval by the General Meeting of Shareholders 2014.*
*** *Subject to the applicable tax legislation.*

The Board of Directors will propose that the Annual General Meeting to be held on 14 May 2014 approve the distribution of a gross dividend of € 0.85 per share.

General Meeting of Shareholders

The Annual General Meeting was held on 8 May 2013. The resolutions of the meeting are available at www.bekaert.com

More detailed information is available in the Bekaert Shareholders Guide 2013 and at www.bekaert.com

Elements pertinent to a take-over bid

Restrictions on the transfer of securities

The Articles of Association contain no restrictions on the transfer of Company shares, except in case of a change of control, for which the prior approval of the Board of Directors has to be requested in accordance with Article 11 of the Articles of Association.

Subject to the foregoing the shares are freely transferable. The Board is not aware of any restrictions imposed by law on the transfer of shares by any shareholder.

Restrictions on the exercise of voting rights

Each share entitles the holder to one vote. The Articles of Association contain no restrictions on the voting rights, and each shareholder can exercise his voting rights provided he was validly admitted to the General Meeting and his rights had not been suspended. The admission rules to the General Meeting are laid down in the Companies Code and in Articles 31 and 32 of the Articles of Association. Pursuant to Article 10 the Company is entitled to suspend the exercise of rights attaching to securities belonging to several owners.

No person can vote at General Meetings using voting rights attaching to securities that had not been timely reported in accordance with the law.

The Board is not aware of any other restrictions imposed by law on the exercise of voting rights.

Agreements among shareholders

The Board of Directors is not aware of any agreements among shareholders that may result in restrictions on the transfer of securities or the exercise of voting rights, except those disclosed in the notifications referred to in the Parent Company Information section (Interests in share capital).

Appointment and replacement of Directors

The Articles of Association (Articles 15 and following) and the Bekaert Charter contain specific rules concerning the (re)appointment, induction and evaluation of Directors.

Directors are appointed for a term not exceeding four years (in practice usually for three years) by the General Meeting of Shareholders, which can also dismiss them at any time. An appointment or dismissal requires a simple majority of votes. The candidates for the office of Director who have not previously held that position in the Company must inform the Board of Directors of their candidacy at least two months before the Annual General Meeting.

Only if and when a position of Director prematurely becomes vacant can the remaining Directors appoint (co-opt) a new Director. In such a case the next General Meeting will make the definitive appointment.

The appointment process for Directors is led by the Chairman of the Board. The Nomination and Remuneration Committee submits a reasoned recommendation to the full Board which, on that basis, decides which candidates will be nominated to the General Meeting for appointment. Directors can, as a rule, be reappointed for an indefinite number of terms, provided they are at least 35 and at most 66 years of age at the moment of their initial appointment and they have to resign in the year in which they reach the age of 69.

Amendments to the Articles of Association

The Articles of Association can be amended by an Extraordinary General Meeting in accordance with the Companies Code. Each amendment to the Articles requires a qualified majority of votes.

Authority of the Board of Directors to issue or buy back shares

The Board of Directors is authorized by Article 44 of the Articles of Association to increase the registered capital in one or more times by a maximum amount of € 176 000 000. The authority is valid for five years from 5 June 2012, but can be extended by the General Meeting.

Within the framework of that authority the Board can also, during a period of three years from 5 June 2012, increase the registered capital, upon receipt by the Company of a notice from the FSMA of a public takeover bid, and provided that:

- the shares to be issued are fully paid up upon issue;
- the issue price of such shares is not lower than the price of the bid; and
- the number of shares to be issued does not exceed 10% of the issued shares representing the capital prior to the capital increase.

This authority can also be extended by the General Meeting.

The Board of Directors is authorized by Article 12 of the Articles of Association to acquire a maximum number of own shares that, in the aggregate, represent no more than 20% of the issued capital, during a period of five years from 5 June 2012 (that can be extended by the General Meeting), at a price ranging between minimum € 1.00 and maximum 30% above the arithmetic average of the closing price of the Bekaert share during the last 30 trading days preceding the Board’s resolution to acquire.

The Board is authorized to cancel all or part of the purchased shares during such five-year period. The Board is also authorized to acquire own shares, if required to prevent a threatened serious harm to the Company, including a public takeover bid. Such authority is granted for a period of three years from 5 June 2012, but can be extended by the General Meeting.

Articles 12bis and 12ter of the Articles of Association provide rules for the disposal of purchased shares and for the acquisition and disposal of Company shares by subsidiaries.

The powers of the Board of Directors are more fully described in the applicable legal provisions, the Articles of Association and the Bekaert Charter.

Change of control

The Company is a party to a number of significant agreements that take effect, alter or terminate upon a change of control of the Company following a public takeover bid or otherwise. To the extent that those agreements grant rights to third parties that affect the assets of the Company or that give rise to a debt or an obligation of the Company, those rights were granted by the Special General Meetings held on 13 April 2006, 16 April 2008, 15 April 2009, 14 April 2010 and 7 April 2011 and by the Annual General Meetings held on 9 May 2012 and 8 May 2013 in accordance with Article 556 of the Companies Code: the minutes of those meetings were filed with the Registry of the Commercial Court of Kortrijk on 14 April 2006, 18 April 2008, 17 April 2009, 16 April 2010, 15 April 2011, 30 May 2012 and 23 May 2013 respectively and are available at www.bekaert.com.

Most agreements are joint venture contracts (describing the relationship between the parties in the context of a joint venture company), contracts whereby financial institutions or retail investors commit funds to the Company or one of its subsidiaries, and contracts for the supply of products or services by or to the Company. Each of those contracts contains clauses that, in the case of a change of control of the Company, entitle the other party, in certain cases and under certain conditions, to terminate the contract prematurely and, in the case of financial contracts, also to demand early repayment of the loan funds. The joint venture contracts provide that, in the case of a change of control of the Company, the other party can acquire the Company's shareholding in the joint venture (except for the Chinese joint ventures, where the parties have to agree whether one of them will continue the joint venture on its own, whereupon that party has to purchase the other party's shareholding), whereby the value for the transfer of the shareholding is determined in accordance with contractual formulas that aim to ensure a transfer at an arm's length price.

Other elements

- The Company has not issued securities with special control rights.
- The control rights attaching to the shares acquired by employees pursuant to the stock option plans are exercised directly by the employees.
- No agreements have been concluded between the Company and its Directors or employees providing for compensation if, as a result of a takeover bid, the Directors resign or are made redundant without valid reason or if the employment of the employees is terminated.

Control and ERM

Internal control and risk management systems in relation to the preparation of the consolidated financial statements

The following description of Bekaert's internal control and risk management systems is based on the Internal Control Integrated Framework (1992) and the Enterprise Risk Management Framework (2004) published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Control environment

The accounting and control organization consists of three levels: (i) the accounting team in the different legal entities or shared service centers, responsible for the preparation and reporting of the financial information, (ii) the controllers at the different levels in the organization (such as plant and segment), responsible inter alia for the review of the financial information in their area of responsibility, and (iii) the Group Control Department, responsible for the final review of the financial information of the different legal entities and for the preparation of the consolidated financial statements.

Next to the structured controls outlined above, the Internal Audit Department conducts a risk based audit program to validate the internal control effectiveness in the different processes at legal entity level to assure a reliable financial reporting.

Bekaert's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) which have been endorsed by the European Union. These financial statements are also in compliance with the IFRS as issued by the International Accounting Standards Board.

All IFRS accounting principles, guidelines and interpretations, to be applied by all legal entities, are grouped in the IFRS manual, which is available on the Bekaert intranet to all employees involved in financial reporting. Such manual is regularly updated by Group Control in case of relevant changes in IFRS, or interpretations thereof, and the users are informed of any such changes. IFRS trainings take place in the different regions when deemed necessary or appropriate.

The vast majority of the Group companies use Bekaert's global enterprise resource planning ("ERP") system, and the accounting transactions are registered in a common operating chart of accounts, whereby accounting manuals describe the standard way of booking of the most relevant transactions. Such accounting manuals are explained to the users during training sessions, and are available on the Bekaert intranet.

All Group companies use the same software to report the financial data for consolidation and external reporting purposes. A reporting manual is available on the Bekaert intranet and trainings take place when deemed necessary or appropriate.

Risk assessment

Appropriate measures are taken to assure a timely and qualitative reporting and to reduce the potential risks related to the financial reporting process, including: (i) proper coordination between the Corporate Communication Department and Group Control, (ii) careful planning of all activities, including owners and timings, (iii) guidelines which are distributed by Group Control to the owners prior to the quarterly reporting, including relevant points of attention, and (iv) follow-up and feedback of the timeliness, quality and lessons learned in order to strive for continuous improvement.

A quarterly review takes place of the financial results, findings by the Internal Audit Department, and other important control events, the results of which are discussed with the Statutory Auditor.

Material changes to the IFRS accounting principles are coordinated by Group Control, reviewed by the Statutory Auditor, reported to the Audit and Finance Committee, and acknowledged by the Board of Directors of the Company. Material changes to the statutory accounting principles of a Group company are approved by its Board of Directors.

Control activities

The proper application by the legal entities of the accounting principles as described in the IFRS manual, as well as the accuracy, consistency and completeness of the reported information, is reviewed on an ongoing basis by the control organization (as described above). In addition, all relevant entities are controlled by the Internal Audit Department on a periodic basis.

Policies and procedures are in place for the most important underlying processes (sales, procurement, investments, treasury, etc.), and are subject to (i) an evaluation by the respective management teams using a self-assessment tool, and (ii) control by the Internal Audit Department on a rotating basis.

A close monitoring of potential segregation of duties conflicts in the ERP system is carried out.

Information and communication

Bekaert has deployed in the majority of the Group companies a global ERP system platform to support the efficient processing of business transactions and provide its management with transparent and reliable management information to monitor, control and direct its business operations.

The provision of information technology services to run, maintain and develop those systems is to a large extent outsourced to professional IT service delivery organizations which are directed and controlled through appropriate IT governance structures and monitored on their delivery performance through comprehensive service level agreements.

Together with its IT providers, Bekaert has implemented adequate management processes to assure that appropriate measures are taken on a daily basis to sustain the performance, availability and integrity of its IT systems. At regular intervals the adequacy of those procedures is reviewed and audited and where needed further optimized.

Proper assignment of responsibilities, and coordination between the pertinent departments, assures an efficient and timely communication process of periodic financial information to the market. In the first and third quarters a trading update is released, whereas at midyear and yearend all relevant financial information is disclosed. Prior to the external reporting, the sales and financial information is subject to (i) the appropriate controls by the above-mentioned control organization, (ii) review by the Audit and Finance Committee , and (iii) approval by the Board of Directors of the Company.

Monitoring

Any significant change of the IFRS accounting principles as applied by Bekaert is subject to review by the Audit and Finance Committee and approval by the Company’s Board of Directors, including the first-time adoption of IFRS in 2000.

On a periodic basis, the members of the Board of Directors are updated on the evolution and important changes in the underlying IFRS standards.

All relevant financial information is presented to the Audit and Finance Committee and the Board of Directors to enable them to analyze the financial statements. All related press releases are approved prior to communication to the market.

Relevant findings by the Internal Audit Department and/or the Statutory Auditor on the application of the accounting principles, as well as the adequacy of the policies and procedures, and segregation of duties, are reported to the Audit and Finance Committee.

Also a periodic treasury update is submitted to the Audit and Finance Committee.

A procedure is in place to convene the appropriate governing body of the Company on short notice if and when circumstances so dictate.

General internal control and ERM

The Board of Directors and the BGE have approved the Bekaert Code of Conduct, which was first issued on 1 December 2004 and updated on 1 March 2009. The Code of Conduct sets forth the Bekaert mission and beliefs as well as the basic principles of how Bekaert wants to do business. Implementation of the Code of Conduct is mandatory for all companies of the Group. The Code of Conduct is included in the Bekaert Charter as Appendix 3 and available at www.bekaert.com.

More detailed policies and guidelines are developed as considered necessary to ensure consistent implementation of the Code of Conduct throughout the Group.

Bekaert’s internal control framework consists of a set of group policies for the main business processes, which applies Group-wide. Bekaert has different tools in place to constantly monitor the effectiveness and efficiency of the design and the operation of the internal control framework. A mandatory training on internal control is organized for all new employees and a self-assessment tool is in place allowing management teams to evaluate themselves on the internal control status. The Internal Audit Department monitors the internal control situation based on the global framework and reports to the Audit and Finance Committee at each of its meetings.

The BGE regularly evaluates the Group’s exposure to risk, its potential financial impact and the actions required to monitor and control the exposure.

At the request of the Board of Directors and the Audit and Finance Committee management has developed a permanent global enterprise risk management (“ERM”) framework to assist the Group in managing uncertainty in Bekaert’s value creation process on an explicit basis. The framework consists of the identification, assessment and prioritization of the major risks confronting Bekaert, and of the continuous reporting and monitoring of those major risks (including the development and implementation of risk mitigation plans).

The risks are identified in five risk categories: business, operational, financial, corporate and country risks. The identified risks are classified on two axes: probability and impact or consequence. Decisions are made and action plans defined to mitigate the identified risks. Also the risk sensitivity evolution (decrease, increase, stable) is measured to address the effectiveness of the action implementation and potential risk context changes.

Bekaert's 2013 ERM report includes among others, the following potential risks:

- overall pressure on profitability (e.g. general overcapacity in a weak economic environment);
- political/economic/social instability in emerging countries (e.g. Venezuela);
- globalizing competition;
- asset and profit concentration (e.g. in one city);
- intellectual property risk (overall and permanent risk);
- non-compliance risk with local regulations and with the Bekaert standards;
- wire rod price volatility and source dependency;
- evolution of environmental regulation;
- creditworthiness of customers;
- the risk of failure of the banking system in specific countries.

References

1. The overview of the development and the results of the business and of the position of the whole of the companies included in the consolidation is included in the Financial Review, starting at page 4 of the 2013 Annual Report.

   A description of the principal risks and uncertainties is included in the Corporate Governance Statement, page 48 of the first part of the 2013 Annual Report. In addition, reference is made to Notes 3 and 7.3 to the consolidated financial statements, pages 20-21 and 66-78 of the Financial Review in the 2013 Annual Report.
2. The significant events occurring after the balance sheet date are described in Note 7.6 to the consolidated financial statements, pages 80-81 of the Financial Review in the 2013 Annual Report..
3. The research and development activities are described in the Chapter Technology & Innovation, pages 19-21 of the 2013 Annual Report. In addition, reference is made to Notes 5.1 and 5.2 to the consolidated financial statements, pages 26-28 of the Financial Review in the 2013 Annual Report..
4. The information concerning the use of financial instruments is included in Note 7.3 to the consolidated financial statements, pages 66-78 of the Financial Review in the 2013 Annual Report.

Bekaert: Financial review

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Consolidated financial statements

Consolidated income statement

in thousands of € - Year ended 31 December	Notes	2012[1]	2013
Sales	5.1.	3 460 624	3 185 628
Cost of sales	5.1.	-2 981 872	-2 703 316
Gross profit	**5.1.**	**478 752**	**482 312**
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
Operating result before non-recurring items (REBIT)	**5.1.**	**117 166**	**165 917**
Non-recurring items	5.1.	-167 101	-28 647
Operating result (EBIT)	**5.1. - 2.**	**-49 935**	**137 270**
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
Result before taxes		**-133 169**	**53 743**
Income taxes	5.5.	-67 715	-47 916
Result after taxes (consolidated companies)		**-200 884**	**5 827**
Share in the results of joint ventures and associates	5.6.	10 383	30 244
RESULT FOR THE PERIOD		**-190 501**	**36 071**
Attributable to			
the Group		*-196 876*	*24 574*
non-controlling interests	*6.14.*	*6 375*	*11 497*

Earnings per share in € per share	**5.7.**	**2012[1]**	**2013**
Result for the period attributable to the Group			
Basic		*-3.334*	*0.420*
Diluted		*-3.328*	*0.419*

[1] *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[1]	2013
Result for the period		**-190 501**	**36 071**
Other comprehensive income (OCI)	**6.13.**		
Other comprehensive income to be reclassified to income statement in subsequent periods			
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
OCI to be reclassified to income statement in subsequent periods, after tax		**-46 532**	**-85 921**
Other comprehensive income not to be reclassified to income statement in subsequent periods			
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
OCI not to be reclassified to income statement in subsequent periods, after tax		**-6 000**	**22 560**
Other comprehensive income for the period		**-52 532**	**-63 361**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**-243 033**	**-27 290**
Attributable to			
the Group		*-247 572*	*-23 472*
non-controlling interests	*6.14.*	*4 539*	*-3 818*

[1] *Restated, see note 7.9. 'Restatement effects'.*

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

Consolidated balance sheet

Assets as at 31 December in thousands of €	Notes	2012[1]	2013
Non-current assets		**1 746 632**	**1 608 640**
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
Current assets		**1 921 066**	**1 771 817**
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
Total		**3 667 698**	**3 380 457**

Equity and liabilities as at 31 December in thousands of €	Notes	2012[1]	2013
Equity		**1 603 593**	**1 503 876**
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
Equity attributable to the Group		**1 421 970**	**1 346 276**
Non-controlling interests	**6.14.**	**181 623**	**157 600**
Non-current liabilities		**1 110 294**	**904 966**
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
Current liabilities		**953 811**	**971 615**
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.	-	-
Total		**3 667 698**	**3 380 457**

[1] *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 €	Share capital	Share premium	Retained earnings	Other reserves	Cumulative translation adjust-ments	Equity attributable to the Group	Non-controlling interests[2]	Total
				Other Group reserves[1]				
Balance as at 1 January 2012	**176 512**	**29 858**	**1 557 419**	**-103 454**	**33 553**	**1 693 888**	**72 534**	**1 766 422**
Total comprehensive income for the period (as reported)	-	-	*-194 940*	*3 512*	*-56 023*	***-247 451***	*4 539*	*-242 912*
Restatement in accordance with IAS 19 (revised)	**-**	-	*-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**
Balance as at 31 December 2012	**176 586**	**30 194**	**1 325 410**	**-94 133**	**-16 087**	**1 421 970**	**181 623**	**1 603 593**
Balance as at 1 January 2013	**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**
Balance as at 31 December 2013	**176 773**	**31 055**	**1 307 618**	**-84 394**	**-84 776**	**1 346 276**	**157 600**	**1 503 876**

1 *See note 6.13. 'Retained earnings and other Group reserves'.*
2 *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[1]	2013
Operating activities			
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
Gross cash flows from operating activities		**204 845**	**233 798**
Change in operating working capital	6.7.	226 813	78 491
Other operating cash flows	7.1.	7 195	-6 526
Cash flows from operating activities		**438 853**	**305 763**
Investing activities			
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
Cash flows from investing activities		**-81 196**	**-71 966**
Financing activities			
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
Cash flows from financing activities		**-271 942**	**-192 416**
Net increase or decrease (-) in cash and cash equivalents		**85 715**	**41 381**
Cash and cash equivalents at the beginning of the period		**293 856**	**352 312**
Effect of exchange rate fluctuations		-27 259	-1 836
Cash and cash equivalents at the end of the period		**352 312**	**391 857**

[1] *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.

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:

- 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.

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_2 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 in thousands of €	EMEA	North America	Latin America	Asia Pacific	Group & Business support	Reconcilia-tions	Consoli-dated
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
Operating result (EBIT)	**84 764**	**7 707**	**44 005**	**73 212**	**-81 876**	**9 458**	**137 270**
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
EBITDA	**132 864**	**22 050**	**63 600**	**153 311**	**-70 688**	**-4 146**	**296 991**
Segment assets	716 289	244 956	407 301	1 220 697	156 452	-164 351	2 581 344
Unallocated assets	-	-	-	-	-	799 113	799 113
Total assets	**716 289**	**244 956**	**407 301**	**1 220 697**	**156 452**	**634 762**	**3 380 457**
Segment liabilities	188 219	57 586	76 162	133 792	79 155	-72 876	462 038
Unallocated liabilities	-	-	-	-	-	1 414 543	1 414 543
Total liabilities	**188 219**	**57 586**	**76 162**	**133 792**	**79 155**	**1 341 667**	**1 876 581**
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)[2]	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)[3]	5 146	1 547	3 998	9 389	1 710	-	21 790

2012 in thousands of €	EMEA	North America	Latin America	Asia Pacific	Group & Business support[1]	Reconcilia-tions	Consoli-dated[1]
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
Operating result (EBIT)	**-11 322**	**15 722**	**79 494**	**-32 678**	**-104 080**	**2 929**	**-49 935**
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
EBITDA	**67 739**	**38 793**	**100 456**	**172 319**	**-94 320**	**-10 832**	**274 155**
Segment assets	757 762	276 808	479 647	1 358 539	137 171	-191 697	2 818 230
Unallocated assets	-	-	-	-	-	849 468	849 468
Total assets	**757 762**	**276 808**	**479 647**	**1 358 539**	**137 171**	**657 771**	**3 667 698**
Segment liabilities	177 075	58 485	96 986	141 614	61 425	-92 441	443 144
Unallocated liabilities	-	-	-	-	-	1 620 961	1 620 961
Total liabilities	**177 075**	**58 485**	**96 986**	**141 614**	**61 425**	**1 528 520**	**2 064 105**
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)[2]	-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)[3]	5 159	1 627	3 986	9 984	1 793	-	22 549

[1] *Restated, see note 7.9. 'Restatement effects'.*

[2] *ROCE: Operating result (EBIT) relative to average capital employed.*

[3] *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**
Operating result (EBIT)		
Intangible assets	102	-10
PP&E	-6 582	-6 808
Inventories	-4 352	2 672
Intersegment margin eliminations	**-10 832**	**-4 146**
Intangible assets	-4	-4
PP&E	-13 757	-13 600
Depreciation and amortization relating to intersegment margin eliminations	**-13 761**	**-13 604**
Intangible assets	106	-6
PP&E	7 175	6 792
Inventories	-4 352	2 672
EBIT: intersegment elimination minus related depreciation & amortization	**2 929**	**9 458**
Segment assets		
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
Intersegment eliminations on capital employed assets	**-191 697**	**-164 351**
Unallocated assets		
Other assets than capital employed elements	**849 468**	**799 113**
Segment liabilities		
Trade payables	-92 139	-72 863
Advances received	-302	-13
Intersegment eliminations on capital employed liabilities	**-92 441**	**-72 876**
Unallocated liabilities		
Other liabilities than capital employed elements	**1 620 961**	**1 414 543**
Capital employed		
Segment assets eliminations	-191 697	-164 351
- Segment liabilities eliminations	92 441	72 876
Intersegment eliminations on capital employed elements	**-99 256**	**-91 475**
Capex PP&E		
Intersegment margin eliminations on PP&E	-8 973	-26 788
Capex PP&E adjustments	**-8 973**	**-26 788**
Capex Intangible assets		
Intersegment margin eliminations on intangible assets	-1 921	-100
Capex Intangible assets adjustments	**-1 921**	**-100**

Revenue by product application

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

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%
Total net sales	**3 460 624**	**100%**	**3 185 628**	**100%**
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%
Total non-current assets	**1 476 742**	**100%**	**1 326 470**	**100%**

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
Gross profit	**478 752**	**482 312**	**3 560**
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
Operating result before non-recurring items (REBIT)	**117 166**	**165 917**	**48 751**
Non-recurring items	-167 101	-28 647	138 454
Operating result (EBIT)	**-49 935**	**137 270**	**187 205**

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%
Gross profit	**478 752**	**482 312**	**0.7%**
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%
Total	**-362 205**	**-315 560**	**-12.9%**

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
Total	**18 287**	**12 502**	**-5 785**

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.

Other operating expenses in thousands of €	**2012**	**2013**	**variance**
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
Total	**-17 668**	**-13 337**	**4 331**

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

Non-recurring items in thousands of €	**2012**	**2013**	**variance**
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
Total	**-167 101**	**-28 647**	**138 454**

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	-
Total operating revenues	**3 518 537**	**-**	**3 204 067**	**-**
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[1]	-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%
Total operating expenses	**-3 568 472**	**-103.1%**	**-3 066 797**	**-96.3%**
Operating result (EBIT)	**-49 935**	**-1.4%**	**137 270**	**4.3%**

[1] *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
Interest income	**8 711**	**6 449**
Interest expense on interest-bearing debt not classified as at FVTPL	*-74 919*	*-55 770*
Interest expense adjustments from economic hedges	*-5 903*	*-8 645*
Interest expense	-80 822	-64 415
Interest element of interest-bearing provisions[1]	-8 244	-5 739
Interest expense	**-89 066**	**-70 154**
Total	**-80 355**	**-63 705**

[1] *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
Value adjustments to derivatives	*43 659*	*-1 550*
Value adjustments to hedged items	*-741*	*-494*
Exchange results on hedged items	*-44 194*	*-2 479*
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
Total	**-2 879**	**-19 822**

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
Total tax expense	**-67 715**	**-47 916**

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[1]	-133 169	53 743
Tax expense at the theoretical domestic rates applicable to profits of taxable entities in the countries concerned[2]	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:		
Non-deductible items	*-15 833*	*-16 635*
Other tax rates and special tax regimes	*4 752*	*4 845*
Non-recognition of deferred tax assets	*-120 483*	*-14 057*
Utilization of deferred tax assets not previously recognized	*12 741*	*14 342*
Tax relating to prior periods	*4 600*	*-18 650*
Exempted income	*11 345*	*2 552*
Other	*-11 104*	*-6 619*
Total tax expense	**-67 715**	**-47 916**
Effective tax rate	N/A	-89.2%

[1] *IAS 19R restatement effect in 2012: € -1.9 million.*
[2] *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
Joint ventures			
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
Total		**10 383**	**30 244**

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

	Basic	Diluted
Result for the period attributable to the Group and to ordinary shareholders (in thousands €)	24 574	24 574
Earnings per share (in €)	**0.420**	**0.419**

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

	Basic	Diluted
Result for the period attributable to the Group and to ordinary shareholders (in thousands €)	-196 876	-196 876
Earnings per share (in €)	**-3.334**	**-3.328**

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[1]	-	751	-	-	-	751
New consolidations	-	760	7 703	-	73	8 536
Exchange gains and losses (-)	-1	-203	-937	-	72	-1 069
As at 31 December 2012	**8 817**	**62 717**	**71 041**	**1 001**	**19 494**	**163 070**
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[1]	130	1 673	-	-	33	1 836
Deconsolidations	-	-111	-	-	-3 150	-3 261
Exchange gains and losses (-)	-65	-1 149	-2 594	-	-520	-4 328
As at 31 December 2013	**8 691**	**64 791**	**64 684**	**19**	**16 057**	**154 242**
Accumulated amortization and impairment						
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
As at 31 December 2012	**7 462**	**48 453**	**7 888**	**1 001**	**16 006**	**80 810**
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
As at 31 December 2013	**8 138**	**52 854**	**8 788**	**19**	**13 399**	**83 198**
Carrying amount as at 31 December 2012	**1 355**	**14 263**	**63 153**	**-**	**3 488**	**82 259**
Carrying amount as at 31 December 2013	**553**	**11 936**	**55 896**	**-**	**2 658**	**71 043**

[1] *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'.

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

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

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:

Segment in thousands of €	**Group of cash-generating units**	**Carrying amount 31 Dec 2011**	**Impairment 2012**	**Carrying amount 31 Dec 2012**	**Impairment 2013**	**Carrying amount 31 Dec 2013**
Subsidiaries						
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[1]	-	-	1 005	-	876
Latin America	Bekaert Ideal SL companies	844	-	844	-	844
Asia Pacific	Bekaert Southern Wire companies[2]	-	-261	-	-	-
Asia Pacific	Bekaert (Qingdao) Wire Products Co Ltd	385	-	385	-	385
Asia Pacific	Bekaert-Jiangyin Wire Products Co Ltd	47	-	47	-	47
Subtotal		**20 908**	**-5 260**	**16 941**	**-**	**16 369**
Joint ventures and associates						
Latin America	Belgo Bekaert Arames Ltda	6 221	-	5 559	-	4 614
Subtotal		**6 221**	**-**	**5 559**	**-**	**4 614**
Total		**27 129**	**-5 260**	**22 500**	**-**	**20 983**

[1] *The Inchalam group was acquired from the Chilean partners as from 1 January 2012.*
[2] *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**
Group target ratio's					
Gearing: net debt/equity		50%			
% debt		33%			
% equity		67%			
% LT debt		75%			
% ST debt		25%			
Cost of Bekaert debt			**3.0%**	**2.9%**	**6.2%**
Long term interest rate			3.4%	3.5%	6.4%
Short term interest rate			1.6%	1.3%	5.4%
Cost of Bekaert equity	$= R_f + \beta \, . \, E_m$		**9.0%**	**9.4%**	**13.1%**
Risk free rate= R_f			2.4%	2.9%	6.6%
Beta = β		1.31			
Market equity risk premium= E_m		5%			
Corporate tax rate			**27.0%**	**27.0%**	**27.0%**
Cost of equity before tax			**12.3%**	**12.9%**	**17.9%**
WACC - nominal			**9.2%**	**9.6%**	**14.0%**
Expected inflation			2.1%	2.1%	3.6%
WACC in real terms			**7.1%**	**7.5%**	**10.4%**

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 construc-tion	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[1]	-	-	-	-	-	-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
As at 31 December 2012	**934 199**	**2 261 204**	**92 811**	**9 800**	**4 351**	**62 150**	**3 364 516**
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[1]	-	-	-	-	-	-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
As at 31 December 2013	**896 869**	**2 223 839**	**90 445**	**8 425**	**5 070**	**67 589**	**3 292 238**
Accumulated depreciation and impairment							
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
As at 31 December 2012	**389 022**	**1 512 618**	**72 561**	**1 434**	**2 315**	**-**	**1 977 949**
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
As at 31 December 2013	**388 714**	**1 576 692**	**73 835**	**1 421**	**2 855**	**-**	**2 043 516**

[1] *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 construction	Total
Carrying amount as at 31 December 2012 before investment grants and reclassification of leases	**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	-	-	-
Carrying amount as at 31 December 2012	**548 114**	**744 746**	**20 496**	**-**	**2 036**	**62 150**	**1 377 542**
Carrying amount as at 31 December 2013 before investment grants and reclassification of leases	**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

Carrying amount in thousands of €	**2012**	**2013**
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	-
As at 31 December	**162 036**	**151 224**

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

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

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

in thousands of €		**2012**	**2013**
Joint ventures			
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
Total for joint ventures excluding related goodwill		**162 036**	**151 224**
Carrying amount of related goodwill		**5 559**	**4 614**
Total for joint ventures including related goodwill		**167 595**	**155 838**

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
Net assets	**333 712**	**310 525**

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
Total financial debt	**34 196**	**11 096**
Non-current financial receivables and cash guarantees	-27 547	-23 130
Current loans	-	-
Short-term deposits	-	-
Cash and cash equivalents	-2 788	-15 158
Net debt	**3 861**	**-27 192**

Brazilian joint ventures: reconciliation with carrying amount 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
Carrying amount of the Group's interest in Belgo Bekaert Arames Ltda	**134 165**	**125 538**
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
Carrying amount of the Group's interest in BMB-Belgo Mineira Bekaert Artefatos de Arame Ltda	**16 030**	**14 382**
Carrying amount of the Group's interest in the Brazilian joint ventures	**150 195**	**139 920**

Aggregate information of the other joint ventures 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
Total other non-current assets	**43 732**	**48 781**

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
As at 31 December	**11 305**	**8 713**

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	**Assets**		**Liabilities**	
in thousands of €	**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
As at 31 December	**58 563**	**77 551**	**31 988**	**37 023**

Recognized deferred tax assets and liabilities

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

	Assets		**Liabilities**		**Net assets**	
in thousands of €	**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
Tax assets / liabilities	**96 306**	**97 958**	**69 731**	**57 430**	**26 575**	**40 528**
Set-off of assets and liabilities	-37 743	-20 407	-37 743	-20 407	-	-
Net tax assets / liabilities	**58 563**	**77 551**	**31 988**	**37 023**	**26 575**	**40 528**

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[1]	Exchange gains and losses	As at 31 December
Temporary differences						
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
Total	**57 015**	**-20 410**	**2 133**	**-11 777**	**-386**	**26 575**

2013 in thousands of €	As at 1 January	Recognized via income statement	Recognized via equity	Acquisitions and disposals[1]	Exchange gains and losses	As at 31 December
Temporary differences						
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
Total	**26 575**	**16 465**	**-1 375**	**-1 430**	**293**	**40 528**

[1] *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)

2012 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
Total	**-54 665**	**2 133**	**-52 532**

2013 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
Total	**-61 986**	**-1 375**	**-63 361**

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
Total	**1 008 188**	**988 905**	**-19 283**

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
Raw materials, consumables and spare parts	*206 381*	*192 818*
Work in progress and finished goods	*269 619*	*257 233*
Goods purchased for resale	*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
Operating working capital	**898 344**	**792 836**

Carrying amount in thousands of €	**2012**	**2013**
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
As at 31 December	**898 344**	**792 836**

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:

Allowance for bad debt in thousands of €	**2012**	**2013**
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
As at 31 December	**-52 820**	**-39 371**

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:

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

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

Carrying amount in thousands of €	**2012**	**2013**
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
As at 31 December	**84 325**	**83 780**

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

Carrying amount in thousands of €	**2012**	**2013**
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

Carrying amount in thousands of €	**2012**	**2013**
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
As at 31 December	**60 129**	**51 213**

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

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

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

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

in thousands of €		2012 Nominal value	2012 Number of shares	2013 Nominal value	2013 Number of shares
1	As at 1 January	176 512	59 976 198	176 586	60 000 942
	Movements in the year				
	Issue of new shares	*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				
	Ordinary shares without par value	*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
Authorized capital not issued		**175 926**		**175 739**	

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: Granted	Exercised	Forfeited	Out-standing	First exercise period	Last exercise period
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
				1 447 932	**1 428 077**	**5 601**	**14 254**		

Overview of SOP2 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options: Granted	Exercised	Forfeited	Out-standing	First exercise period	Last exercise period
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
			195 000	**51 500**	**-**	**143 500**		

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: Granted	Exercised	Forfeited	Out-standing	First exercise period	Last exercise period
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
				1 087 308	**488 207**	**75 700**	**523 401**		

Overview of SOP 2010-2014 Stock Option Plan

Date offered	Date granted	Exercise price (in €)	Number of options: Granted	Exercised	Forfeited	Out-standing	First exercise period	Last exercise period
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
			1 175 925	**-**	**15 300**	**1 160 625**		

SOP1 Stock Option Plan	2012 Number of subscription rights	2012 Weighted average exercise price (in €)	2013 Number of subscription rights	2013 Weighted average exercise price (in €)
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
Outstanding as at 31 December	**21 749**	**15.977**	**14 254**	**15.664**

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

SOP 2005-2009 Stock Option Plan	2012 Number of subscription rights	2012 Weighted average exercise price (in €)	2013 Number of subscription rights	2013 Weighted average exercise price (in €)
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
Outstanding as at 31 December	**597 435**	**25.441**	**523 401**	**26.068**

SOP 2010-2014 Stock Option Plan	2012 Number of options	2012 Weighted average exercise price (in €)	2013 Number of options	2013 Weighted average exercise price (in €)
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
Outstanding as at 31 December	**638 725**	**53.633**	**1 160 625**	**38.640**

Weighted average remaining contractual life in years	2012	2013
SOP1	1.3	0.5
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:

Option pricing model details	Granted in February 2012	Granted in February 2013	Granted in May 2013	Granted in February 2014[1]
Inputs to the model				
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
Outcome of the model				
Fair value (in €)	13.68	6.76	7.96	7.96

[1] *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

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

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

Hedging reserve in thousands of €	**2012**	**2013**
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
As at 31 December	**-1 477**	**-623**
Of which		
Cross-currency interest-rate swaps (on Eurobonds)	*-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.

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

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

[1] *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.

Deferred taxes booked in equity in thousands of €	**2012**	**2013**
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	-
As at 31 December	**29 417**	**28 014**

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

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

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.

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

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’).

Cumulative translation adjustments in thousands of €	**2012**	**2013**
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
As at 31 December	**-16 087**	**-84 776**
Of which relating to entities with following functional currencies		
Chinese renminbi	*80 852*	*72 086*
US dollar	*-2 186*	*-6 707*
Brazilean real	*-80 212*	*-109 414*
Chilean peso	*12 618*	*-311*
Venezuelan bolivar	*-38 063*	*-37 342*
Indian rupee	*-4 654*	*-9 141*
Czech koruna	*9 907*	*6 950*
Other currencies	*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
As at 31 December	**181 623**	**157 600**

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.

		Proportion of NCI at year-end	
Non-wholly owned subsidiaries in Latin America	**Country**	**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 Alambrec 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 2012	Result attributable to NCI 2013	Equity attributable to NCI 2012	Equity attributable to NCI 2013
Non-wholly owned subsidiaries in Latin America	13 413	11 045	120 374	106 124

Non-wholly owned subsidiaries in Latin America

in thousands of €	2012	2013
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
Equity attributable to the Group	**145 161**	**121 811**
Equity attributable to NCI	**120 374**	**106 124**

Non-wholly owned subsidiaries in Latin America

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

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).

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

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)
As at 1 January 2012	**306 687**	**-144 213**	**162 474**
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
Net benefit expense / income (-) recognized in profit and loss	**31 102**	**-6 565**	**24 537**
Components recognized in EBIT			*15 726*
Components recognized in financial result			*8 810*
Remeasurements			
Return on plan assets, excluding amounts included in interest expense / income (-)	-	-13 359	-13 359
(Gain) / loss from change in financial assumptions	18 251	-	18 251
Experience gains (-) / losses	913	-	913
Changes recognized in equity	**19 163**	**-13 359**	**5 804**
Contributions			-
Employer contributions / direct benefit payments	-	-27 788	-27 788
Employee contributions	131	-131	-
Payments from plans			
Benefit payments	-28 314	28 314	-
Settlement payments	-1 047	1 047	-
Acquisitions	**10 905**	**-**	**10 905**
Disposals	**-1 304**	**904**	**-399**
Foreign-currency translation effect	**-9 315**	**1 678**	**-7 637**
As at 31 December 2012	**328 008**	**-160 113**	**167 896**

in thousands of €	Defined-benefit obligation	Plan assets	Net liability / (asset)
As at 1 January 2013	**328 008**	**-160 113**	**167 896**
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
Net benefit expense / income (-) recognized in profit and loss	**22 943**	**-5 309**	**17 635**
Components recognized in EBIT			*11 889*
Components recognized in financial result			*5 746*
Remeasurements			
Return on plan assets, excluding amounts included in interest expense / income (-)	-	-5 518	-5 518
Gain (-) / loss from change in demographic assumptions	205	-	205
(Gain) / loss from change in financial assumptions	-15 680	-	-15 680
Experience gains (-) / losses	-741	-	-741
Changes recognized in equity	**-16 216**	**-5 518**	**-21 734**
Contributions			
Employer contributions / direct benefit payments	-	-22 752	-22 752
Employee contributions	135	-135	-
Payments from plans			
Benefit payments	-26 461	26 461	-
Settlement payments	-14 361	14 361	-
Disposals	**-1 062**	**623**	**-439**
Foreign-currency translation effect	**-9 567**	**3 051**	**-6 516**
As at 31 December 2013	**283 419**	**-149 330**	**134 089**

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:

Estimated contributions and direct benefit payments in thousands of €	**2014**
Pension plans	32 850
Total	**32 850**

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

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

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:

Actuarial assumptions	**2012**	**2013**
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[1]'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[2]	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[2]	25.38	-	7.30

[2] *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.

[1] *Obligation Linéaire / Lineaire Obligatie*

6.16. Provisions

in thousands of €	Restructuring	Claims	Environment	Other	Total
As at 1 January 2013	**13 628**	**7 484**	**36 386**	**4 707**	**62 205**
Additional provisions	8 292	3 472	19 916	168	31 848
Unutilized amounts released	-1 474	-1 328	-12 944	-331	-16 077
Charged to the income statement	**6 818**	**2 144**	**6 972**	**-163**	**15 771**
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
As at 31 December 2013	**13 008**	**5 386**	**42 698**	**3 330**	**64 422**
Of which					
current	*12 654*	*2 445*	*8 697*	*116*	*23 912*
non-current	*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				
Finance leases	*69*	*127*	-	*196*
Credit institutions	*217 452*	*41 385*	-	*258 837*
Bonds	*104 386*	*601 118*	*45 614*	*751 118*
Carrying amount	**321 907**	**642 630**	**45 614**	**1 010 151**
Value adjustments	-	-6 245	-	-6 245
Total financial debt	**321 907**	**636 385**	**45 614**	**1 003 906**

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

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
Total financial debt	**1 189 696**	**1 003 906**
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
Net debt	**700 197**	**574 016**

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
Total	**5 571**	**2 587**

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
Total	**80 500**	**82 486**

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

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

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:

Details of selected operating items in thousands of €	**2012**	**2013**
Non-cash items included in operating result		
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
Total	**387 788**	**192 884**
Investing items included in operating result		
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
Total	**-15 338**	**480**
Amounts used on provisions and employee benefit obligations		
Employee benefits: (amounts used)	-54 427	-33 230
Provisions: (amounts used)	-4 057	-12 099
Total	**-58 484**	**-45 329**
Income taxes paid		
Current income taxes	-47 305	-64 381
Increase or decrease (-) in net income taxes payable	-11 881	12 874
Total	**-59 186**	**-51 507**
Other operating cash flows		
Movements in other current assets and liabilities	2 755	-9 382
Realized exchange results	7 041	5 354
Other	-2 601	-2 498
Total	**7 195**	**-6 526**

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:

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

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:

Details of selected financing items in thousands of €	**2012**	**2013**
Other financing cash flows		
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
Total	**266 449**	**103 005**

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 €	**Advanced Filtration activities**	**Other disposals**	**Total disposals**
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
Total net assets disposed	**5 511**	**1 908**	**7 419**
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
Proceeds from disposals of investments	**4 280**	**2 388**	**6 668**

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 €	**Date of disposal**	**Net sales for the period**	**Result for the period**
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.

Currency pair - 2013 in thousands of €	**Annualized volatility in %**	**Total exposure**	**Total derivatives**	**Open position**
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

Currency pair - 2012 in thousands of €	**Annualized volatility in %**	**Total exposure**	**Total derivatives**	**Open position**
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.

	Long-term				
2013	**Fixed rate**	**Floating rate**	**Total**	**Short-term**	**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%
Total	**5.13%**	**5.30%**	**5.14%**	**1.84%**	**3.81%**

	Long-term				
2012	**Fixed rate**	**Floating rate**	**Total**	**Short-term**	**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%
Total	**5.25%**	**5.56%**	**5.26%**	**2.63%**	**4.05%**

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	Long-term			Short-term	
2013	**Fixed rate**	**Floating rate**	**Capped rate**	**Floating rate**	**Total**
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%
Total	**58.40%**	**1.20%**	**-**	**40.40%**	**100.00%**

Currency and interest rate profile	Long-term			Short-term	
2012	**Fixed rate**	**Floating rate**	**Capped rate**	**Floating rate**	**Total**
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%
Total	**52.50%**	**1.50%**	**-**	**46.00%**	**100.00%**

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[1]	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[1]	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%

[1] *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.

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

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

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

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

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

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
Net amounts	**16 031**	**22 953**	**1 436**	**6 992**

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**
Fair value hedges	Fair value changes	Fair value changes	Interest expense adjustments	
Currency and interest-rate risk on financing cash flows	*-494*	*512*	*842*	*860*
Cash flow hedges				
Interest expense adjustments and amortization of discontinued hedges (recycled from equity)	-	-	*-803*	*-803*
	Underlying risk	**Financial derivative**		
Held for trading	Unrealized exchange results	Fair value changes	Realized exchange results	
Currency risk on financing cash flows	*-4 162*	*-3 737*	*687*	*-7 212*
Currency risk on operating and investing cash flows	*-7 519*	*387*	*3 956*	*-3 176*
			Interest expense adjustments	
Interest-rate risk	-	*1 288*	*-7 481*	*-6 193*
Total	**-12 175**	**-1 550**	**-2 799**	**-16 524**

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**
Fair value hedges	Fair value changes	Fair value changes	Interest expense adjustments	
Currency and interest-rate risk on financing cash flows	*-741*	*719*	*763*	*741*
Cash flow hedges				
Interest expense adjustments and amortization of discontinued hedges (recycled from equity)	-	-	*-930*	*-930*
	Underlying risk	**Financial derivative**		
Held for trading	Unrealized exchange results	Fair value changes	Realized exchange results	
Currency risk on financing cash flows	*-40 817*	*36 839*	*4 985*	*1 007*
Currency risk on operating and investing cash flows	*-5 408*	*5 256*	*-1 946*	*-2 098*
			Interest expense adjustments	
Interest-rate risk	-	*845*	*-5 903*	*-5 058*
Total	**-46 966**	**43 659**	**-3 031**	**-6 338**

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:

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

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

Abbreviation	**Category in accordance with IAS 39**
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 amount 2013	Amounts recognized in balance sheet in accordance with IAS 39 at Amortized cost	Fair value through equity	Fair value through profit or loss	Amounts recognized in balance sheet in accordance with IAS 17	Fair value 2013
Assets							
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
Liabilities							
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
Aggregated by category in accordance with IAS 39							
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	FLMaAC	1 383 142	1 383 142	-	-	-	1 409 779
Financial liabilities - hedge accounting	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 2012	Amounts recognized in balance sheet in accordance with IAS 39 at: Amortized cost	Fair value through equity	Fair value through profit or loss	Amounts recognized in balance sheet in accordance with IAS 17	Fair value 2012
Assets							
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
Liabilities							
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
Aggregated by category in accordance with IAS 39							
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:

2013 in thousands of €	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets - hedge accounting				
Derivative financial assets	-	*6 309*	-	*6 309*
Financial assets at fair value through profit or loss				
Derivative financial assets	-	*22 016*	-	*22 016*
Available-for-sale financial assets				
Equity investments	*7 248*	*490*	-	*7 738*
Total assets	**7 248**	**28 815**	**-**	**36 063**
Financial liabilities - hedge accounting				
Interest-bearing debt	-	*32 011*	-	*32 011*
Derivative financial liabilities	-	*885*	-	*885*
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	-	*11 479*	-	*11 479*
Total liabilities	**-**	**44 375**	**-**	**44 375**

2012 in thousands of €	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets - hedge accounting				
Derivative financial assets	-	*3 685*	-	*3 685*
Financial assets at fair value through profit or loss				
Derivative financial assets	-	*19 245*	-	*19 245*
Available-for-sale financial assets				
Equity investments	*7 945*	-	-	*7 945*
Total assets	**7 945**	**22 930**	**-**	**30 875**
Financial liabilities - hedge accounting				
Interest-bearing debt	-	*32 962*	-	*32 962*
Derivative financial liabilities	-	*2 444*	-	*2 444*
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	-	*5 891*	-	*5 891*
Total liabilities	**-**	**41 297**	**-**	**41 297**

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.

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

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
Total	**41 434**	**39 261**

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
Total	**21 133**	**20 091**

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.

Transactions with joint ventures in thousands of €	**2012**	**2013**
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

Outstanding balances with joint ventures in thousands of €	**2012**	**2013**
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).

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

[1] *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, 214, 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 Sumarè (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

Industrial companies	*Address*	*%*
EMEA		
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
North America		
Bekaert Canada Ltd	Surrey, Canada	100
Bekaert Corporation	Wilmington (Delaware), United States	100
Wire Rope Industries Ltd	Pointe-Claire, Canada	52
Latin America		
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
Asia Pacific		
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

Sales offices, warehouses and others	Address	%
EMEA		
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 Aksesuarlari 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
North America		
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
Latin America		
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
Asia Pacific		
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

.

Financial companies	*Address*	*%*
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	*Address*	*%*
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

Sales offices, warehouses and others	*Address*	*%*
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

Subsidiaries	*Address*	*%*
Bekaert Costa Rica SA	San José-Santa Ana, Costa Rica	100
PT Bekaert Trade Indonesia	Karawang, Indonesia	100

2. Disposals

Advanced Filtration	*Address*	
Bekaert Advanced Filtation 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

Subsidiaries	*Address*	
Bekaert Mukand Wire Industries Pvt Ltd	Pune, India	From 93 to 94

4. Mergers / conversions

Subsidiaries	*Merged into*
Bekaert Carding Solutions Inc	Bekaert Corporation
Bekaert Holding BV	Bekaert Combustion Technology BV

5. Closed down

Companies	*Address*
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	Vänersborg, Sweden
Solaronics Oy	Vantaa, Finland

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

Companies	*Company number*
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:

Restated items in thousands of €	**Restatement effects** **FY 2012**
Consolidated income statement	
Cost of sales	*-90*
Gross profit	-90
Administrative expenses	*-565*
Operating result before non-recurring items (REBIT)	-655
Operating result (EBIT)	-655
Interest expenses	*-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
Consolidated statement of comprehensive income	
Remeasurement gains and losses on defined-benefit plans	*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
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-121
Attributable to the Group	-121
Attributable to non-controlling interests	-
Consolidated balance sheet	
Retained earnings	*-1 936*
Other Group reserves	*1 815*
Equity attributable to the Group	-121
Employee benefit obligations	*121*
Non-current liabilities	121
Total	-
Consolidated cash flow statement	
Operating result (EBIT)	*-655*
Non-cash items included in operating result	*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

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
Result for the period	**-157 726**	**63 544**

Condensed balance sheet after profit appropriation

in thousands of € - 31 December	2012	2013
Fixed assets	**2 054 120**	**2 156 880**
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
Current assets	**241 503**	**282 046**
Total assets	**2 295 623**	**2 438 926**
Shareholders' equity	**490 090**	**505 637**
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	-
Provisions and deferred taxes	**82 686**	**77 635**
Creditors	**1 722 847**	**1 855 654**
Amounts payable after one year	1 050 150	1 145 764
Amounts payable within one year	672 697	709 890
Total equity and liabilities	**2 295 623**	**2 438 926**

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
Profit for distribution	**49 043 485**

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

Bedrijfsrevisoren / Reviseurs d’Entreprises
Berkenlaan 8b
B-1831 Diegem

Tel.: +32 2 800 20 00
Fax: +32 2 800 20 01
http://www.deloitte.be

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 Keyzer	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

Editor & Coordination: Katelijn Bohez, Chief Communications Officer

Financial definitions

Added value	Operating result (EBIT) + remuneration, social security and pension charges + depreciation, amortization and impairment of assets.
Associates	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.
Book value per share	Equity attributable to the Group divided by number of shares outstanding at balance sheet date.
Capital employed (CE)	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.
Capital ratio	Equity relative to total assets.
Combined figures	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.
Dividend yield	Gross dividend as a percentage of the share price on 31 December.
EBIT	Operating result (earnings before interest and taxation).
EBIT interest coverage	Operating result divided by net interest expense.
EBITDA	Operating result (EBIT) + depreciation, amortization and impairment of assets.
Equity method	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.
Gearing	Net debt relative to equity.
Joint ventures	Companies under joint control in which Bekaert generally has an interest of approximately 50%. Joint ventures are accounted for using the equity method.
Net capitalization	Net debt + equity.
Net debt	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.
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.
REBIT	EBIT before non-recurring items.
Return on capital employed (ROCE)	Operating result (EBIT) relative to average capital employed.
Return on equity (ROE)	Result for the period relative to average equity.
Subsidiaries	Companies in which Bekaert exercises control and generally has an interest of more than 50%.
Working capital (operating)	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

Shareholders’ Guide 2013: investors‘ data center on bekaert.com

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